

The cover features a large, abstract graphic on the left side consisting of several overlapping, wavy bands in various shades of blue, ranging from light sky blue to deep navy blue. These bands curve diagonally from the top left towards the bottom right. Interspersed among these bands are five stylized purple flowers with five petals each and small green leaves. The flowers are positioned at various points along the blue graphic: one near the top, one in the middle-left, one in the middle-right, one near the bottom-left, and one near the bottom-right.

**Hirata**

Integrated Report  
**2022**

**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

1. BRINGS OUT THE BEST IN EVERY PERSON.
2. CHALLENGES TECHNICAL INNOVATION.
3. RESPECTS HUMANITY.
4. OPENS THE DOOR TO A CREATIVE LIFE.
5. CONTRIBUTES TO SOCIETY.
6. MAKES ITS CUSTOMERS SUCCESSFUL.

## Editorial Policy

This marks the first time that Hirata Corporation has published an integrated report, which comprehensively brings together financial and non-financial information.

Integrated Report 2022 is intended for all stakeholders, including shareholders and investors. In addition to the Company's management strategies, the sources of its value creation and business performance, this report comprises mainly ESG information, such as initiatives for the environment, human resources and corporate governance.

### Target Period

FY2021 (from April 2021 to March 2022)

However, some of the Company's activities prior to and after the target period are also included in the report.

### Scope

In principal, all Group companies, including Hirata Corporation.

**Publication Date**  
December 2022

### 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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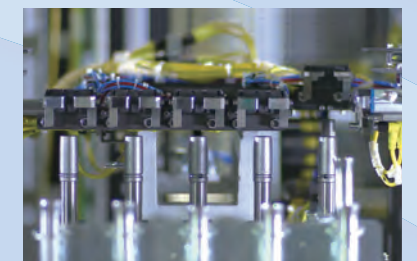
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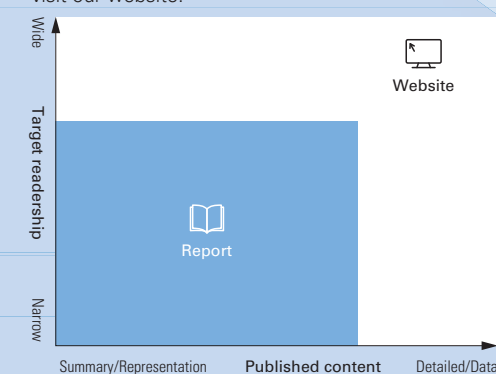
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## Scope of Integrated Reports

Integrated reports are edited and published with a focus on corporate information that is considered of particular importance. For more information, please visit our website.



### IR Information



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

### CSR Information



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



## At a Glance

We support the manufacturing processes of our customers by providing high-quality, high-efficiency and easy-to-use production systems.

We manufacture and sell production systems for various fields, including automobiles, semiconductors, flat panel displays (FPD) and home electronics.

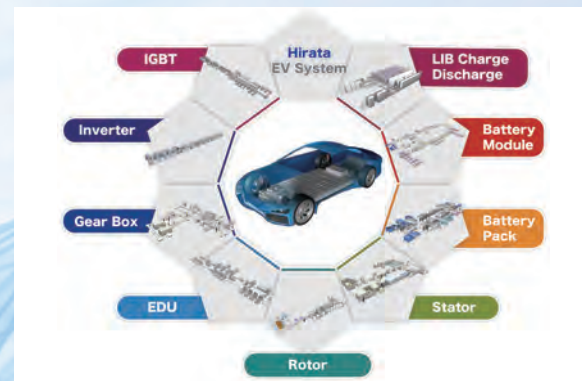
We continually take on the challenges of responding to the needs of our customers in many industries by utilizing the technology and know-how we have accumulated through our wide-ranging experience in global manufacturing.



### Automotive-related Equipment

P22-23

We completely 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 tests at our plants.



We support assembly equipment for products ranging from EV-related components and the main components of power transmissions/drive systems known as powertrains to smaller components such as the computerized systems that control them, automotive electronic parts such as sensors, air compressors for air-conditioning, and ABS brake modules.



### Semiconductor-related Equipment

P24-25

Manufacture/sale of load ports that load silicon wafers into various processing equipment, wafer transfer robots that can handle atmospheric and vacuum environments, aligners and the equipment front-end modules (EFEMs) that integrate them as well as vacuum platforms.



In the front-end processes of semiconductor manufacturing, we manufacture and sell equipment platforms, transfer equipment, etc. In post-process, we mainly manufacture and sell the transfer equipment utilized within and between processes.



We also provide the load ports and transfer robots for FOPLP\* equipment and the EFEMs that integrate them. In the field of semiconductor-related equipment, we also have N<sub>2</sub> purge load port, N<sub>2</sub>EFEM and other technologies available for use in miniaturization.

\*Fan Out Panel Level Packaging

## Spread of Sustainable Social Infrastructure

### Contribution to Carbon Neutrality with Our Products

Hirata's all-electric transfer system reduces the environmental impact of customer factories and contributes to carbon neutrality

Installing an all-electric transfer system equipped with a Hirata-developed DC brushless motor renders pneumatic tooling unnecessary, contributing to significant reductions in electricity consumption, CO<sub>2</sub> emissions and running costs.

### Efforts to Realize Management Adapted to New Normal Era

Leveraging digital technologies to transform entire businesses

- Virtual commissioning using an emulator
- Utilization of new technologies, such as extended reality (XR) and artificial intelligence (AI)
- Remote meetings/remote maintenance
- Digitization of forms/use of cloud computing
- Visualization of plant operational status



### Other Automatic Labor-saving Equipment

P26-27

Industrial robots, contract manufacturing of organic electroluminescent (EL) panel vacuum deposition equipment, single-item sales of factory automation (FA) equipment, manufacture and sale of home electronics, transfer-related equipment, medical and scientific equipment, etc.



Our core industrial robot technology is incorporated in production equipment in a variety of applications, such as automotive, semiconductor and home electronics manufacturing.



We manufacture and market medical, chemistry and physics devices that are used in the healthcare field and in the development of new medicines. We endeavor to contribute to society by providing products that are easier to use and have high reliability.



We help customers to optimize their plant layouts and provide material handling equipment for coaters and laminating systems, for the flat panels and base plates used for OLED and LCD applications as well as for the systems used for transfer, division and shifting systems.



While securing profits in existing businesses, we will work to expand business in growth markets, including the creation of new businesses.

Yuichiro Hirata  
President



The Noh stage in the entrance hall of the Hirata Corporation headquarters embodies the idea of becoming a "headquarters that can convey the traditions of Kumamoto and Japan to the world."

## Jin-Gi-Kou-Ken: 70 Years of Management Philosophies Summarized

After its founding in Kumamoto City in 1951, Hirata has continued to create production systems that support manufacturing in a variety of industrial fields, but primarily centered on the automotive, semiconductor, and home electronics sectors. Today, we are the production facility integrator that is most commonly chosen by our customers around the world.

In May 2022, on the occasion of having formulated its new Medium-Term Management Plan, which is aimed at realizing long-term Group growth, the Company announced the slogan *Jin-Gi-Kou-Ken* as its vision. A summarized version of the Company's management philosophies accumulated over the 70-year history since its establishment, this means "To make everyone involved in Hirata content and contribute to society by means of technology."

Until the Kumamoto Earthquake, I myself did not possess a deep understanding of social contribution in a true sense. However, after having witnessed the devastation wrought by the earthquake, which occurred in April 2016, I was heartbroken for my hometown of Kumamoto, which had suffered damage. I decided to return to the city, where the Company had been founded, with a fervent desire to "encourage Kumamoto." At the same time, I also told the employees that "We will take on many projects from all over the world and donate as much money as possible to Kumamoto as support for reconstruction in the aftermath of the earthquake." I also told them that protecting their hometown was their own form of social contribution. Under such circumstances, we were also affected by the disaster and the environment was harsh, but the desire to donate as much money as we could to Kumamoto and contribute to the reconstruction of our hometown boosted the morale of all the employees, and sales reached a record high that fiscal year. It was from this experience with the Kumamoto earthquake that I learned that, by making everyone involved with Hirata content, we could also grow significantly as a company.

Jin-Gi-Kou-Ken  
人技幸献

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

## Review of Consolidated Performance for Fiscal Year Ended March 31, 2022

In the automotive-related equipment business in the year ended March 31, 2022, strong capital investment in next-generation vehicles such as electric vehicles (EVs) was seen, backed by global efforts to become carbon neutral. In the semiconductor-related equipment business, demand for semiconductors increased due to the full-scale development of fifth-generation (5G) mobile communication systems and the spread of telecommuting, and semiconductor-related capital investment, such as in silicon wafer transfer equipment, was aggressive. Mainly as a result of these factors driving performance, net sales for the fiscal year under review amounted to ¥67,087 million (¥65,255 million for the previous fiscal year),





Taking into account the expansion of the EV and semiconductor markets, we will proactively make management decisions to expand earnings over the medium to long term.

operating profit was ¥3,856 million (¥4,995 million for the previous fiscal year), ordinary profit was ¥4,258 million (¥5,176 million for the previous fiscal year), and profit attributable to owners of parent was ¥2,682 million (¥4,075 million for the previous fiscal year).

Note: We are applying the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, dated March 31, 2020) from the beginning of the current consolidated fiscal year.

Recognition of Business Environment

The work involved in creating production equipment is extremely difficult, and the number of competitors is decreasing. Under these circumstances, we are currently facing what could be said to be the greatest opportunities since our founding in our main automotive- and semiconductor-related equipment businesses. First, in the automotive-related equipment business, the EV-related market is burgeoning on a global basis. Compared with vehicles powered by internal combustion engines, EVs have fewer parts, even for the engine alone, making it easier to increase mass production efficiency, so we can expect an improvement in profit margins. Since our company has traditionally worked with the major European and U.S. automakers as its customers, and we have extensive experience in EV-related equipment, I recognize that we are in a leading position in terms of technological capabilities and delivery record. Next, in the semiconductor-related equipment business there is a shortage of semiconductors, from automobiles, including EVs, to electronic products. In addition to the progress being made with DX and IoT, it is expected that large-scale investments by semiconductor manufacturers worldwide will increase going forward.

In fact, in FY2021 we received large-scale orders for equipment related to both EVs and internal combustion engine-powered vehicles, and orders for semiconductors were also strong. The current fiscal year is also starting with record-high orders.

In contrast, up until now our company has maintained a strong sense of putting the customer first, and if there was a problem with a customer, we tended to respond even if the profit was low. From a management perspective, I now believe it is necessary for us to narrow down projects and business areas from the perspective of efficiency and profitability, and make decisions to concentrate management resources to expand earnings over the long term.

Formulation of New Medium-Term Management Plan (FY2022-FY2024)

I believe that the significant increase in demand in the automotive- and semiconductor-related equipment businesses will continue for about the next 10 years, until the spread of EVs has progressed. In the meantime, we will develop businesses that will become the pillars of new businesses alongside our existing businesses. Based on this, we formulated a new Medium-Term Management Plan in May 2022 with the aim of achieving long-term Group growth by strengthening technological superiority and profitability, which were issues in the previous medium-term management plan. We will promote a raft of measures under the Plan’s four basic policies. Among them, under “business expansion in growth markets,” we will concentrate management resources on existing businesses, such as automotive- and semiconductor-related facilities, which we have positioned as growth markets. As one of the measures for “strengthening competitiveness as a global company,” we will also thoroughly manage profitability by utilizing DX.

As new management targets, we are aiming for net sales of ¥100 billion and operating profit of ¥10 billion in FY2024, the Plan’s final fiscal year, the targets that were not achieved under the previous medium-term management plan.

Basic Policies and Priority Measures

|                   |   |   |  |                                |
|-------------------|---|---|--|--------------------------------|
| Basic Policies    | 1. Business expansion in growth markets<br>2. Strengthening competitiveness as a global company<br>3. Strengthening of ESG management initiatives<br>4. Realization of management in line with new normal era |   |  |                                |
| Priority Measures | Thorough profitability management that utilizes DX  | Growth strategy for EV-related equipment business | Growth strategy for semiconductor-related equipment business | Initiatives for new businesses |

Management Targets

|   | FY2021 Results   | Final year of Medium-Term Management Plan (FY2024) |
|---|------------------|--|
| Net sales   | 67.0 billion yen | 100 billion yen                                    |
| Operating profit  | 3.8 billion yen  | 10.0 billion yen                                   |
| Operating profit ratio  | 5.7%             | 10.0%  |
| ROE*  | 5.1%             | 11.0%  |
| Secure Target ROIC that exceeds the cost of capital (WACC) and improve capital efficiency |                  |  |

\* ROE assumed as (Increase in retained earnings for each fiscal year) = (Profit attributable to owners of parent) - (Dividend payment [Note: dividend payout ratio 20%])

Adding “Made by Hirata” Products for Long-Term Growth

The strength of our group undoubtedly lies in our overwhelming experience with production equipment. We are handling hundreds of large and small production lines every year for customers in 40 countries around the world. In the case of EVs, we fully understand the on-site needs of our customers, for example by possessing a thorough knowledge of the differences between customers in Europe, North America, and China, and always make the most suitable proposals.

- P18 Medium-Term Management Plan
- P28 Financial/Capital Strategies



A large assembly line with a total length of several hundred meters also requires a large-scale team-up, and engineers, who account for about 70% of all employees, are involved.

This group of engineers is the source of our company's strength, but the fact that we have manufacturing functions in-house is also a factor that sets us apart from other companies. We are more than just an engineering company, as we use the know-how we have acquired through actual production and manufacturing activities to make proposals that lead to solving our customers' problems. Through the synergistic effects of our capabilities in engineering and manufacturing, we have achieved integrated production, from development and design to start-up and maintenance, and earned the trust of our customers.

While leveraging these strengths in our existing businesses, we are also focusing on efforts to increase new earnings pillars. Specific examples include the plant genetic resource business, which under the Medium-Term Management Plan is positioned as one that will present new challenges, and the Hirata ECO electric series, which reduces the environmental impact of air equipment in customers' factories. Our company is a facility manufacturer, and thus our basic policy is to ultimately hand over the products we make to our customers. In addition, in the years to come, we will strive to evolve from a made-to-order business and improve profitability by increasing the ratio of products and services that we have developed in-house and thus are, so to speak, "Made by Hirata."

Naturally, employees are included in "everyone involved in Hirata" in *Jin-Gi-Kou-Ken*. For our employees to work with pride and remain content, we will value in-house manufacturing as we aim for further growth and scale expansion.

## Identification of Materiality and Promotion of ESG Management

The two other basic policies under the new Medium-Term Management are the "strengthening of ESG management initiatives" and the "realization of management in line with the new normal era."

To further promote ESG management, we had identified materiality consisting of four themes and 10 areas as our key issues for FY2021. During the period of the Medium-Term Management Plan, we will formulate specific action plans based on the materiality (important issues) and contribute to solving social issues under the leadership of our Sustainability Promotion Committee.

One of the issues on which we place importance is human capital, which is also specified in our materiality. I believe that it is a management issue to improve employee engagement by creating environments in which each employee can make the most of their expertise and individuality and feel more joy. To this end, I will proactively encourage efforts to strategically secure human resources, strengthen human resource development, and promote Diversity & Inclusion.

As part of our response to climate change, it is also important to contribute to achieving carbon neutrality by means of our products and services. For example, instead of the air equipment used in customers' factories, a significant reduction in running costs as well as electricity usage and CO<sub>2</sub> emissions can be achieved by installing an all-electric transfer system, consisting of the Hirata ECO electric series. As I mentioned earlier, our engineers possess a wealth of experience and

We solve customer issues through the synergistic effects of our engineering capabilities and manufacturing capabilities.



are familiar with the needs of our customers, so this kind of shift to electrification is possible.

As we enter the new normal era, I expect that the shift to remote and online operations, which has taken root due to the COVID-19 pandemic, will accelerate. Before the pandemic, I used to travel overseas frequently, but now my work is mainly via the Metaverse (a virtual space built on the internet). Under the current management in line with the new normal era, we are implementing virtual commissioning using an emulator as business DX while promoting VR factory tours, VR assembly processes, remote attendance and maintenance. Not only enabling the achievement of shortened delivery times that will lead to improved work efficiency, these initiatives can also be expected to be effective from the viewpoint of profitability management.

## To All Our Stakeholders

Our business itself will continue to create value over the medium to long term, and we will continue to actively and continuously contribute to our stakeholders and local communities. Recognizing the significance and mission of social existence, we also recognize that continuing to be an organization that "brings out the best in every person" will remain an important factor in further improving our corporate value.

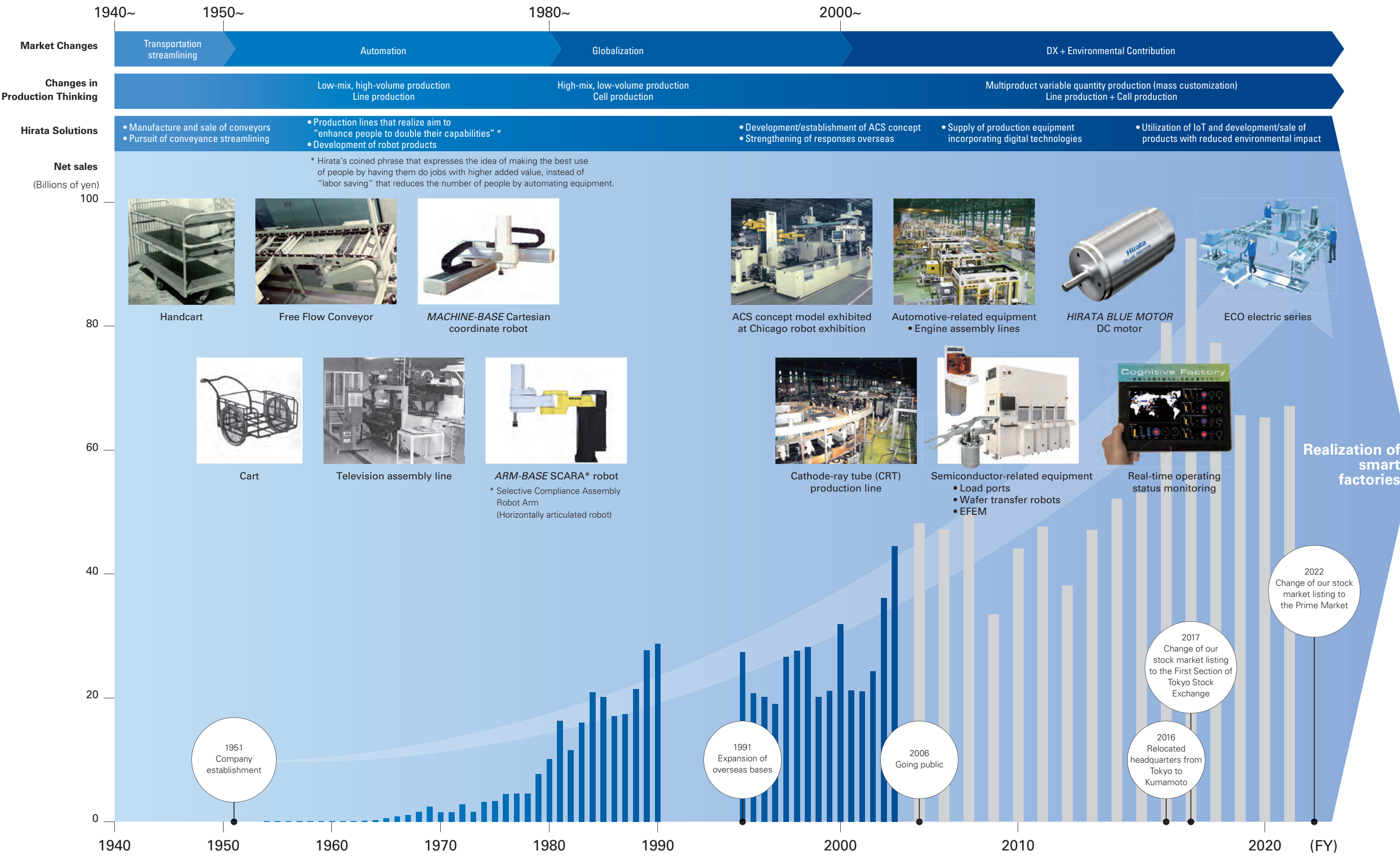
In the years to come, we will continue to deepen mutual communication with all of our stakeholders, and all officers and employees will work together as one as we aim for sustainable growth.

In anticipation of your ongoing support, I would like to take this opportunity to convey my heartfelt appreciation.

Yuichiro Hirata  
Representative Director, President



Value Creation Milestones

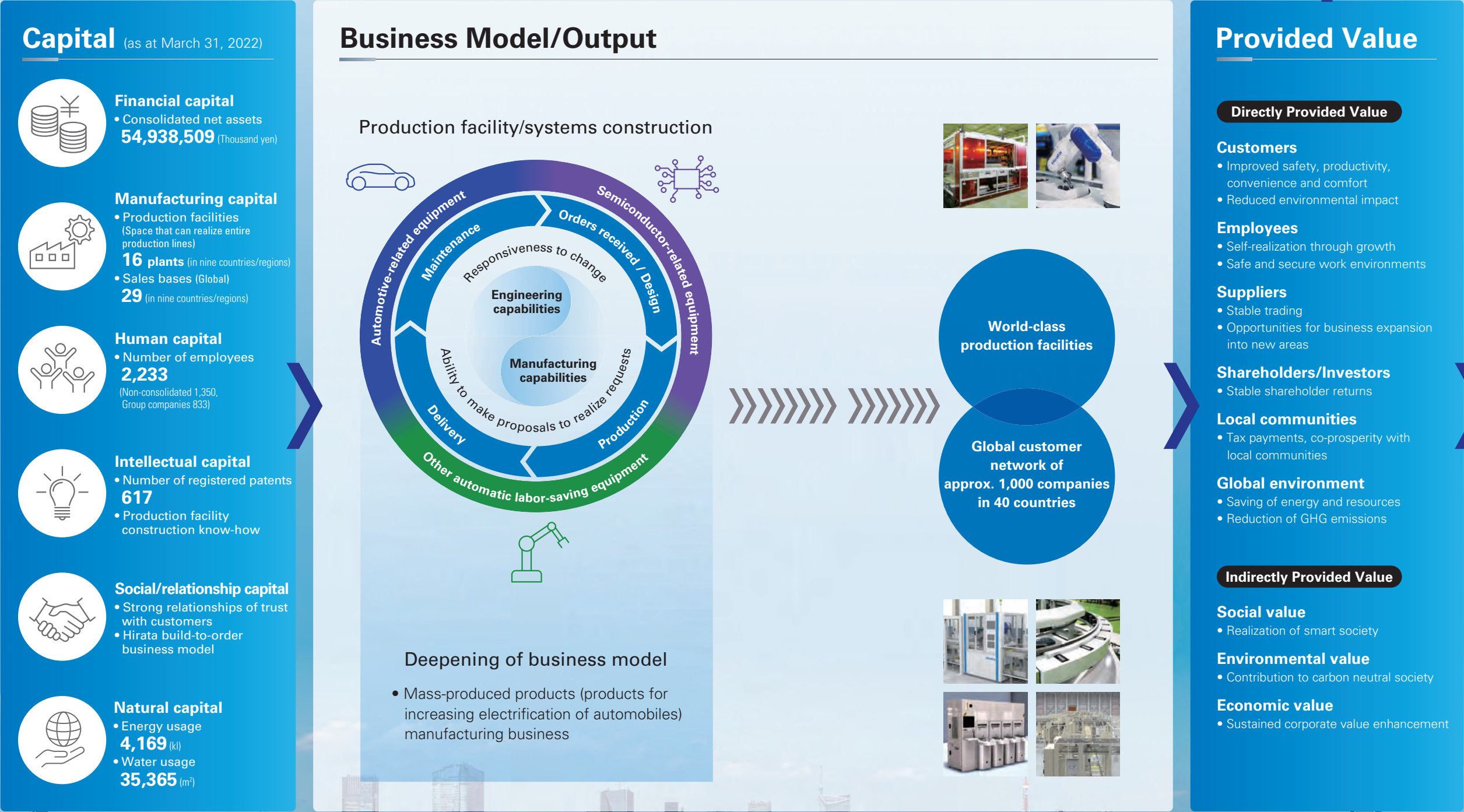




Mission Statement: We courageously pursue technical innovation while contributing to enhancement of our company's capabilities.

the betterment of mankind, development of individuals and

Materiality (Important issues)



Jin-Gi-Kou-Ken  
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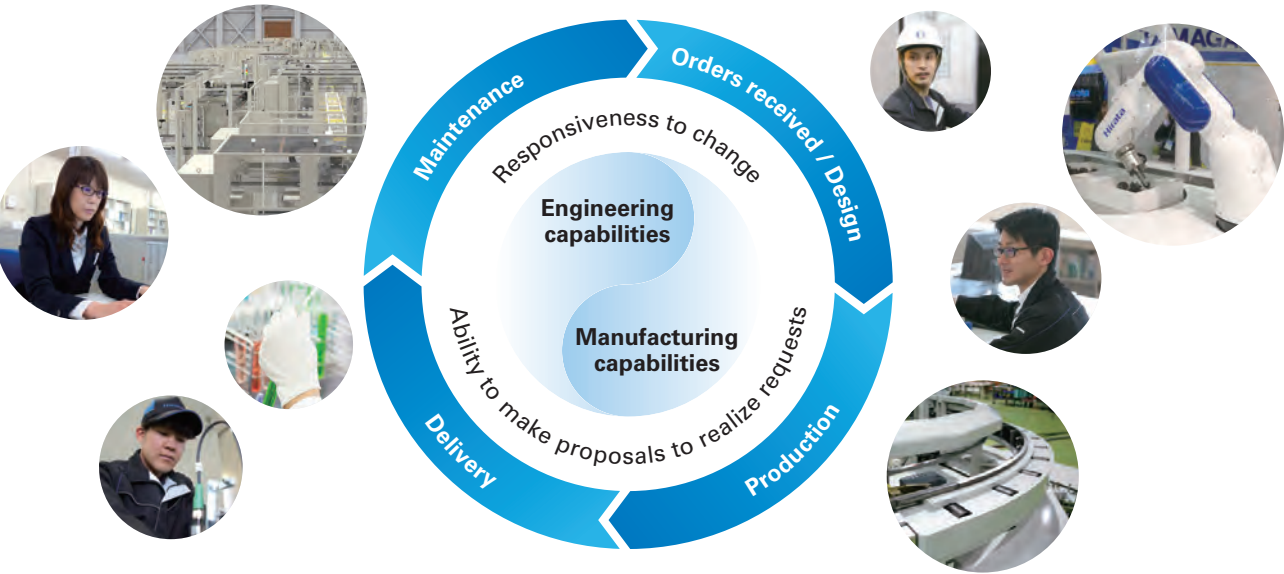
To make **everyone** involved in Hirata **content** and **contribute** to society by means of **technology**



# Hirata's Competitive Advantage

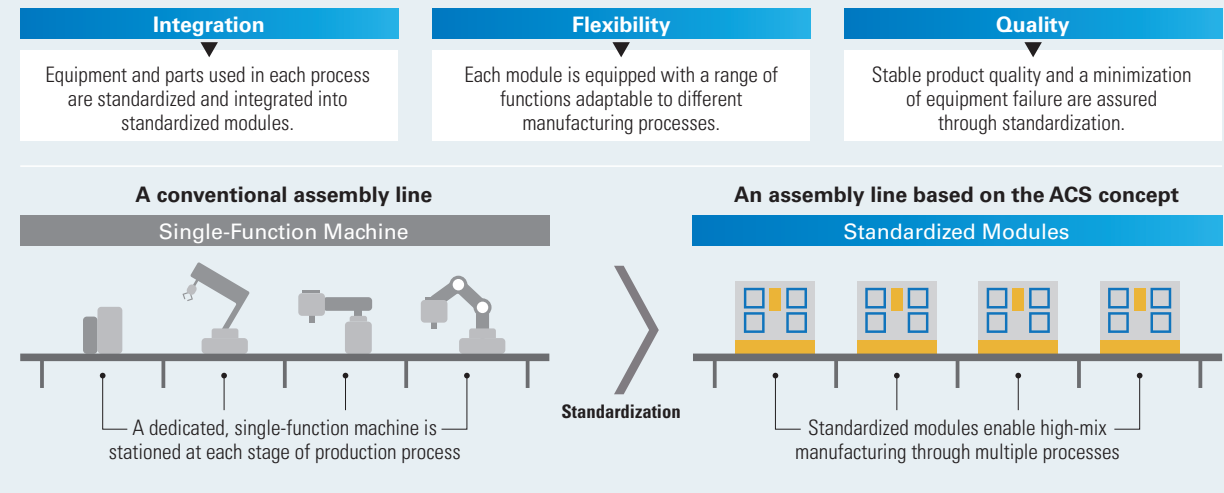
## Synergistic effects created by engineering and manufacturing capabilities

Our competitive advantage is created by the synergistic effects of our engineering and manufacturing capabilities, which have been cultivated by responding to various customer requests. The major factor that enabled the fusion of the two forces was the close distance between design and production and the sense of unity that comes from that. At the same time, concurrent engineering, which integrates design, procurement, and production, has created new ideas and efficiencies. Stemming from these advantages, we cultivated our ability to respond to change and our ability to make proposals from the customer's point of view, and the Assembly Cell System (ACS) concept is a representative example of this idea.



### Assembly Cell System (ACS) Concept

- Accelerates production start-up by shortening the time to install and qualify equipment.
- Simplifies the assembly line by standardizing parts to reduce space and ease maintenance.
- Shortens the assembly line and reduces in-process inventory.
- Adapts readily to product changes or future assembly line changes.
- Supports changing production output by modifying equipment quantity or layout.



## Engineering capabilities reinforced by manufacturing capabilities

### • Highly experienced engineers who provide concrete proposals and realize customer requests

Accounting for about 70% of Hirata employees, our engineers are experienced human resources who can cover a wide range of segments. For engineers, the workplace is a place of practice = a place of education.

Over our 70-year history, our engineers, who have been nurtured by customers and on-site, have cultivated their unique proposal and design capabilities. At the same time accumulated within the organization is engineers' "experience knowledge," which we are working to strengthen by actively incorporating the latest tools.

### Interview Engineer Who Supports Hirata Quality on Front Lines

As a leader, I was in charge of building an engine assembly line for an automobile manufacturer. From the conceptual stage to the on-site installation and handover, we struggled under heavy pressure, but with the support of our customers, we were able to successfully complete the project in more than a year. Hearing the customer say, "I was very impressed with the professionalism and disciplined spirit shown by the entire Hirata team," led to a sense of accomplishment. I will continue to aim to be an engineer who supports Hirata quality on the front lines to satisfy our customers.



Employee in Manufacturing Department  
Kumamoto #1 Business Division, #1 Business Unit

## Manufacturing capabilities that underpin engineering capabilities

### • Integrated production that balances quality and speed

Our engineering capabilities are underpinned by our well-equipped in-house equipment that can handle large-scale production equipment with short delivery

times and a processing system that can operate 24 hours a day.  
The effects of in-house production contribute to a higher speed of development and cost reduction.



Vast plant that enables trial runs



Materiality

To achieve both sustainable business growth and the resolution of social issues, even amid an external environment that is dramatically changing, the Hirata Group 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. In addition to incorporating these

materiality issues into the Medium-Term Management Plan, we will work to instill awareness of them throughout the Company by clarifying our basic sustainability policy and sustainability activity vision.

STEP 1

Issue identification and management

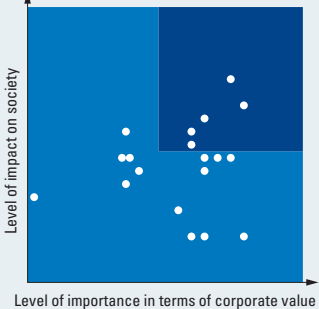
Having referred to international guidelines on sustainability and survey results from ESG rating agencies, we have identified social issues that could conceivably have a significant impact on the Group’s management and business. We have also organized into groups those issues that are candidates for 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 survey 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



Level of impact on society

Level of importance in terms of corporate value

Cooperation was gratefully received from following external experts

Tetsuro Ii

President and Representative Director,  
Chief Investment Officer  
Commons Asset Management, Inc.

Yasuyuki Kamata

President  
Kamakura Investment Management Co., Ltd.

Keisuke Takegahara

Executive Fellow and Deputy Director,  
Research Institute of Capital Formation;  
General Manager/Head of Research,  
Center on Financial Economics  
Development Bank of Japan Inc.

Tsukasa Kanai

Executive Fellow and  
Chief Sustainability Officer,  
Sustainability Promotion Department,  
Corporate Planning Department  
Sumitomo Mitsui Trust Bank, Limited

Koji Shimada

Professor, Graduate School of Economics  
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Kyoko Narita

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CDP Worldwide Japan

Takahiro Suzuki

Associate Professor  
Department of Business Law  
Nihon University

Megumu Murakami

Senior Specialist, Emerging Strategy Center  
The Japan Research Institute, Limited

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 January 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 will set targets and work on producing visual forms of the initiatives throughout the duration of the Plan.

Our Sustainability Activity Vision



Identified Materiality (Important Issues)

| Four Themes                                | Materiality (Important Issues)   | Main Initiative Themes  | Contributing to the spread of sustainable social infrastructure through Hirata's business |   |
|--|--|---|---|---|
| Response to climate change                 | Reduction of environmental impact by our company and in the supply chain | Reduction of environmental impact<br>Reducing emissions of GHGs<br>Promotion of resource recycling society        | Relevant SDGs   | 7 AFFORDABLE AND CLEAN ENERGY             |
|  | Contribution to carbon neutrality through products and services          | Expansion of carbon-neutral market  |   | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| Building of a sustainable society          | Creation of new customer needs in accordance with social changes         | Creation of new customer needs in accordance with social changes<br>Harnessing of innovation                      |   | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
|  | Response to progress of digitalization                                   | Response to progress of digitalization<br>Development of infrastructure toward smart society                      |   | 13 CLIMATE ACTION                         |
| Bringing out the best in every person      | Securing and training human resources                                    | Securing and training human resources   |   |   |
|  | Creating diverse, safe and secure workplaces                             | Diversity & Inclusion<br>Creating safe, secure, and rewarding workplaces  |   |   |
| Strengthening of our management foundation | Improvement of product safety and quality                                | Improvement of product safety and quality   | Relevant SDGs   | 5 GENDER EQUALITY                         |
|  | Supply chain management  | Supply chain management<br>Respect for human rights   |   | 8 DECENT WORK AND ECONOMIC GROWTH         |
|  | Enhancement of corporate governance                                      | Stakeholder engagement<br>Enhancement of corporate governance   |   | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
|  | Risk management  | Respect for compliance with fair trade practices<br>Risk management<br>Maintaining soundness of financial capital |   | 17 PARTNERSHIPS FOR THE GOALS             |

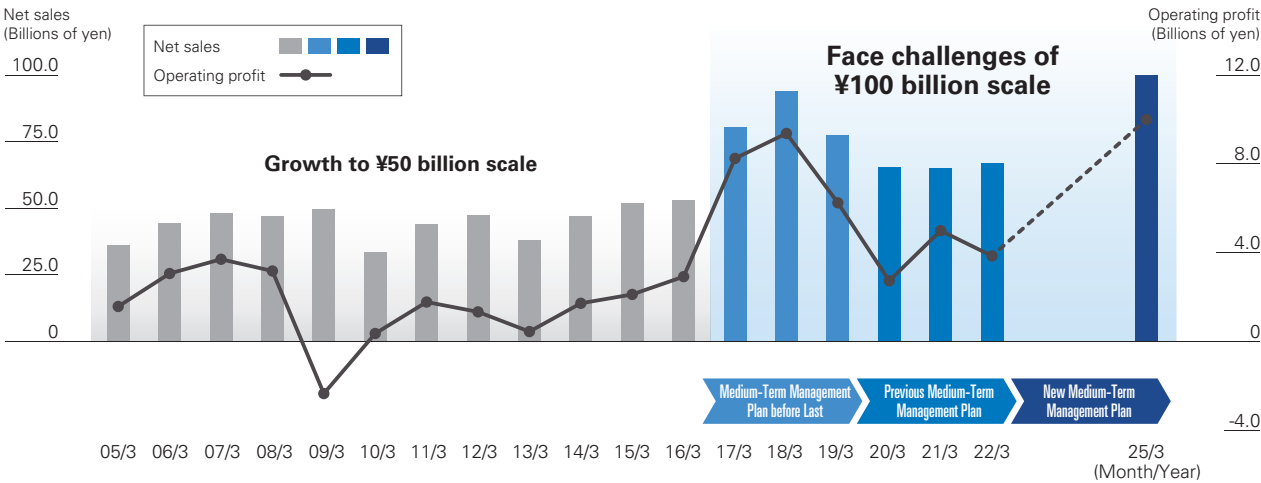


Medium-Term Management Plan

Previously, the Hirata Group had grown as a company by its involvement in new markets, with new customers, and new product technologies.

In addition to our manufacturing capabilities, from the medium-term management plan before last (FY2015-2017) to the previous medium-term management plan (FY2018-2020), we have been aiming for further growth by further pursuing our unique business model of being a system integrator of production facilities and our global ability to respond that is chosen by our customers around the world. As a result, we have been able to solidify our business foundation, exceeding net sales of ¥50 billion and reaching the point at which we can aim for net sales of ¥100 billion.

Under the new Medium-Term Management Plan from FY2022, we will work on strengthening our profitability, which is an issue for further growth, and our management bases that sustain that profitability.



|                                      | Medium-Term Management Plan before Last<br>(FY2015-2017)   | Previous Medium-Term Management Plan<br>(FY2018-2020)   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
|--------------------------------------|--|---|------|--------|-----------------------------|------|-------------------|------------------------|------------|---------------|---|--|------|--------|-----------------------------|-------|-------------------|------------------------|-------------|--------------|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------|----------------------|
|                                      | From breakthrough to growth trajectory   | Accumulation of achievements, establishment of evaluations  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Positioning                          | Full-scale entry into growth markets (EVs, etc.) Including production and sales systems, establish foothold as global company  | Build up track record in growth markets and establish evaluations in global market by strengthening systems   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Basic Policies                       | 1. Initiatives geared toward globalization<br>2. New development of domestic market<br>3. Initiatives geared toward new businesses   | 1. Strengthening order receiving/production/development systems<br>2. Deepening and expanding existing business<br>3. Venturing into growth markets<br>4. Establishing mass production business and commercialization   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Management Targets and Results       | <table><tr><th></th><th>Plan</th><th>Actual</th></tr><tr><td>Net sales (Billions of yen)</td><td>50.0</td><td>Approx. 50.0-90.0</td></tr><tr><td>Operating profit ratio</td><td>5% or more</td><td>Approx. 5-10%</td></tr></table> <div>Far exceeding the plan</div>   |   | Plan | Actual | Net sales (Billions of yen) | 50.0 | Approx. 50.0-90.0 | Operating profit ratio | 5% or more | Approx. 5-10% | <table><tr><th></th><th>Plan</th><th>Actual</th></tr><tr><td>Net sales (Billions of yen)</td><td>100.0</td><td>Approx. 60.0-70.0</td></tr><tr><td>Operating profit ratio</td><td>10% or more</td><td>Approx. 4-8%</td></tr><tr><td>Capital investment (Billions of yen)</td><td>Cumulative total 15.0</td><td>Cumulative total 9.8</td></tr><tr><td>R&amp;D expenses (Billions of yen)</td><td>Cumulative total 5.0</td><td>Cumulative total 3.0</td></tr></table> <div>Approx. 30-40% down on plan</div> |  | Plan | Actual | Net sales (Billions of yen) | 100.0 | Approx. 60.0-70.0 | Operating profit ratio | 10% or more | Approx. 4-8% | Capital investment (Billions of yen) | Cumulative total 15.0 | Cumulative total 9.8 | R&D expenses (Billions of yen) | Cumulative total 5.0 | Cumulative total 3.0 |
|                                      | Plan   | Actual  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Net sales (Billions of yen)          | 50.0   | Approx. 50.0-90.0   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Operating profit ratio               | 5% or more   | Approx. 5-10%   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
|                                      | Plan   | Actual  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Net sales (Billions of yen)          | 100.0  | Approx. 60.0-70.0   |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Operating profit ratio               | 10% or more  | Approx. 4-8%  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Capital investment (Billions of yen) | Cumulative total 15.0  | Cumulative total 9.8  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| R&D expenses (Billions of yen)       | Cumulative total 5.0   | Cumulative total 3.0  |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |
| Achievements and Issues              | <div>Achievements</div> <ul style="list-style-type: none"><li>Review of sales bases and production system in China</li><li>Established Thai base as joint venture with local capital to strengthen business foundation in Southeast Asia</li><li>New plant in North America began operations, strengthened production system</li><li>Entry into EV business</li><li>Sales of unit products</li><li>Established Overseas Business Headquarters to strengthen cooperation with Group companies overseas</li></ul> <div>Issues</div> <ul style="list-style-type: none"><li>Management system unable to keep pace with increasing number of orders received</li><li>Plenty of room left for deepening business in growth markets</li><li>No progress made in development of new business areas</li></ul> | <div>Achievements</div> <ul style="list-style-type: none"><li>Promotion of commercialization of key components</li><li>Development of organizational management system and internal rules to promote investment development</li><li>Expansion of business scale in semiconductor transfer field</li><li>Building of track record as top company in EV field</li><li>Expanded lineup of ECO electric series products, standard product registration with major automotive-related manufacturers</li></ul> <div>Issues</div> <ul style="list-style-type: none"><li>Enhancing the performance of the investment/R&amp;D plan promotion system</li><li>Thorough management of project profitability</li><li>Technological developments that meet customer needs</li><li>Strengthening of collaborative system between Group companies</li><li>Expansion of business scale by developing new sales channels for ECO electric series products</li></ul> |      |        |                             |      |                   |                        |            |               |   |  |      |        |                             |       |                   |                        |             |              |                                      |                       |                      |                                |                      |                      |

New Medium-Term Management Plan  
(FY2022-2024)

Strengthening profitability and management foundation  
for further growth

▼

Expand business in growth markets, improve profitability, and  
strengthen the management foundation that sustains them

1. Business expansion in growth markets  
2. Strengthening competitiveness as a global company  
3. Strengthening of ESG management initiatives  
4. Realization of management in line with new normal era

|                                    | Target |
|------------------------------------|--------|
| Net sales (Billions of yen)        | 100.0  |
| Operating profit (Billions of yen) | 10.0   |
| Operating profit ratio             | 10%    |
| ROE                                | 11%    |

Taking advantage of added impetus provided by a growing market,  
enhance plan's feasibility

Basic Policies and Measures

(1) Business expansion in growth markets

• Recognition of EV and semiconductor markets as growth markets

• Review of business portfolio

• Recognize EVs/semiconductors as growth markets and concentrate resources

• Efforts to create new businesses and expand business areas

(2) Strengthening competitiveness as a global company

• Global support

• Optimize development and production systems within the Group and strengthen cooperation

• Business initiatives

• Thorough profitability management utilizing DX, strengthening of product competitiveness

(3) Strengthening of ESG management initiatives

• Improving corporate value through ESG management

• Formulation of basic sustainability policy

• Building of a promotion system

• Identify materiality (important issues), visualize goal setting and initiatives

• Appropriate information disclosure and enhanced dialogue with stakeholders

(4) Realization of management in line with new normal era

• Initiatives for DX

• Virtual commissioning utilizing an emulator

• Utilization of new technologies (XR, AI, etc.)

• Remote meetings/maintenance

Jin-Gi-Kou-Ken  
人技幸献

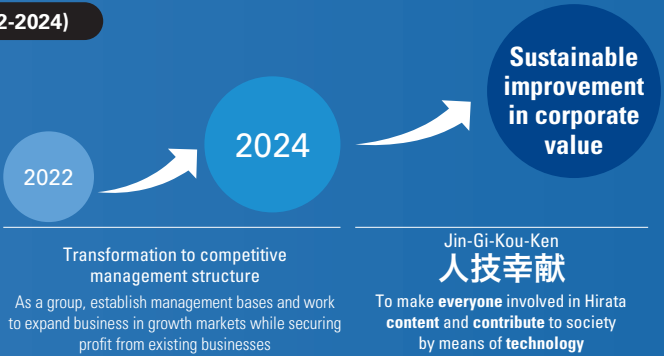
To make everyone involved in Hirata content and contribute to society by means of technology



# Medium-Term Management Plan (FY2022- 2024)

## Positioning of Medium-Term Management Plan (FY2022-2024)

In formulating the new Medium-Term Management Plan, we reexamined our founding principles and management philosophy while believing that “To make everyone involved in Hirata content and contribute to society by means of technology” (=Jin-Go-Kou-Ken) was of itself the Hirata Group’s mission.



## Management Targets

Under the new Medium-Term Management Plan we set the following management indicators.

|                        | FY2021 Results  | FY2024 Plan      | FY2024 Plan            | Automotive-related equipment | Semiconductor-related equipment | Other automated, labor-saving equipment/Other | Total            |
|------------------------|-----------------|------------------|------------------------|------------------------------|---------------------------------|---|------------------|
| Net sales              | 67 billion yen  | 100 billion yen  | Net sales              | 40 billion yen               | 40 billion yen                  | 20 billion yen                                | 100 billion yen  |
| Operating profit       | 3.8 billion yen | 10.0 billion yen | Operating profit       | 2.0 billion yen              | 6.0 billion yen                 | 2.0 billion yen                               | 10.0 billion yen |
| Operating profit ratio | 5.7%            | 10.0%            | Operating profit ratio | 5%                           | 15%                             | 10%   | 10%              |
| ROE                    | 5.1%            | 11.0%            |                        |                              |                                 |   |                  |

Note: Please refer to pages 28-29 for details of financial and capital strategies.

## Basic Policies and Measures

Based on our Jin-Go-Kou-Ken concept, we have established four basic policies and measures to resolve social issues through our business activities over the medium term.

- To strengthen our profitability, we will engage in:
- (1) Business expansion in growth markets
  - (2) Strengthening competitiveness as a global company
- To strengthen our management foundation, we will engage in:
- (3) Strengthening of ESG management initiatives
  - (4) Realization of management in line with new normal era

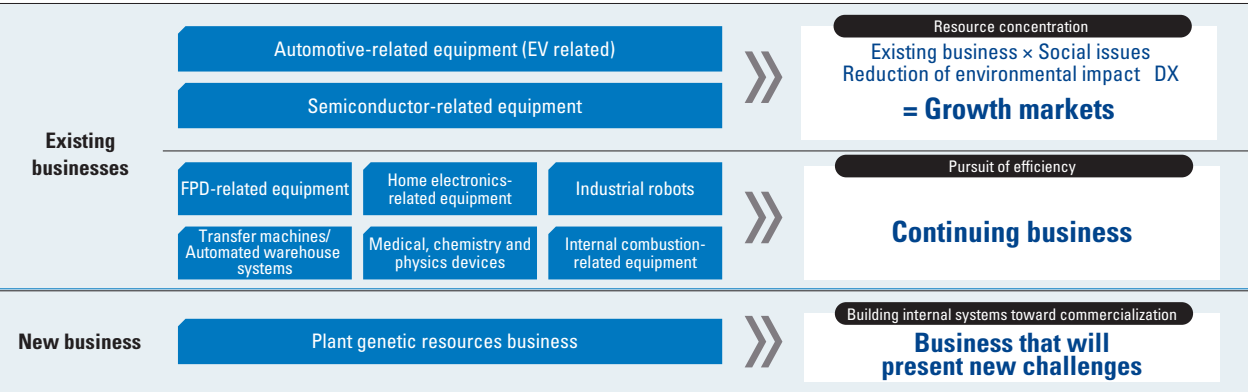
## Basic Policy (1) Business expansion in growth markets

For existing businesses, we have defined businesses that respond to growth markets and that we regard as being driven by social issues, such as environmental impact reduction and DX, and other businesses.

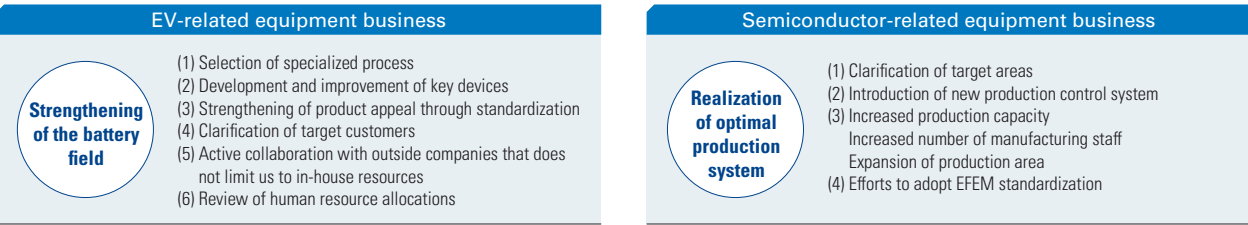
Positioning the EV and semiconductor markets in particular as growth markets on which to concentrate resources, we will also continue to seek greater efficiency in other businesses, such as FPD and home electronics.

Having also positioned business related to plant genetic resources as a business that will present new challenges, we will also strive to build an internal structure with an eye toward commercialization.

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



## Individual business measures in growth markets



## Basic Policy (2) Strengthening competitiveness as a global company

|                      |  |
|----------------------|--|
| Global response      | Optimization of development/production systems within the Group<br>Strengthening of cooperation within the Group |
| Business Initiatives | Thorough DX-based profitability management system<br>Strengthening of product competitiveness                    |

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 Group 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 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 DX.

## Basic Policy (4) Realization of management in line with new normal era

We will expand the value provided to customers and society by promoting DX for business. This will include CADVR, which imports existing 3D design data as they are 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 by which we are aiming to digitize and convert to numerical and visual forms every manufacturing process so that plants that can be operated continuously for 24 hours.

## Basic Policy (3) Strengthening of ESG management initiatives

To achieve both business growth and the resolving of social issues as well as to improve corporate value, we formulated a basic sustainability policy, identified materiality, and organized the relationship between our philosophy system and corporate value. During the timeframe of the new Medium-Term Management Plan, we will formulate a specific roadmap, such as setting targets for each materiality.

Note: Please refer to pages 30-57 for details of initiatives.



# Automotive-related Equipment

Including EV-related systems and the primary components of power transmissions and drive trains to more specific components like computerized control systems, sensors, and the air compressors used in air-conditioning, we produce and sell a wide range of assembly equipment. Completely handling a large number of devices and items of equipment at our 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, digital twin technologies are used to design and develop production lines more efficiently.

|   |  |   |  |
|---|--|---|--|
| <div>1. Integrated systems, from development to production and maintenance</div> <div>2. Engineering capabilities that enable us to fulfill customer requirements</div> <div>3. Vast plants where entire production lines can be verified</div> <div>4. Trust and continuous transactions from customers</div>                | <div>Strengths</div> <div>(Internal)</div>     | <div>Weaknesses</div> <div>(Internal)</div> | <div>1. Profitability management and profitability in new development projects</div> <div>2. Development capabilities for own key devices and standard equipment</div> <div>3. Competitiveness in specific regional markets</div>  |
| <div>1. Expansion of market for products that address environmental issues</div> <div>2. Local production for local consumption (strengthening of local procurement at each manufacturing company)</div> <div>3. Advancement of DX for business</div> <div>4. Cooperation on overseas expansion with domestic companies</div> | <div>Opportunities</div> <div>(External)</div> | <div>Threats</div> <div>(External)</div>    | <div>1. Changes in market environment due to tightening of environmental regulations</div> <div>2. Decrease in number of parts and in demand for production equipment due to shift to EVs</div> <div>3. Rise of Chinese companies</div> <div>4. Exchange rate fluctuations</div> <div>5. Loss of business opportunities due to travel restrictions brought about by spread of infectious diseases, natural disasters, etc.</div> |

## Business Environment

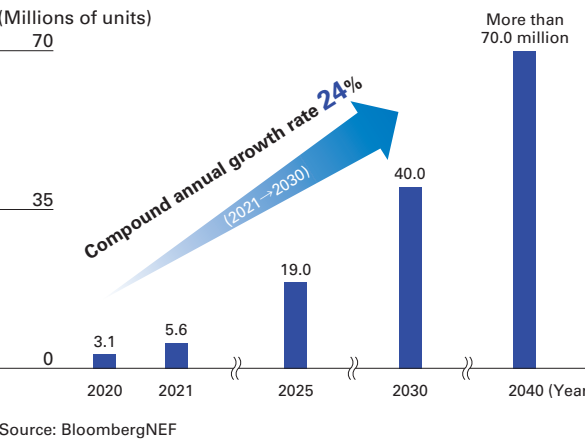
• Industry Outlook

The long-term expansion of the EV market represents a future trend that can be regarded with certainty. To help curb global temperature rises, governments around the world and auto industry leaders have pledged to increase the market penetration of EVs, the sales of which are expected to reach 40 million units annually in 2030.

• Major Business Partners

Our major business partners include General Motors and Ford Motor Company in North America, Fiat Chrysler Automobiles in Europe, Toyota Motor Corporation, Honda Motor Co., Ltd., and DENSO Corporation in Japan, as well as start-up EV manufacturers.

EV Global Sales Volume Forecast



• Profit Opportunities

- North America

In recognition of the high regard in which our track record and reliability are held, in terms of EV-related equipment we will further strengthen our cost competitiveness, speed, quality, local support, and modification response, while strengthening the relationships with our customers.

- Europe

A market in which the in-region competition is intense, there is a sense that the export of equipment from Japan is problematic. In response to this situation and to lower prices, we will cultivate cooperation with peer companies and suppliers in Eastern European countries and strengthen our responsiveness by the building of supply chains, while working to increase profitability.

- China

There is a wave of local procurement by Japanese companies, amid which our company is also building up a track record. Going forward, we will further strengthen our sales and production as well as cost response capabilities, while expanding opportunities for receiving orders in China.

- Southeast Asia

We recognize that, at this point in time, EV-related investments have yet to begin in earnest, and that the resulting major wave of local production opportunities has yet to present itself. We will, however, make preparations for a smooth transition to the production systems in which Japan and other countries are taking the lead.

## Business Strategies

• Retrospective Overview of Previous Medium-Term Management Plan

In EV-related equipment, we entered the European market and accumulated know-how with regard to customer specifications and other factors. We also aimed to strengthen cooperation by implementing measures that included personnel exchanges within the Group.

As an ongoing issue, in regions with high demand for EVs such as Europe and China, we came to recognize that the strengthening of the systems relating to local production, engineering, and procurement had been insufficient.

• Business Strategies and Priority Measures in New Medium-Term Management Plan

Against the backdrop of efforts towards global carbon

neutrality, we regard capital investments in EVs and other initiatives as a major business opportunity. In aiming to improve our competitive advantage to win more orders in the Japanese, North American, European and Chinese markets, we are working on product development.

We are focusing in particular on the development and improvement of key devices in each type of manufacturing process in the field of EV batteries, where expansion in demand is expected.

Participating from the customer's product development stage—and actively collaborating with external parties so that we are not limited to our own resources—we are conducting the development of new EV-related products and implementing initiatives to save energy and reduce costs with the goal of creating products that meet customer needs and exceed their expectations.

Topics

## New, EV-related Wire Bonder Product

Development of world's largest dual-head wire bonder capable of handling large battery modules for EVs

Installing two bonding heads has shortened cycle times, which are an issue with large batteries, and doubled the previous processing capacity. Also, configuring the standby position of the bonding heads outside the bonding area has achieved high maintainability, as the battery cells can be easily accessed should a problem occur.







# Semiconductor-related Equipment

We develop, manufacture, and sell the components—primarily the openers for various storage containers, atmospheric/vacuum robots, and aligners—used to transfer wafers in the semiconductor manufacturing process. We are also focusing on system product applications for these components. For semiconductor manufacturing equipment manufacturers, we provide optimized EFEMs\* for each item of equipment in original equipment manufacturer (OEM) and original design manufacturer (ODM) forms, and for semiconductor manufacturers (foundries) we provide EFEMs and sorters under our own brand.

We also support innovation (miniaturization and the switch to 3D modelling) in semiconductor manufacturing technologies. In addition to developing, manufacturing, and selling the various components and system products (EFEMs) used for panel level packaging (PLP) transport, we also provide N<sub>2</sub>EFEM, which transfers wafers in an N<sub>2</sub> (nitrogen) environment to reduce the adverse effects of the atmosphere on wafers.

\*Equipment Front End Modules

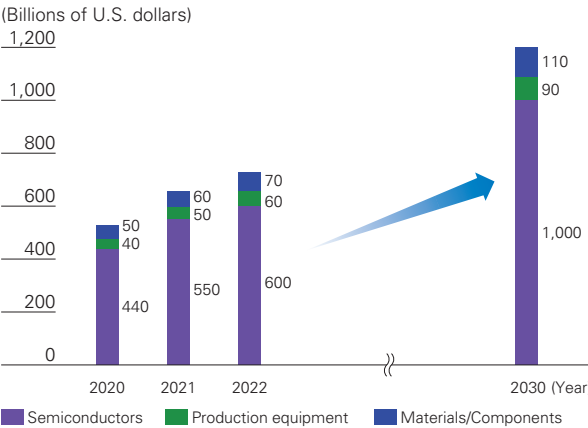
|   |  |   |  |
|---|--|---|--|
| <div>1. Extensive line-up of wafer transfer components</div> <div>2. Provide lineup of components for PLP substrate transfer</div> <div>3. Lineup of system products that combine various components</div> <div>4. Knowledge and technology necessary for customization and optimization of components and system products</div>  | <div>Strengths</div> <div>(Internal)</div>     | <div>Weaknesses</div> <div>(Internal)</div> | <div>1. Delays in strengthening overseas production bases (cost competitiveness) and in responding to local production for local consumption trend</div> <div>2. Strengthening of sales structure in European and U.S. markets</div> <div>3. Profitability of parts sales/after-sales service business</div> <div>4. Insufficient development resources due to excessive customization</div> <div>5. Strengthening the lineup of our own-brand system products</div> |
| <div>1. Further growth of semiconductor market</div> <div>2. Innovation in semiconductor manufacturing technology</div> <div>3. Acceleration of electrification due to stricter environmental regulations</div> <div>4. Local production for local consumption</div> <div>5. Trends toward vertical set-up of/standardization of facilities for fabrications by end-users</div> <div>6. Establishment, revision/addition of SEMI industry association standards</div> | <div>Opportunities</div> <div>(External)</div> | <div>Threats</div> <div>(External)</div>    | <div>1. Growing demand, soaring material prices and longer delivery times stemming from conflicts</div> <div>2. Rise of emerging market companies and start-ups</div> <div>3. Innovation in semiconductor manufacturing technology</div> <div>4. Economic friction, sanctions, disputes</div> <div>5. Market exclusion due to legal regulations and economic policies</div> <div>6. Establishment, revision/addition of SEMI standards</div>                         |

## Business Environment

• Industry Outlook

Demand for semiconductors, which can be said to be the core product of digitalization, is increasing year by year. Also, in societies that are aiming to be carbon neutral by 2050, electrification is gaining pace, and the importance of semiconductors, including their automotive applications, is increasing. Against the backdrop of governments around the world that are considering the introduction and expansion of policies to actively support investment in their semiconductor industries, the semiconductor manufacturers in each country are also planning record-high levels of capital investment. The semiconductor market is expected to reach the equivalent of approximately ¥100 trillion in 2030, and the semiconductor manufacturing equipment field is expected to grow accordingly.

Forecast of Global Semiconductor-related Market Size



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

• Major Business Partners

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

• Profit Opportunities

We believe that further growth in the semiconductor market, allied with increasing our share of that market by

refining existing components and system products, will enable us to further increase our earnings. In the case of in-process transfer systems, we are also looking to further expand our earnings by broadening the scope of our Group's response through the development and market introduction of new products, such as vacuum-related components, systems, and logistics systems, outside the scope of the existing products mentioned above.

## Business Strategies

• Retrospective Overview of Previous Medium-Term Management Plan

Amid burgeoning demand for semiconductors, we moved toward local production in China, implemented initiatives such as the building of a collaborative system within the Group, and achieved net sales of ¥10 billion.

In contrast, we recognized that there was still room for growth in terms of sales and various types of profit compared with other companies in the same industry. We thus believed that we needed to aim for further growth by building an optimal production system in this business, including the strengthening of our global production system. We also recognized that the promotion of product standardization and the shortening of lead times through bulk orders were issues that needed to be addressed.

• Business Strategies and Priority Measures in New Medium-Term Management Plan

In a market in which growth is expected, we will promote the investment of resources in this business field through, for example, internal organizational restructuring while working to expand the scale of our response in each field. By strengthening our sales capabilities, we will deepen our understanding of customer needs to an unprecedented level and thereby promote the development of products with high added value. By focusing on standardizing products and the adding of functional products, we will broaden the scope of our responses to customer needs.

In our business, which has been based on a made-to-order business, we will also aim to realize an optimal production system and expand earnings by, for example, introducing a new production management system for mass-produced products and expanding the in-house production area in this business field.



300mm EFEM/Sorter series

An employee from #3 Engineering Department  
#3 Business Unit





# Other Automatic Labor-saving Equipment

Having started out as a manufacturer of transport equipment that supplied carts, our 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 robots and production systems. 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 our selves to the automotive and semiconductor industries, we provide labor-saving equipment to customers in a variety of fields.

In formulating the Medium-Term Management Plan covering FY2022–2024, we reviewed our business segments and classified them into three businesses: Automotive-related, Semiconductor-related, and Other automatic labor-saving equipment. In the latter, we manufacture and sell production equipment for a variety of fields, such as flat panel displays (FPDs), home electronics, and medical/chemistry and physics devices.

## Individual Segments

### FPDs



#### • Business Overview and Strategy

Utilizing the resources that the Group possesses (large, five-face processing machines, clean rooms for the final assembly of large equipment, design and manufacturing personnel with a wealth of experience, etc.), we mainly provide, in OEM/ODM form, vacuum process and vacuum transfer equipment in the production processes of sixth- to 10th-generation large glass substrate organic EL and liquid crystal displays. Applying the thin film coating technology that we have cultivated over many years, in recent years we have, on the basis of that technology, also been providing equipment for laminating cover glass and displays using silicon resin (adhesive) in the production process of in-vehicle displays that require weather resistance.

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. Expanding our technological strength and production capacity for large FPD production equipment that we have cultivated so far, our Group will work to acquire new markets by realizing the manufacturing of next-generation FPD production equipment.

### Medical/Chemistry and Physics Devices



#### • Business Overview and Strategy

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. In medical devices 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.

### Industrial Robots



#### • Business Overview and Strategy

Industrial robots represent our core technology. We have standard robot controllers and are able to operate multiple types of robots in the same environment. It is also possible to operate the 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.

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

Targeting production facilities in the EV and semiconductor fields, which are expected to see further growth in the years to come, we will make

more improvements in terms of safety, performance, functionality, and operability, and strive to broaden the spread and improve the performance of our equipment.

### Distribution (Transfer Systems)

#### • Business Overview

For a variety of industrial fields, we offer highly versatile and customized automated warehouses and storage stockers with no restrictions, manufacturing and selling products tailor-made for the products and factory environments of our customers.

Constructed by means of advanced simulation technology and highly versatile and expandable transfer equipment, our Group's transfer systems have a proven track record in the automotive and home electronics fields and are in operation in many factories.

### Home Electronics

#### • Business Overview

By effectively combining the technologies that are at the Group'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.

### Topics

#### Electrification

### ECO Electric Series

Contributing to realization of carbon neutrality

Amid the environmental considerations, such as the SDGs, that are required, for example, in the automotive field, moves to shift from internal combustion engines to EVs are 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 our achievements in a variety of industrial fields, we provide non-pneumatic, safe production equipment and contribute to the realization of factories that do not place a burden on the environment by realizing all-electric transfer on the basis of production equipment.



ECO electric series products  
Specially set-up ECO series product website  
<https://hirata-ecoele.com/en/>





Summary of Previous Medium-Term Management Plan, Recognition of Environment

The Group receives orders for production equipment from manufacturers of products in a wide range of fields, such as EVs and other automotive-related products, semiconductors, and other automatic labor-saving equipment. Therefore, due to changes in the economic conditions in Japan and overseas, changes in economic trends due to COVID-19, changes in the life cycles of customer products and other factors, fluctuations in capital investment by business partners may affect the performance of the Group.

Under this business model, in the previous medium-term management plan (FY2018–2020), consolidated net sales were in the ¥60 billion to ¥70 billion range, and the operating margin was in the 4% to 8% range, and thus we

fell short of our targets of consolidated net sales of ¥100 billion and an operating margin of 10% or more.

Showing how efficiently profits are earned relative to the amount invested by shareholders, the Company’s return on equity (ROE) has been on a downward trend since 10.1% in FY2018 and reached 5.1% in FY2021. In contrast, the equity ratio, which indicates financial stability, improved by 3.9 percentage points, from 50.9% in FY2018 to 54.8% in FY2021.

Given this financial situation, recognizing the need to work to improve efficiency, we are concentrating on businesses with high cash-generating capacity, while keeping in mind profitability indicators, such as operating income, operating margin, and ROE.

Basic Financial Policy

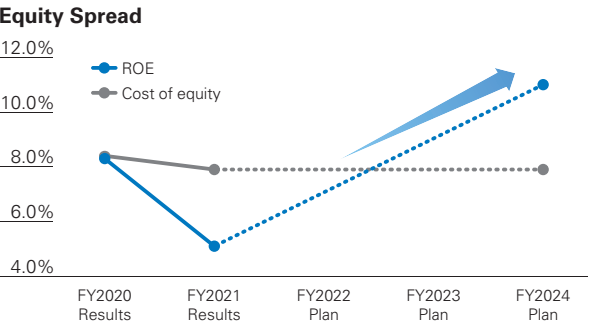
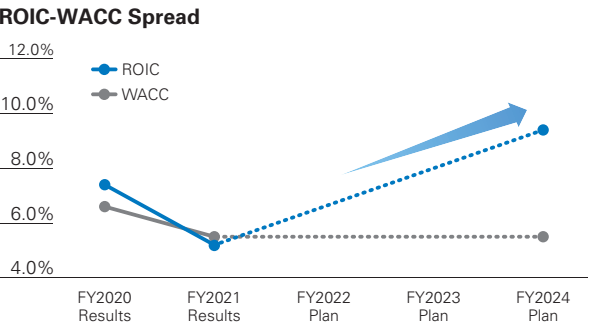
The Medium-Term Management Plan covering from FY2022 to FY2024 has been positioned as a three-year period in which to, as a Group, establish management bases and work to expand business in growth markets while securing profit from existing businesses. We have adopted numerical targets of ¥100 billion in net sales, ¥10 billion in operating profit, 10% operating profit margin, and 11% ROE for the fiscal year ending March 31, 2025. To improve capital efficiency, we will work to secure ROIC that exceeds the weighted average cost of capital (WACC).

A major issue for the period of the new Medium-term Management Plan is to strengthen profitability in growth markets such as EVs and semiconductors. As the number of orders received is expected to increase amid brisk capital investment by customers in EVs and semiconductors, we will further strengthen the profitability management of projects and put in place 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,

| Management Index Targets in Medium-Term Management Plan |                |               |
|---|----------------|---------------|
|   | FY2021 Results | FY2024 Plan   |
| Net sales   | ¥67.0 billion  | ¥100 billion  |
| Operating profit  | ¥3.8 billion   | ¥10.0 billion |
| Operating profit ratio                                  | 5.7%           | 10.0%         |
| ROE   | 5.1%           | 11.0%         |

| Capital Investment Plan in Medium-Term Management Plan |  |   |                              |               |
|--|--|---|------------------------------|---------------|
|  | Investment to strengthen production/development capacity | Capital investment in biogenetic resource R&D | IT system-related investment | Total         |
| Total over three years of Plan                         | ¥6.0 billion   | ¥4.0 billion                                  | ¥1.0 billion                 | ¥11.0 billion |

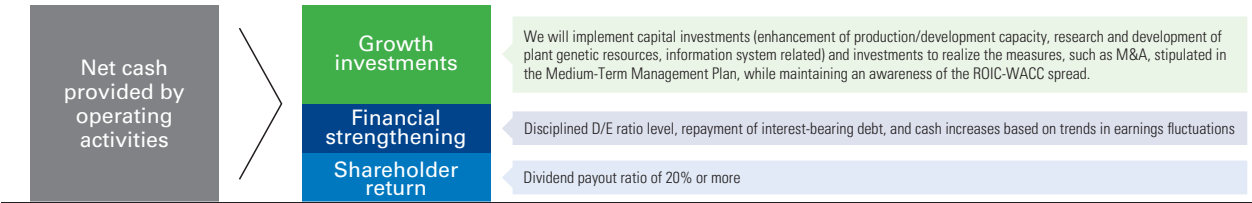


Note: Plans for WACC and cost of equity capital from FY2022 to FY2024 are left unchanged due to unpredictability. ROIC and ROE from the FY2022 plan to the FY2024 plan are planned values based on the management index targets and capital investment plans in the Medium-Term Management Plan.

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

While effectively investing generated operating cash flow 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 and increasing cash on hand.

Distribution of Net Cash Provided by Operating Activities

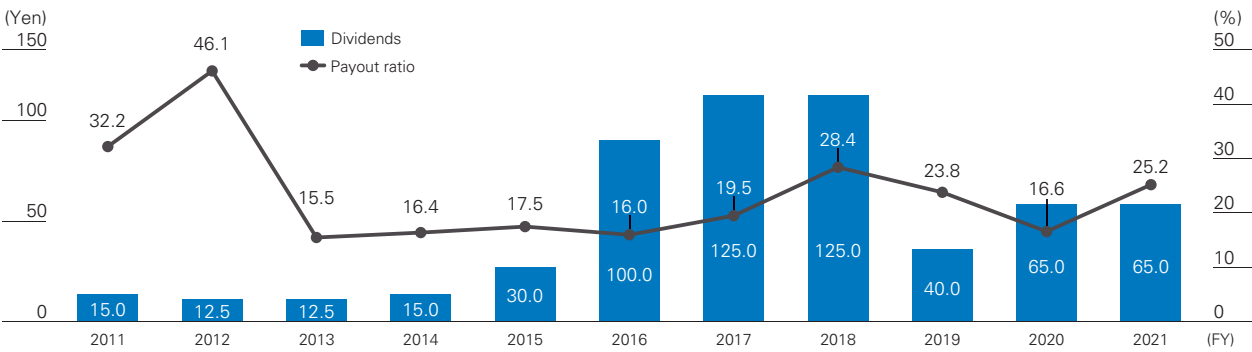


Shareholder Return Policy

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.

For the fiscal year ended March 31, 2022, the consolidated dividend payout ratio was 25.2%, and the dividend per share ¥65. 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 the conventional shareholder return policy.

Changes in Dividend per Share and Consolidated Dividend Payout Ratio



Policy for Dialogue with Shareholders and Investors

We disclose information appropriately on the basis of the relevant laws and regulations. Even if the information does not fall under disclosure items based on laws and regulations, to gain the correct understanding and trust of our shareholders and investors, we strive to disclose corporate information that we judge to have a significant impact on investment decisions in a timely, accurate and fair manner.

Specifically, with regard to our business environment, management plans, business strategies, etc., we are working to strengthen our responses to the gathering of

media material and interviews using web conferences, to enhance the content disclosed at financial results briefings, etc., and strengthen information dissemination via our website.

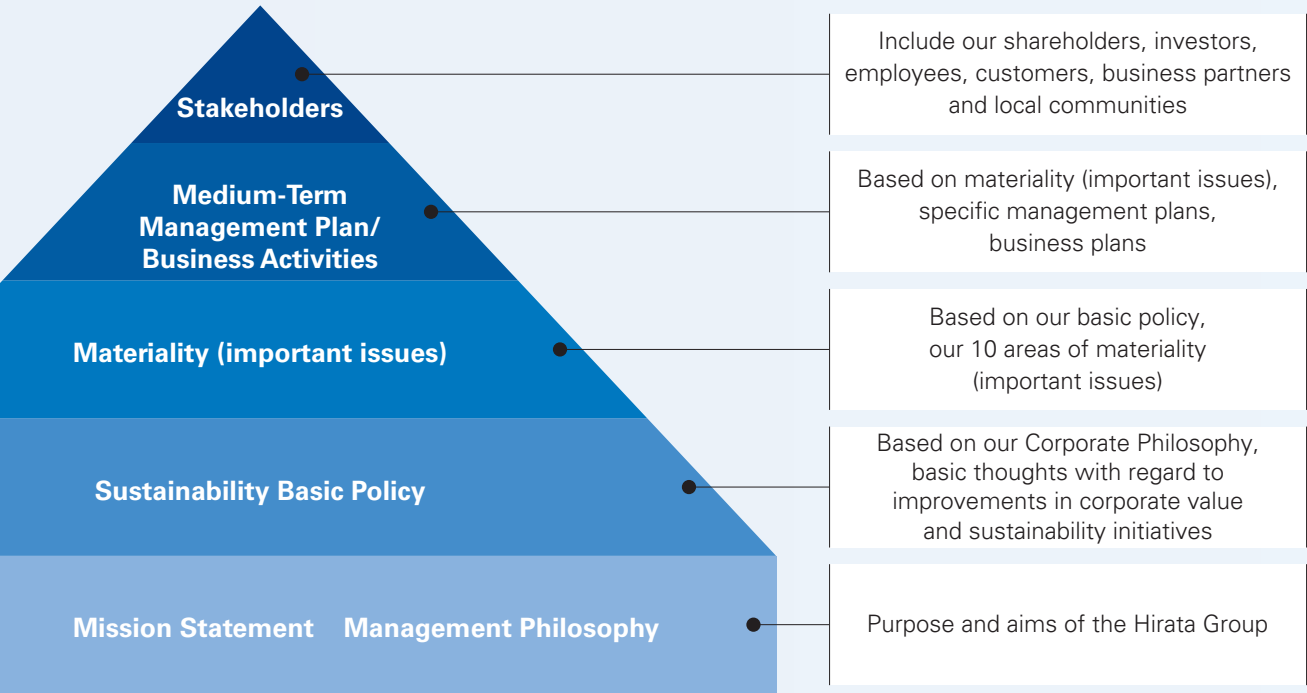
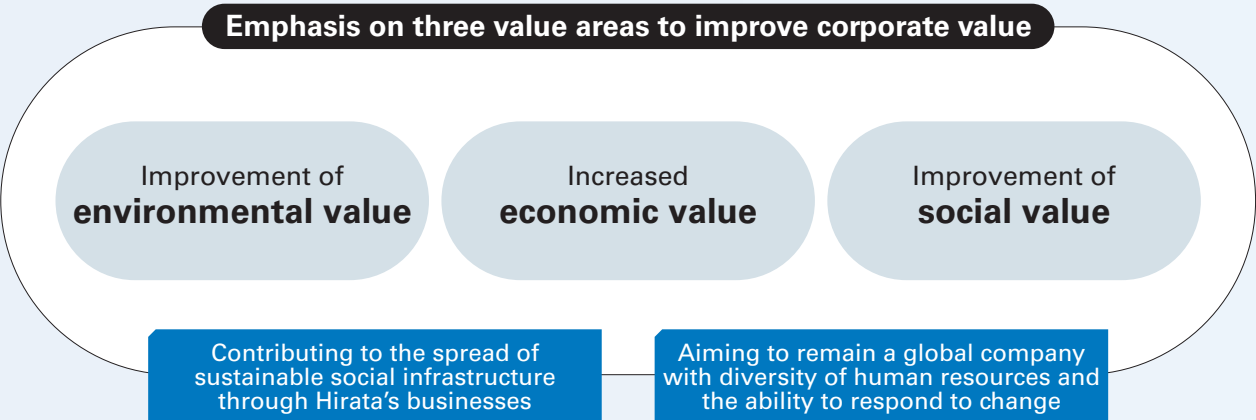
In addition to reflecting the content of our communications with shareholders and investors in the enhancement of our daily IR activities, such content is reported to the Board of Directors on a quarterly basis and utilized in management activities aimed at further improving corporate value.

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

# Sustainability Management



The Hirata Group emphasizes both business growth and the resolution of social issues while bringing about improvements in corporate value



## Basic Concept behind Sustainability

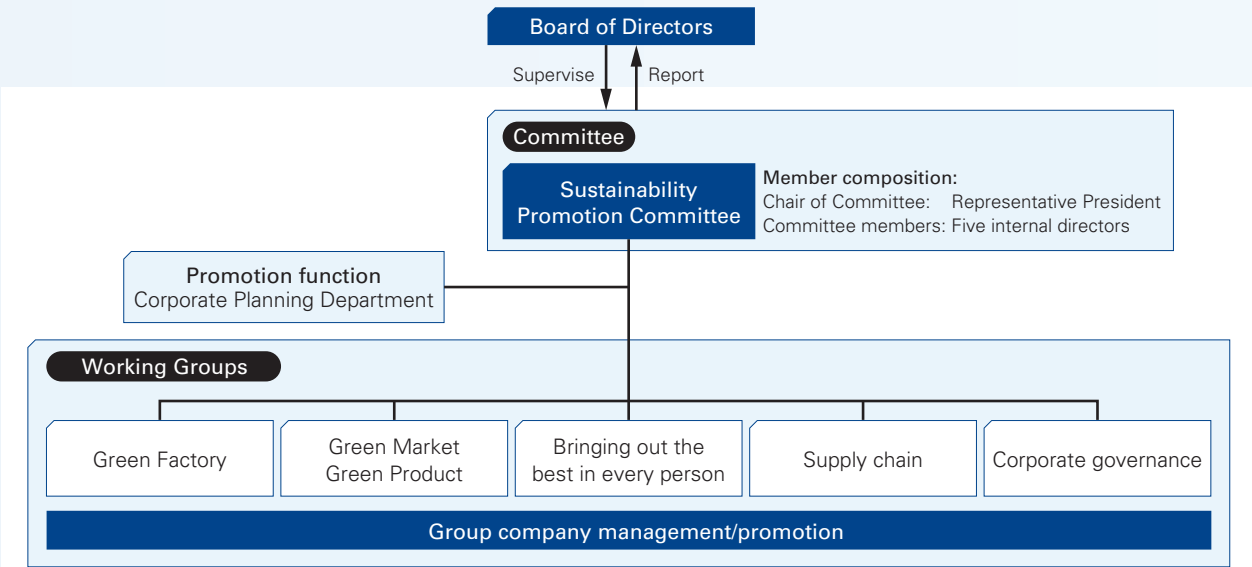
The Group's Sustainability Basic Policy was decided at a Board of Directors' meeting held in April 2022. The Sustainability Basic Policy clearly states in writing our policy to contribute to the realization of a sustainable society through the Group's corporate activities from the three perspectives of environment, society, and economy. Recognizing that it is the Hirata Group's mission to contribute to the realization of a sustainable society through our businesses, the starting point of our Group's sustainability is the perspective of continuing to grow our business while fulfilling our social responsibilities to all stakeholders.

### Sustainability Basic Policy

The Hirata Group aims to make everyone involved in our 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.

## Sustainability Promotion Framework

The decision to establish a Sustainability Promotion Committee was taken at a Board of Directors' meeting held in October 2022. We are planning to set up working groups that report to the Committee as we build up a promotion framework. As the responsibility for its supervision will fall to the Board of Directors, the Committee's activities will be integrated with management, and efforts with regard to identified materiality strengthened.







# Response to Climate Change

Using the adoption of the Paris Agreement in 2015 as an opportunity, the Company—its stated mission in summary being to “contribute to the development of society”—revised its environmental policy in 2016 amid the rapidly growing global interest relating to climate change. We are aiming to achieve both the development of society through the proliferation of products that contribute to reducing CO<sub>2</sub> emissions and environmental impact, and the resolution of environmental issues such as climate change.

In November 2022, the Company announced its endorsement of the final report of the Task Force on Climate-related Financial Disclosure (TCFD). In addition to identifying, analyzing, and evaluating the risks and opportunities that climate change poses to management, we are working to enhance the quality and quantity of information disclosure that contributes to engagement (constructive dialogue) with all stakeholders, including shareholders and investors.



## Governance

At a Board of Directors’ meeting held in October 2022, a resolution was passed to establish a Sustainability Promotion Committee, and full-scale operations are scheduled to begin in April 2023. The Sustainability Promotion Committee will submit proposals, reports, and provide information on matters related to ESG management, including responses to climate change.

The Committee will also be subject to regular oversight by the Board of Directors.

The Board of Directors gives consideration to climate-related issues when reviewing medium-term management plans and making investment decisions.

Note: Please refer to page 31 for details of the sustainability promotion framework.

## Risk Management

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

In scenario analyses, the Committee extracts the relevant parameters to identify risks and conducts assessments on a regular basis. The Committee also manages risks by quantitatively evaluating the financial

impact of each risk.

Going forward, we will report the results of risk assessments in scenario analyses to the department in charge of risk management and link them with company-wide risk management.

## Strategies (Scenario Analysis Overviews)

### • Scenario Analysis Overviews

Through scenario analyses, the Group ascertained the changes in the Group and its customers’ industries in 2030 and 2050—under the 1.5°C/4°C scenarios, based on scientific information such as from the International Energy Agency (IEA)—and analyzed climate change risks and opportunities. In all of the scenarios used in these analyses, we confirmed that resilient management is possible in the businesses targeted for analysis.

Under the 1.5°C scenario, a major change in policy toward decarbonization is assumed. In addition to the introduction of a carbon tax, soaring raw material and energy costs will require a shift to a more decarbonized business model. In contrast, in the 4°C scenario, the impact of physical risks will increase, and it will be

necessary to respond to risks such as plant shutdowns and supply chain disruptions.

• **Scenario Analysis Results**

Based on the previous section’s vision of future society with a 1.5°C rise, the Group recognizes that while business opportunities will increase due to increased demand for energy-saving products, the impact of physical risks will increase at 4°C.

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

| Opportunities                         |                                | Details of opportunity   | Degree of impact |              | Countermeasures   |
|---------------------------------------|--------------------------------|--|------------------|--------------|---|
| Main Category                         | Middle Category                |  | 1.5°C scenario   | 4°C scenario |   |
| 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, demand for products that raise productivity and improve energy-saving performance in factories and at facilities will increase | Large            | Small        | <ul style="list-style-type: none"><li>Expand local production for local consumption business models, such as local manufacturing and sales of parts and repair parts that have already started in some regions, and consolidation of production bases.</li><li>Introduction of eco-friendly electrification products, design and development of products for which lightness and longevity have been taken into account, etc.</li></ul> |
|                                       | Demand to save manpower        | In accordance with declining labor productivity due to rising temperatures, demand for labor saving and efficiency improvement at production sites will increase   | Small            | Small        | <ul style="list-style-type: none"><li>Development of products for automated warehouses, automated guided vehicles, etc.</li></ul>   |

| Risk              |                             | Details of risks   | Degree of impact |              | Countermeasures  |
|-------------------|-----------------------------|--|------------------|--------------|--|
| Main Category     | Middle Category             |  | 1.5 °C scenario  | 4°C scenario |  |
| Transition risks  |                             |  |                  |              |  |
| Carbon price      | 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 cost | 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>Renewal of aging robots, etc., promoting the reuse and recycling of equipment and parts through remodeling and repair services, 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 cost       | Electricity cost            | 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 System from buildings and plants where already being installed or considered, gradual expansion to locations places where not yet introduced</li></ul> |
|                   | Air-conditioning cost       | Due to rising temperatures, operating rate of air conditioning in plants, etc. rises, and 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 cost           | Distribution cost rises due to shift to EVs for large vehicles   | Medium           | Medium       | <ul style="list-style-type: none"><li>Consolidate production bases and expand initiatives with customers (OEMs) for joint transportation in some businesses to streamline inter-factory transportation</li><li>Examine expanding distribution by multidrop (milk run) shipments of goods to suppliers in the region, etc.</li></ul>  |
| Physical risk     |                             |  |                  |              |  |
| 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 in line with business content so that a certain level of production activity can be carried out even if supply is interrupted, appropriate inventory management and thorough operation, etc.</li></ul>   |

## Indicators and Targets

Curbing global warming by reducing CO<sub>2</sub> emissions is becoming an essential activity for realizing a sustainable society. To fulfill its responsibility, the Hirata Group is promoting measures to reduce CO<sub>2</sub> emissions in its business activities. As a goal for reducing the environmental impact of our business activities, we are also considering more in-depth global, medium- to long-

term goals while referring to the greenhouse gas reduction target announced by the Japanese government in April 2021. In the years to come, we will carefully examine the indicators that are important to the Group from the risk and opportunity items in the scenario analyses, while continuing to monitor CO<sub>2</sub> emissions (Scope 1, 2, 3).



# Environmental Load Reduction

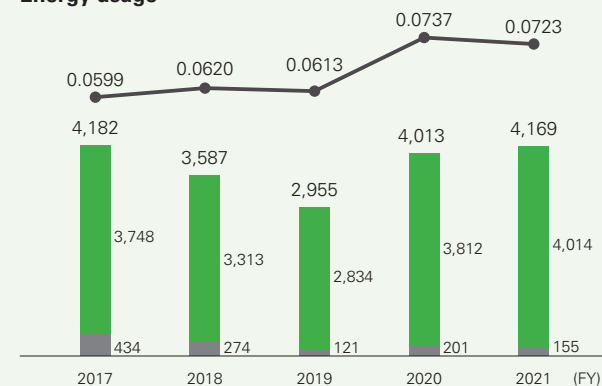
## Changes in Energy Consumption/CO<sub>2</sub> Emissions

The Company is working to rationalize its energy use based on the Act on the Rational Use of Energy (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. In terms of environmental targets, having set fiscal 2020 as the base year, we adopted a 3% reduction in our energy consumption per unit of output by fiscal 2023. In fiscal 2021, energy consumption per unit of output was reduced by 2% compared with fiscal 2020 following the installation of energy-saving equipment, such as the renewal of air

conditioners, and due the increase in production output.

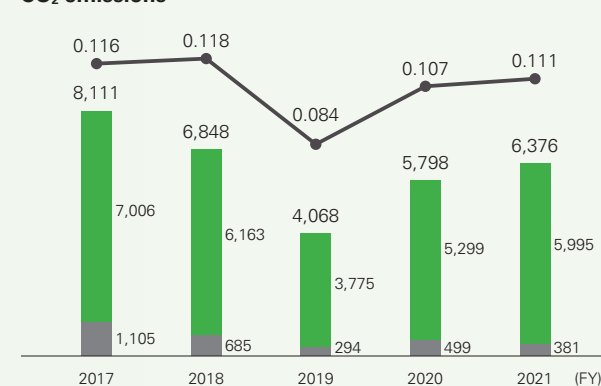
In terms of environmental targets concerning CO<sub>2</sub> emissions, for which we also deem fiscal 2020 as the base year, we adopted a 3% reduction in CO<sub>2</sub> emissions per unit of production by fiscal 2023. Despite having been able to achieve a reduction in energy consumption, CO<sub>2</sub> emissions per unit of production increased by 4% in fiscal 2021 due to an increase in the electric power company CO<sub>2</sub> emissions factor (basic emissions factor). In the years to come, we will contribute to the reduction of CO<sub>2</sub> emissions by installing and updating energy-saving equipment as well as by reducing our energy consumption.

Energy usage



\* Calculated using the fuel and electricity conversion factors from the Act on the Rational Use of Energy

CO<sub>2</sub> emissions

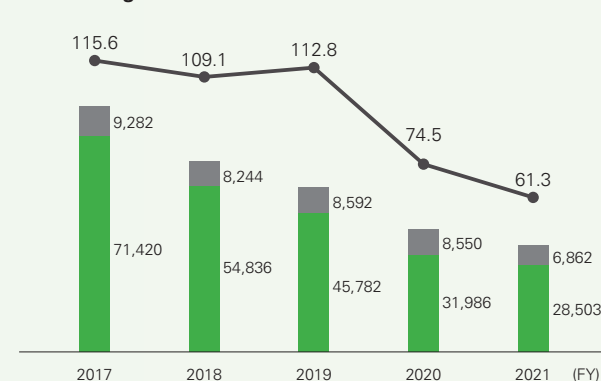


\* Based on power usage, CO<sub>2</sub> emissions are calculated using basic emission factors published by electric power companies

## Efforts to Conserve Water Resources

To conserve water resources, the Company is reducing water usage and monitoring factory wastewater. As an initiative to reduce water usage in fiscal 2021, we reviewed the settings of the cooling water circulation system to reduce the amount of cooling water used at the Kumamoto Plant and were thereby able to further reduce the amount used. We conduct analyses of the wastewater from all our plants every year to confirm that it satisfies legal requirements and voluntary management standards.

Water usage

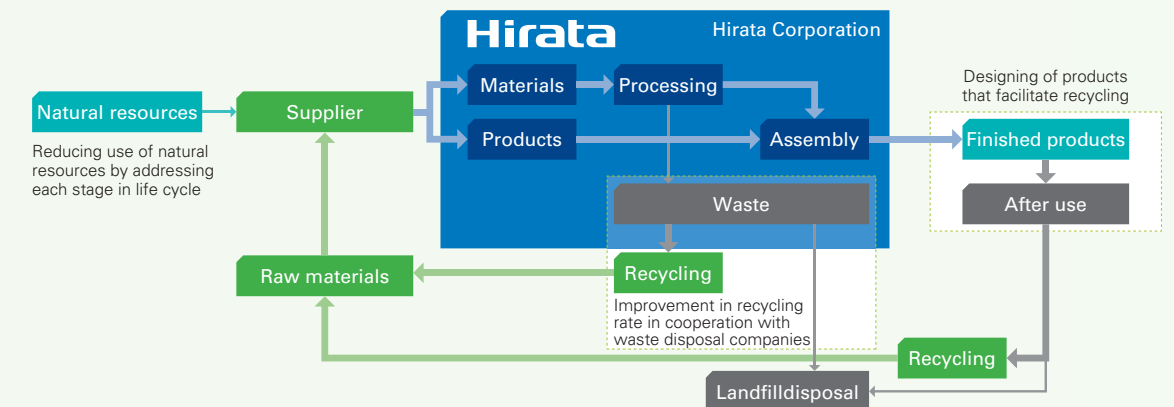


Amount of water usage per ¥100 million of actual production (m³/¥100 million)

## Approach to Resource Recycling

To help in the realization of a sustainable society, we are working to create products that show we have given consideration to resource recycling at each stage of the 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

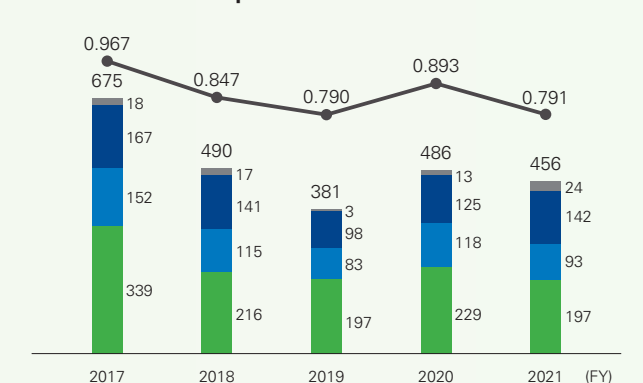
used in product manufacturing and the provision of products that can be recycled at the time of disposal. We are also working to reduce the packaging materials, reduce waste in production activities, and promote recycling for some equipment imported from overseas suppliers.



## Efforts to Reduce Industrial Waste Outputs

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 suppliers.

Industrial waste outputs



Amount of industrial waste target substance output per ¥100 million of actual production (t/¥100 million)

## 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 the 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 of the chemical substances contained in our products. We will continue to work on managing the chemical substances

contained in our products.

The chemical substances used in-house are evaluated before use and, based on the evaluation results, we undertake management necessary to comply with laws and regulations.

1. Regulations on chemical substances in EU
2. Chemical substance management regulations in EU
3. Format for providing data on chemical substances contained in products in a supply chain

# Brings Out the Best in Every Person

In the Medium-Term Management Plan FY2022-2024, we returned to our founding principles and management philosophy. In addition to making everyone involved in Hirata content, we decided on Jin-Go-Kou-Ken as a slogan from our desire to contribute to society by means of technology.

Aiming to improve both its corporate value and employee engagement, the Group is actively working to create environments in which each and every employee can make the most of their expertise and individuality

while they and the Company grow together.

We also identified “securing and training human resources” and “creating diverse, safe and secure workplaces” as human resource-related materiality for the Group. We consider that efforts aimed at “securing human resources, developing human resources, and creating environments that bring out the best in every person” will as a result lead to improvements in employee engagement.

## Strategic securing of human resources with aim of improving corporate value

While each and every employee has been making the most of their expertise and individuality, the Group has been facing the challenges of new businesses, technological innovation, high-set goals and challenges that have led to sustainable growth.

To further improve our sustainable corporate value and achieve our management strategies, we will work to recruit, train, and relocate highly specialized human resources to strategically secure human resources for

the necessary functions and functions where there is a shortfall, such as in human resources with digital technology expertise and business creation as well as management human resources.

To enhance our ability to respond to changes in the business environment, we will also actively recruit diverse human resources regardless of gender, age, nationality, religion, or whether they have a disability.

## Strengthening of human resource development and creation of environments in which employees can continue to take on challenges

Under the Group’s management philosophy of “bringing out the best in every person,” we believe that creating an environment in which each and every employee can grow and maximize their abilities is the most important management issue.

Going forward, we will reallocate human resources to focus businesses to achieve our management plan and 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 and promoting the activation of staff change

rotations and reviews with regard to evaluations, 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.

## Support for active participation of diverse human resources

Having identified Diversity & Inclusion as one of our material issues, we are supporting the active participation of diverse human resources. By respecting the values of each and every employee, increasing their motivation, providing them with a place where they can make the

most of their abilities and individuality, and bringing together their diverse strengths, we will actively work not only for the well-being of individuals but also for the development of the organization and the sustainable growth of the Company.

### • Current Initiative Status

| Women   | Senior Human Resources   | Global Human Resources  |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Employment of human resources regardless of gender</li> <li>• Enhancement of support systems for balancing childcare/nursing care and work</li> <li>• Dispatch to external training sessions for female employees</li> </ul> | <ul style="list-style-type: none"> <li>• While showing consideration for the work styles desired by senior human resources, promoting the handing down of excellent skills that make use of the knowledge and experience they have cultivated over many years</li> </ul> | <ul style="list-style-type: none"> <li>• Recruitment of human resources regardless of nationality</li> <li>• In addition to training global human resources by sending employees from head office to Group companies, conducting technical training and personnel exchanges by loaning them to head office (Japan) from overseas Group companies</li> </ul> |

### Our Company Vision

Jin-Gi-Kou-Ken  
人技幸献

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

Strategic securing of human resources with aim of improving corporate value

Strengthening of human resource development and creation of environments in which employees can continue to take on challenges

Support for active participation of diverse human resources  
Creation of workplaces where people can work with peace of mind





## Creation of workplaces where people can work with peace of mind

Giving top priority to health and safety, the Company has implemented a raft of measures to ensure that our employees remain healthy and active and to improve their work-life balance.

In 2020, we established health management centers, which are working on initiatives aimed at health management. The centers are staffed by professionals with public health nurse qualifications and have consultation desks for mental and physical health.

In fiscal 2021, we were among the first in the Kumamoto area to implement workplace vaccinations with the aim of assisting in the prevention of COVID-19 infections among the many people involved with the Company, including employees and their families, suppliers, and local residents.

### • Summary of Previous Measures

|      |  |
|------|--|
| 2015 | <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> |
| 2016 | <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> </ul>   |
| 2020 | <ul style="list-style-type: none"> <li>Health management centers established</li> </ul>  |
| 2021 | <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>  |
| 2022 | <ul style="list-style-type: none"> <li>Number of annual paid leave days required to be taken increased to eight days</li> </ul>  |

## Toward Enhancement of Work-Life Balance

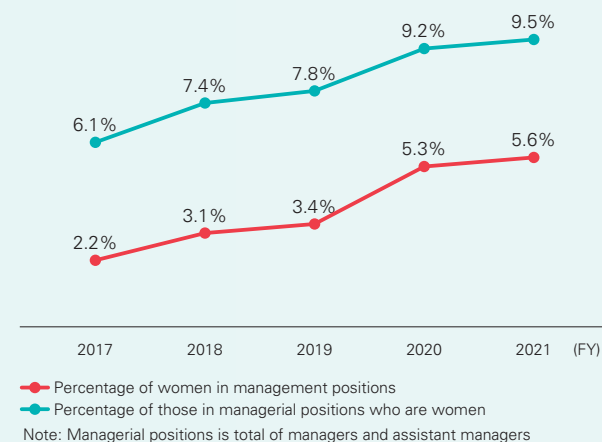
We are implementing measures with regard to work-life balance that are designed to achieve diversity in working styles.

- Ban on overtime work by setting days for leaving work on time (Wednesdays, salary/bonus payment days)
- Eligibility for reduced working hours for childcare expanded to include childcare for children up to the third grade of elementary school
- Prescribed working hours reduced from eight hours to 7.5 hours
- Introduction of shift work system that allows employees

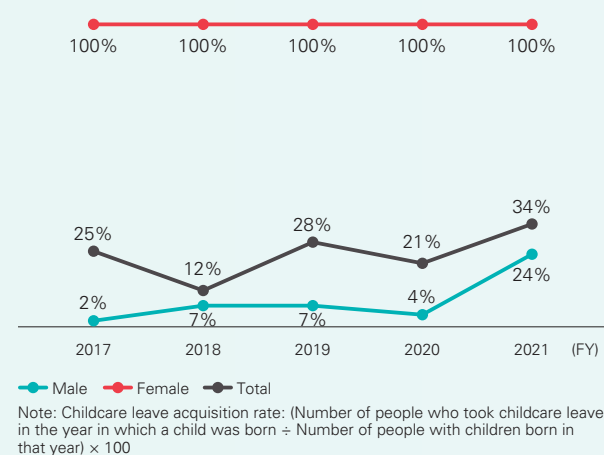
to change their working hours (days when they leave work on time)

Labor and management will continue to work together to implement measures for the improvement of work-life balance. Starting with increasing the rate of male employees taking childcare leave, we will focus on creating an environment and culture that allows each employee to achieve a work-life balance that meets their individual needs, such as by encouraging male employees to actively participate in childcare as well as by volunteer activities and health promotion.

### Ratio of Women in Managerial Positions\*



### Childcare Leave Acquisition Rate



## Health and Safety Policy

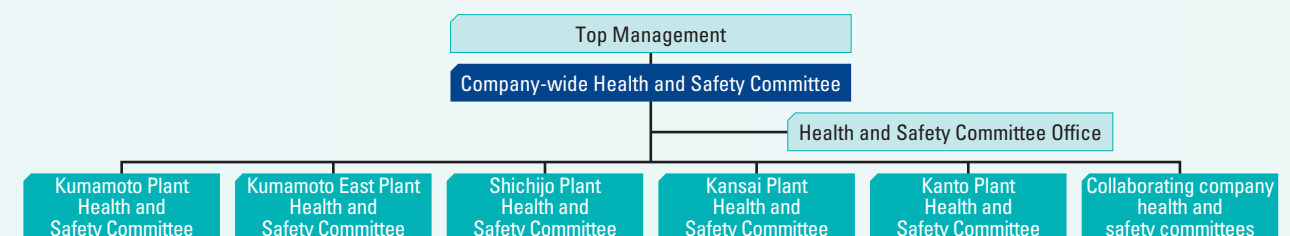
Based on its Sustainability Basic Policy, the Hirata Group engages in the following with the participation of all employees to ensure the health and safety of all people involved in the Group.

- 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 company-wide health and safety committee to investigate and deliberate on health and safety management on a company-wide 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.

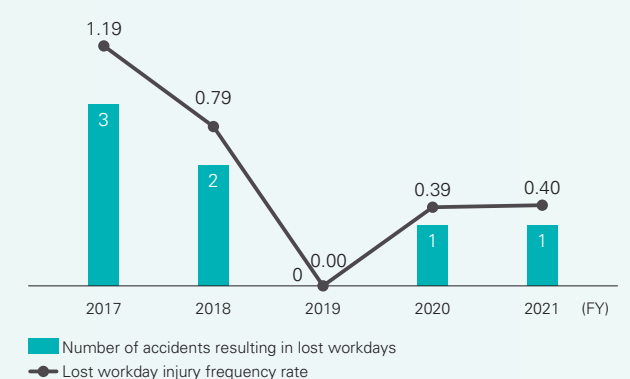


## Health and Safety Initiatives

Based on annual plans, the company-wide health and safety committee's remit includes reporting on the status of implementation, discussing measures to prevent the recurrence of accidents as well as the drafting and setting of rules governing health and safety. Carrying out and improving health and safety patrols and conducting *kiken yochi* (hazard prediction) training (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.

Furthermore, many people at the Company are commuting to work by private car, and incidences of commuting accidents are becoming a problem. Traffic safety education was therefore conducted online for all commuters who commute by their own cars, and a comprehension test was also conducted to improve traffic safety awareness.

### Occupational Accident Status



# Product Safety/Quality Improvement

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 quality, safety, and productivity.

## Quality Management

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

### • Quality policy details

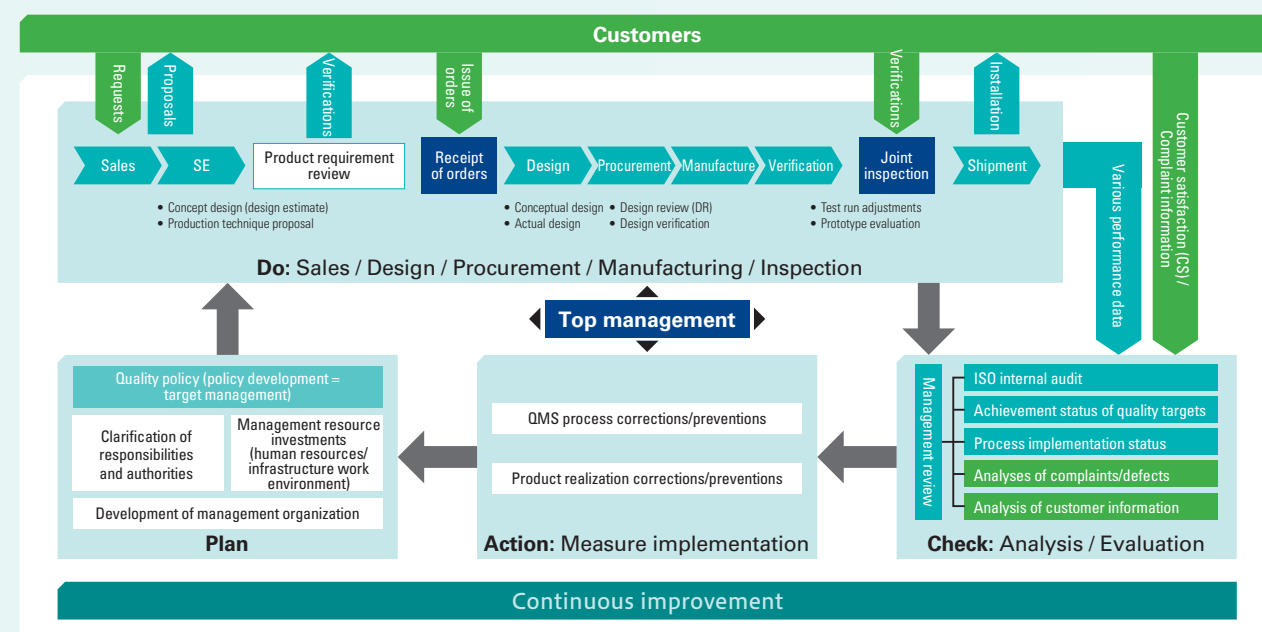
We strive to improve quality, productivity, and customer satisfaction (CS) through continuous improvement of our quality management system (QMS).

- (1) **Provision of products and services that satisfy our customers**
  - Improving technology and providing safe and highly productive products
  - Confirmation of contract details and sharing of information in documents
  - Establishment of system for handling complaints and thorough prevention of any recurrence
  - CS improvements
- (2) **High-quality manufacturing**
  - Reliability-ensuring designs based on theories and principles (reliability engineering)
  - Reduction of quality risk through design reviews, verification, and validation
  - Reflection of product safety and Hirata Standard (Hirata internal standards) in products
  - Product perfection improvements by inspection standard clarification
  - Thorough supplier and design change management
  - Improvements in management/enhancement activities and problem-solving capabilities using statistical management methods
- (3) **Establishment of standardization and commonality in high-mix, low-volume production**
  - Promotion of standardization
  - Promotion of commonality of parts
  - Promotion of unitization
  - Proactive development and management of products (mass produced products)

### • Quality Management Promotion Framework



## Quality Management System (QMS)



## Specific QMS Efforts

### • Utilization of PDCA quality management system

Having obtained ISO 9001 certification, the Company carries out activities with PDCA in mind from order acceptance, design/development, procurement, manufacturing, assembly and shipping/packing processes to continuous improvement based on the results of activities such as CS surveys and management reviews.

Having established procedures in place for each process and promoting standardization, the Company is working to stabilize quality and thereby prevent any risk of a defect arising.

### • Implementation of ISO internal audits and quality management audits for our suppliers

Evaluating effectiveness and suitability through annual ISO internal audits, the Company utilizes its QMS in its efforts to prevent quality defects by providing corrective guidance as appropriate. We also conduct quality management audits geared towards those suppliers with which the Company does business. Having built a system that can guarantee the quality of each part incorporated in 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. Product safety education is provided by qualified safety assessors (Company employees) by means of case studies. In fiscal 2021, we also held seminars by outside lecturers on China's GB standards and China Compulsory Certification (CCC) systems as well as reliability education (Failure Mode & Effects Analysis [FMEA] basics).



In response to the large number of employee attending the seminars, we dispersed the venues to avoid crowding.

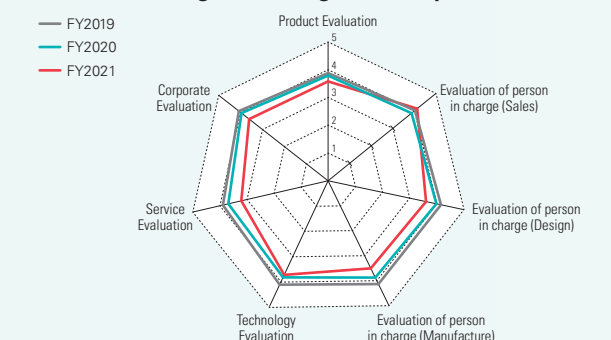
| Educational Programs for Improving Quality and Reliability (FY2021 results)                          | Number of times implemented | Number of participants |
|--|-----------------------------|------------------------|
| Quality control (QC) basic education (ISO 9001, QC procedures)                                       | 4                           | 109                    |
| Education on changes in management   | 1                           | 10                     |
| Product safety basic training (mechanical safety, electrical safety, product risk assessment)        | 9                           | 288                    |
| Seminar on China's GB standards and China Compulsory Certification (CCC) systems (outside lecturer)* | 1                           | 129                    |
| Reliability education (Failure Mode & Effects Analysis [FMEA] basics)                                | 2                           | 100                    |

\* Conducting education including Group companies

## Improvement System That Reflects Customer Feedback

Listening to opinions and suggestions through all departments that have opportunities to interact with customers, we also conduct company-wide CS surveys every year. Based on these valuable opinions, we are striving towards product improvements and strengthened service support.

### Satisfaction weighted average score (5 points max.)





# Supply Chain Management

To remain a company that is trusted and chosen by all stakeholders, including its customers and suppliers, the Group also fulfills its corporate social responsibility (CSR) in its procurement activities. We will also share the Procurement Policy with our suppliers and work on responsible procurement activities and continuous improvement in accordance with the Hirata CSR Procurement Guidelines.

## Procurement 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 Initiatives

In addition to conventional items, such as quality, performance, price and delivery, when procuring products, materials, and raw materials, the Company adds requirements from the viewpoints of the status of the supplier's response to the environment, labor environment, human rights and other matters. In this way, we are working to improve while promoting CSR throughout the supply chain.

We conducted a CSR procurement questionnaire targeting the suppliers in the top 70% in terms of transaction value (top 100 companies in domestic transaction value; response rate: 100%).

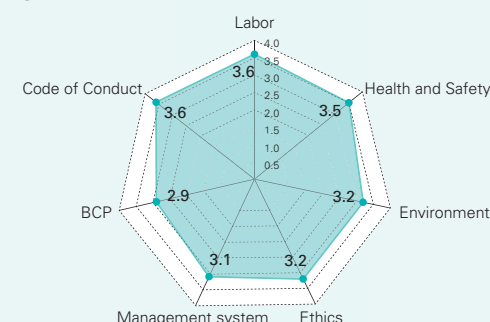
We also obtained confirmation from 98 companies that they were in agreement with our CSR Procurement Guidelines.

The results of the questionnaire revealed that the average score for the Business Continuity Plan (BCP), which is regarded as an important item in the supply chain, was 2.9 points, which was lower than the other items. We also recognized understanding the calculation of Scope 3 as an issue for the future in reducing GHG emissions into the environment.

First of all, we would like to ascertain the current situation and work together with our suppliers to improve the level. We have set a goal of reducing to zero the number of suppliers with evaluation points of 2.5 points or less out of a maximum of 4.0 by 2024.

When promoting CSR procurement questionnaires in the years to come, we will conduct regular evaluations of the top 80% of domestic suppliers in terms of transaction value.

### Aggregated Results from CSR Procurement Questionnaire



## Business Continuity Plans

As a result of conducting a self-assessment of BCPs in the supplier CSR procurement questionnaire, their implementation status was found to be an issue. Going forward, we will promote improvements designed to raise the level of implementation.

In recent years, when serious natural disasters such as earthquakes and floods have been occurring frequently, we have been promptly confirming the damage situation with our suppliers to minimize the impact on our production activities.

## 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 on April 1, 2022, and posted the point of contact on its website. Based on the information provided, the helpline secretariat (the

Company's Compliance Department) will conduct an internal investigation and take corrective and preventive measures. Strictly protecting the confidentiality of reports, the Company will not take any retaliatory action with regard to them.

|                            |   |
|----------------------------|---|
| 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 (purchasers of goods, software, utilities, equipment, etc. necessary for our production activities)   |
| Post-report handling       | Promptly conducting a factual investigation of the reported case, necessary measures, such as an order to cease and desist or recurrence prevention, to be taken if non-compliance proven   |

## Response to Conflict Minerals\*

With regard to conflict minerals, which are illegally exploited and mined and are a factor causing human rights violations as well as labor and other problems, the Company is aware of and actively cooperates with international efforts to investigate and monitor their use. In response to inquiries from customers relating to conflict

minerals, we provide any information that we know in good faith.

\* Conflict minerals: The term refers to minerals, among them tantalum (Ta), tungsten (W), tin (Sn), gold (Au) 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.

# Respect for Human Rights

Based on its Sustainability Basic Policy, the Hirata Group has established a globally implemented human rights policy to respect the basic human rights of all people involved in its businesses. Having established the human rights policy consisting of the items listed below through a resolution of the Board of Directors, we apply it to all officers and employees of our group while strengthening our efforts. We also ask for the understanding and cooperation of all of our business partners, including our suppliers, with regard to our human rights initiatives.

### Basic Approach to Human Rights

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.

### Human Rights Policy (Items only)

- |                                   |   |
|-----------------------------------|---|
| (1) Prohibiting Forced Labor      | (5) Prohibiting Inhumane Treatment                            |
| (2) Prohibiting Child Labor       | (6) Prohibiting Discrimination                                |
| (3) Decent Working Hours          | (7) Freedom of Association and Right to Collective Bargaining |
| (4) Adequate Wages and Allowances | (8) Occupational Health and Safety                            |

# Hirata's 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

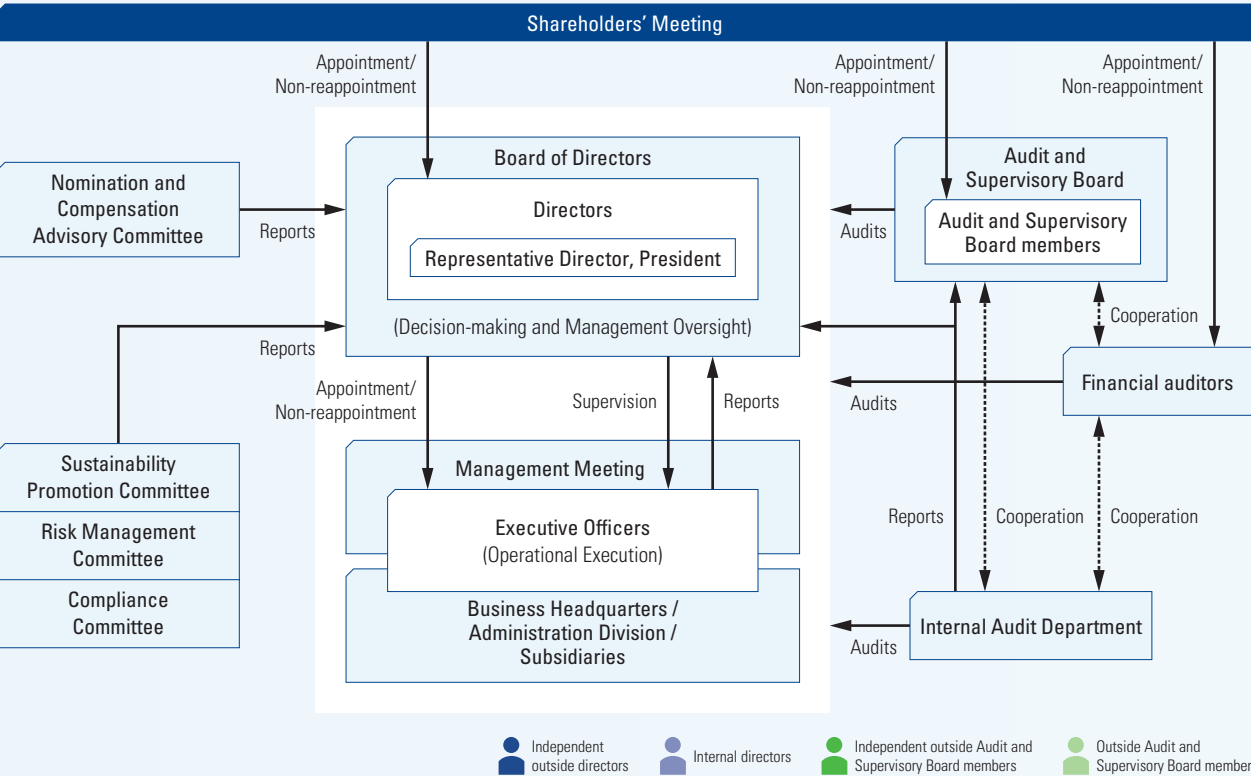
improve its corporate value.

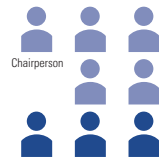


From the standpoint that a company is an entity that bears public, public interest, and social responsibilities, Hirata believes that the maintenance of good relations with all stakeholders will lead to improved shareholder value over the long term.

## 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 directors</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 in 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 and Supervisory Board member</li> <li>Skills matrix disclosure</li> </ul>   |

## Governance Framework and Summary



| Body        | Board of Directors   | Nomination and Compensation Advisory Committee   | Audit and Supervisory Board  |
|-------------|--|--|--|
| Composition |  <p><b>Eight members</b><br/>(Internal 5; independent outside members 3)<br/>Two independent outside directors are female</p> |  <p><b>Three members</b><br/>(Internal 1; independent outside members 2)<br/>One independent outside director is female</p> |  <p><b>Four members</b><br/>(Outside 1; independent outside members 3)<br/>One independent outside Audit and Supervisory Board member is female</p> |

## Operational Status of Board of Directors, Discretionary Committees, and Audit and Supervisory Board (FY2021)

| Body                              | Board of Directors  | Nomination and Compensation Advisory Committee  | Audit and Supervisory Board  |
|-----------------------------------|---|---|--|
| Record of Meetings Held in FY2021 | <p>13 times</p> <p>Average attendance rate: 99.3% (Directors and Audit and Supervisory Board members)</p> <p>Main Themes</p> <ul style="list-style-type: none"> <li>Medium-Term Management Plan</li> <li>Policy to reduce cross-shareholdings</li> <li>Identification of materiality</li> </ul> | <p>10 times</p> <p>Average attendance rate: 100% (All committee members)</p> <p>Main Themes</p> <ul style="list-style-type: none"> <li>Creation of skills matrix</li> <li>Selection of director candidates</li> <li>Determining of director compensation</li> </ul> | <p>17 times</p> <p>Average attendance rate: 98.5% (Audit and Supervisory Board members)</p> <p>Main Themes</p> <ul style="list-style-type: none"> <li>Audit of operational status of Group risk management system</li> <li>Audit of operational status of Group compliance system</li> </ul> |



### Evaluations of Effectiveness of Board of Directors’ Meetings (FY2021)

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 from the evaluations, the issues are shared and countermeasures discussed at Board of Directors’ meetings.

|                                |  |
|--------------------------------|--|
| Method of Evaluation           | Anonymous questionnaires and individual interviews for directors and Audit and Supervisory Board members conducted by a third-party organization (Individual interviews held every other year)   |
| Main Evaluation Question Items | Include composition, operation, discussions, and monitoring functions of the Board of Directors, performance of directors, support system and training for directors/Audit and Supervisory Board members, voluntary committee operations |

#### Reference: Initiatives prior to FY2021

These have included the formulation of medium-term management plans, responding to the revised Corporate Governance Code, such as ESG management and a director skills matrix, and monitoring the operational status of the internal control system. In addition to formulating and implementing an annual schedule for Board of Directors’ meeting agenda items that incorporates priority issues, we have expanded the functions of the Board of Directors’ secretariat to include, for example, the providing of support for outside directors.

#### • FY2021 Evaluation Results and Initiatives to Be Addressed

| Main Issues   | Initiatives to Be Addressed   |
|---|---|
| <ul style="list-style-type: none"> <li>Formulation and follow-up of management strategies for medium- to long-term improvement of corporate value, strengthening of monitoring functions</li> <li>Formulation of human resource strategies consistent with medium- to long-term strategies</li> <li>Optimization of Board of Directors’ meeting agenda items</li> <li>Strengthening of Board of Directors’ secretariat functions, etc.</li> </ul> | <ul style="list-style-type: none"> <li>Monitoring of medium-term management plan progress and discussions on human resource strategies to be incorporated into annual schedule of Board of Directors’ agenda items</li> <li>Continuous reviews of Board of Directors’ meeting discussion standards</li> <li>Earlier provision of more accurate agenda items, strengthening of secretariat functions such as support for outside directors and training</li> </ul> |

In addition to the above, the Nomination and Compensation Advisory Committee was consulted on previous matters, such as the nomination and compensation of director candidates, and newly consulted concerning the size and composition of the Board of Directors and approaches to succession planning.

Based on the results of the effectiveness evaluations and analyses of the status of compliance with the Corporate Governance Code, we will continue to make ongoing efforts to further improve the effectiveness of the Board of Directors in the years to come.

### 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/research and development, global, risk management, finance and accounting, and ESG—and aims to maintain a Board of Directors that is well-balanced in terms of its composition.



| Name              | Corporate management | Industry knowledge | Technology, research and development | Global | Risk management | Finance and accounting | ESG |
|-------------------|----------------------|--------------------|--------------------------------------|--------|-----------------|------------------------|-----|
| Yuichiro Hirata   | ●                    | ●                  | ●                                    | ●      |                 |                        |     |
| Shojiro Hirata    | ●                    | ●                  |                                      |        |                 |                        |     |
| Yasuhiro Fujimoto | ●                    |                    |                                      |        | ●               | ●                      |     |
| Shigeru Maeda     | ●                    | ●                  |                                      |        |                 |                        |     |
| Masaru Kozaki     | ●                    | ●                  |                                      | ●      |                 |                        |     |
| Satoru Ogawa      | ●                    |                    |                                      | ●      | ●               |                        |     |
| Tamami Koyama     |                      | ●                  | ●                                    |        |                 |                        | ●   |
| Ryoko Ueda        |                      |                    |                                      |        | ●               | ●                      | ●   |

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

### 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:** Yuichiro Hirata (Representative Director, President)  
**Committee members:** Satoru Ogawa (Independent Outside Director), Ryoko Ueda (Independent Outside Director)

#### • 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 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.

Concerning the Audit and Supervisory Board member candidates, after having obtained the consent of the Audit and Supervisory Board, those with the knowledge, experience, and skills necessary to perform their duties as corporate auditors will be selected as Audit and Supervisory Board member candidates. Those candidates to be proposed at the Annual General Meeting of Shareholders are determined by resolution of the Board of Directors.

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, Support System for Outside Directors

When new directors and executive officers are appointed, they are provided with opportunities to attend training sessions, including on compliance, that are geared toward newly appointed directors. The Company will also provide them with opportunities to acquire the necessary knowledge on an ongoing basis even after having taken office.

We are also working to deepen outside directors’

understanding of the Company by providing them with information and explanations about Hirata and by visiting our production sites. We also assist outside officers in fulfilling their roles by holding preliminary briefings for them prior to Board of Directors’ meetings and by providing opportunities for interviews with key executive officers and employees.



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

The Board of Directors entrusts the representative director and president with specific decisions regarding individual compensation for directors.

To ensure that delegated authority is properly exercised, the Board of Directors consults with the Nomination and Compensation Advisory Committee on the drafting of individual compensation amounts. That report having been obtained, the representative director and president makes

decisions based on its content.

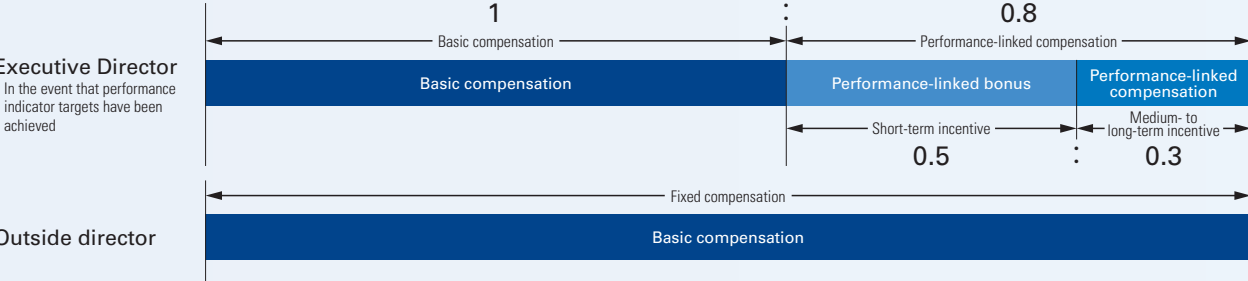
• Details of Performance-linked Compensation

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 income 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 the 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 List (FY2021)

| Director classification   | Total amount of compensation (Thousands of yen) | Total amount by type of compensation, etc. (Thousands of yen) |                      |        |   | Number of eligible directors |
|---|---|---|----------------------|--------|---|------------------------------|
|   |   | Basic compensation  | Stock delivery trust | Bonus  | Of the items on the left, non-monetary compensation, etc. |                              |
| Directors (excluding outside directors)   | 255,719   | 164,800   | 36,137               | 54,782 | 36,137  | 6                            |
| Audit and Supervisory Board members (excluding outside Audit and Supervisory Board members) | —   | —   | —                    | —      | —   | —                            |
| Outside directors   | 78,500  | 78,500  | —                    | —      | —   | 8                            |

Outside Director’s Message

While handing down Hirata Corporation’s DNA, I will assist further improvements in profitability and in the Group’s growth.

Satoru Ogawa  
Outside Director



Looking Back on First Year after Appointment

More than a year has passed since I was appointed as an outside director. Although there were many remote meetings due to the COVID-19 pandemic exactly at that time, I have recently been able to visit various offices and meet face-to-face with employees to ascertain the situation on the spot.

Looking once again at Hirata Corporation, besides the enthusiasm for manufacturing conveyed from each and employee, I can sense the Company’s strength as a one-of-a-kind production equipment system integrator. Based on my experience so far, I have gained the impression that makes me ask myself the question “Would it not be possible to secure higher profitability?” I recognize that improving profitability for further corporate growth is an issue, and I have been saying to all of Hirata’s employees, “Let’s make more money.”

To Further Improve Corporate Value

At Board of Directors’ meetings we are discussing ideas for further growth in light of the booming markets in the EV and semiconductor fields, but I think it would be nice to have franker exchanges of opinions. It is also necessary to discuss the formulation of business strategies that can improve profitability.

One of the most important issues for management is sustainability, in other words, the pursuit of business continuity. The necessary tools for Hirata to have survived 100 to 200 years from now are the formulation of visions and long-term strategies. To achieve these, we must further improve the quality and quantity of the Management Meetings and Board of Directors’ meetings. In addition to monthly regular and special meetings, for example, it may be effective to have a training camp with all officers and think about these matters all at one time.

Governance System and Board of Directors’ Management

Hirata Corporation’s governance system is managed in a well-balanced manner, with business execution and oversight checking each other. Drawing on my experience in a global company and my track record in corporate management, I provide independent oversight and advice from both monitoring and managing perspectives.

As part of that, I am also a member of the Nomination and Compensation Advisory Committee. In June 2022, Ms. Tamami Koyama, who has extensive experience in manufacturing and is familiar with ESG, and Ms. Ryoko Ueda, who has a background in finance and specializes in governance and ESG, joined the outside directors. Thus the composition of the Board of Directors has become more diverse in terms of gender and knowledge. However, I believe it is necessary to continue to consider the skills matrix for the sustainable growth of the Company.

With regard to the operation of the Board of Directors, I hope that the participation of newly appointed internal and outside directors will allow management support and monitoring from new perspectives, including business models, beyond the conventional concept of manufacturing.

To Our Stakeholders

Hirata Corporation’s DNA is to hand down our founder’s spirit, to treat our employees as part of the family, and always to think deeply about what would make the Company better, people better, and what makes everyone content. In addition to handing down this tradition, it is also my intention to provide advice to management. In the hope that all of the Company’s stakeholders will gain a deeper understanding of Hirata Corporation, which is the “only one of its kind in the world,” I will endeavor to further improve profitability and support the Group’s growth.



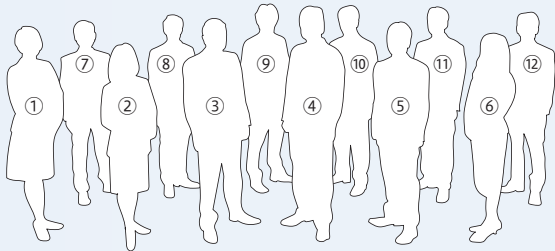


# List of Directors (as at June 24, 2022)



Front row, from left  
①Asako Okabe, ②Tamami Koyama, ③Shojiro Hirata, ④Yuichiro Hirata, ⑤Yasuhiro Fujimoto, ⑥Ryoko Ueda

Back row, from left  
⑦Naokuni Motoda, ⑧Yasuhiko Endo, ⑨Ken Imamura, ⑩Satoru Ogawa, ⑪Shigeru Maeda, ⑫Masaru Kozaki



## Directors

(Note) Extracts from the reasons for selection are provided.

|  |   |  |  |
|--|---|--|--|
| <b>Yuichiro Hirata</b><br>Representative Director<br>As Representative Director and President, has led the management of the Company and the Group and made a meaningful contribution to the development of its businesses.  | <b>Shojiro Hirata</b><br>Director<br>Has 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 subsidiary and the operation of the business and procurement divisions.             | <b>Yasuhiro Fujimoto</b><br>Director<br>Familiar with accounting, IR and public relations, is currently leading the promotion of corporate governance, the improvement of the internal control system, and the implementation of SDGs.   | <b>Shigeru Maeda</b><br>Director<br>Having previously served as manager mainly of automobile sector departments as well as manager of the business promotion division for the entire Company, had more recently been fulfilling his role in supervising overall business management. |
| <b>Masaru Kozaki</b><br>Director<br>In addition to having served in the capacity of the representative of the local subsidiary in Singapore for six years, has made a meaningful contribution to the business development of the Group globally by, for example, being in charge of affiliate companies. | <b>Satoru Ogawa</b><br>Outside Director<br>In addition to extensive experience in the formulation of information strategies and corporate management at other companies, possesses sophisticated insights into manufacturing and corporate management. Has served as an Outside Director of the Company since 2021. | <b>Tamami Koyama</b><br>Outside Director<br>Ms. Koyama possesses sophisticated insights into technology, research and development and ESG acquired through her experience in the organic EL field in another company and as director in the launch of ESG-related organizations. Ms. Koyama has served as an Outside Director of the Company since 2022. | <b>Ryoko Ueda</b><br>Outside Director<br>Ms. Ueda possesses extensive experience and sophisticated insights as an expert on corporate governance and ESG. She has served as an Outside Director of the Company since 2022.   |

## Audit and Supervisory Board Members

|  |   |  |  |
|--|---|--|--|
| <b>Naokuni Motoda</b><br>Full-time Audit and Supervisory Board Member<br>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. Has served as the full-time auditor on the Company's Audit and Supervisory Board since 2015. | <b>Ken Imamura</b><br>Audit and Supervisory Board Member<br>Possesses specialized knowledge and experience as a lawyer handling corporate legal affairs. Has served as an Outside Auditor for the Company since 2015. | <b>Yasuhiko Endo</b><br>Audit and Supervisory Board Member<br>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 auditor for the Company since 2018. | <b>Asako Okabe</b><br>Audit and Supervisory Board Member<br>As a certified public accountant (CPA) possessing specialized knowledge and extensive experience in corporate accounting, Ms. Okabe has served as an outside member of the Company's Audit and Supervisory Board since 2022. |
|--|---|--|--|

## Executive Officers

|   |   |   |   |  |
|---|---|---|---|--|
| <b>Yuichiro Hirata</b><br>President and Chief Executive Officer   | <b>Shojiro Hirata</b><br>Managing Executive Officer<br>Division Director, Procurement Division, Quality Control       | <b>Yasuhiro Fujimoto</b><br>Managing Executive Officer<br>Division Director, Administration Division, Internal Controls, SDGs   | <b>Shigeru Maeda</b><br>Executive Officer<br>Division Director, Business Headquarters   | <b>Masaru Kozaki</b><br>Executive Officer<br>Division Director, Global Business Headquarters                 |
| <b>Yoshitaka Taniguchi</b><br>Executive Officer<br>Executive General Manager, #2 Kumamoto Business Division in #2 Business Unit | <b>Masahiro Koizumi</b><br>Executive Officer<br>Executive General Manager, #2 Business Unit, Kansai Business Division | <b>Takenori Hirakawa</b><br>Executive Officer<br>Executive General Manager, #3 Business Unit, #2 Equipment Business Division*   | <b>Michinobu Shuto</b><br>Executive Officer<br>Administration Division, Corporate Planning, IT Planning, Investor Relations & Public Relations, Secretariat | <b>Shigeharu Nishimura</b><br>Executive Officer<br>Division Director, Research and Development Headquarters* |
| <b>Kazuhiro Toda</b><br>Executive Officer<br>Executive General Manager, #4 Business Unit, Device Center*                        | <b>Toshiyuki Matsuzaki</b><br>Executive Officer<br>Executive General Manager, #1 Business Unit                        | <b>Hideki Ninomiya</b><br>Executive Officer<br>Administration Division, Deputy Division Director, Administration Division, Legal, Intellectual Property, Compliance, Accounting | <b>Jo Yoneda</b><br>Executive Officer<br>Administration Division, General Affairs, Human Resources  |  |

\* Following management changes on October 1, 2022.



# Group Governance

The Hirata Group consists of Hirata Corporation and 12 Group companies. Based on three businesses—automotive- and semiconductor-related equipment and other automatic labor-saving equipment—the Group is developing its businesses at bases in North America, Europe, Southeast Asia, China and Taiwan.

Having established a Basic Policy for Establishing an Internal Control System, the Board of Directors is working to strengthen Group controls.

In addition to monitoring the execution of duties by management at Group companies, directors and Audit and Supervisory Board members dispatched or appointed by the Company are working to strengthen Group controls. They ensure that the Company is involved in important decision-making and that, on the basis of affiliated company management regulations, serious matters such as compliance violations are reported to the Company.

Forming part of our efforts to strengthen risk management and promote compliance, the most recent (from fiscal 2020 onwards) major initiatives in Group

control have included: the setting up a whistleblower hotline for overseas Group companies; the issuing of a No Harassment Declaration, the establishment of a Risk Management Committee; and the conducting of reviews of our credit management systems and rules.

To enhance the synergies within the entire Group, we hold Group company debriefings on a regular basis (every quarter for domestic affiliates, every six months for overseas affiliates), share business strategies and issues, while monitoring performance as appropriate.

In terms of audits, audits of Group companies are conducted by Audit and Supervisory Board members, and we also regularly hold Group Company Auditor Liaison Meetings. We are increasing the effectiveness of audits of the corporate group by sharing the audit status and risk-related matters of each Group company. The Internal Audit Department also conducts audits of Group companies on a regular basis and reports to the Board of Directors and the Audit and Supervisory Board in a timely manner.

# Cross-shareholdings

## (1) Approach to Cross-shareholdings

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.

## (2) Verification of Cross-shareholding Suitability

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.

## (3) Criteria for Exercising Voting Rights Relating to Cross-shareholdings

With regard to the voting rights relating to the 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.



# Compliance

## Compliance Charter

### Fundamental Principles

Because of our global nature, we at Hirata Corporation as well as each of our Group companies abide by a set of established rules we call our Code of Conduct. We strive for total compliance with the Code to effectuate commercial endeavors that are both fair and transparent always in accordance with legal statutes both domestically and abroad along with societal norms and in-house regulations.

### Code of Conduct

Based on our business principles, we at Hirata are fully aware of our mission and role as a corporate entity with respect to our valued customers, shareholders, business partners, employees as well as the members of our local communities. To make a contribution to society at large, the following Code of Conduct is applied to all employees of every company in the Hirata Group with every single employee having the responsibility of maintaining and improving upon them.

- |  |  |   |
|--|--|---|
| 1. Abiding by legal statutes and regulations | 4. Proper management and utilization of corporate assets | 6. Respecting the individual            |
| 2. Engaging in fair and just business        | 5. Contribution to society                               | 7. Controlling confidential information |
| 3. Disclosure of corporate information       |  | 8. Duty of practice and accountability  |

Note: For more details on each of these items please visit: <https://www.hirata.co.jp/en/corporate/csr/compliance>

## Compliance System

### Compliance Promotion Framework

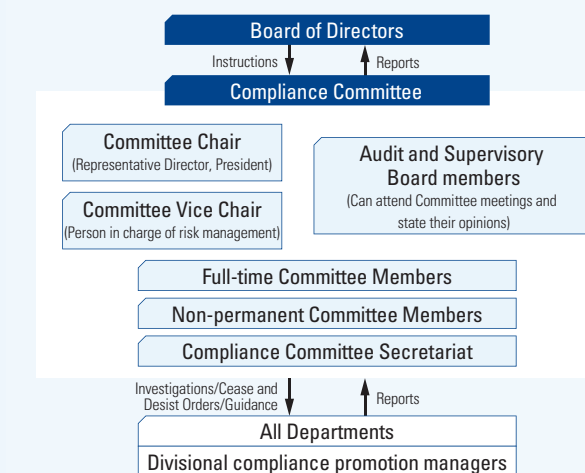
Having established a Compliance Committee that reports to the Board of Directors, the Company formulates compliance measures and, should a compliance violation arise, conducts investigations and analyses, issues cease and desist orders, and formulates measures to prevent a recurrence based on Board of Directors' resolutions and instructions from the Representative Director. Including the implementation status of each measure and the operational status of the internal whistleblowing system, reports are also made to the Board of Directors.

### Efforts to Strengthen Compliance

Training sessions on compliance, which for example cover the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, security export controls, and harassment, are conducted as appropriate for Group employees.

Having conducted compliance fact-finding surveys since fiscal 2020, the Company is continuing to conduct a variety

of measures and education based on the survey results. The Company has also set up a compliance webpage on its intranet, on which educational and other materials based on violation case studies are regularly posted for employees.



## Whistleblowing System (Compliance Hotlines)

The Company has established a whistleblowing system that enables reports from domestic and overseas Group company employees and suppliers. In addition to an internal hotline that accepts reports, we have put in place an external point of contact that enables anonymous reporting in the local language, and a supplier hotline that can be used by suppliers. Each hotline has a system that complies with the amended Whistleblower Protection Act, and the

helpline operation regulations stipulate confidentiality of whistleblower information and prohibit disadvantageous treatment of a whistleblower on the grounds of having passed information.

Processed in accordance with regulations, any such information received is reported to the Board of Directors via the Compliance Committee secretariat.



# Risk Management

## Risk Management System

To deal with events that may interfere with the achievement of its business goals or hamper sustainable management, the Company has established a Risk Management Committee that reports to the Board of Directors. Headed by the Chief Risk Officer (CRO), company-wide risk management is carried out in accordance with the Company's Risk Management Regulations. The Committee formulates and implements measures to prevent the occurrence or recurrence of risk and monitors risks based on information collected from all departments.

The Internal Audit Department verifies the implementation status of the initiatives that have been formulated and implemented.

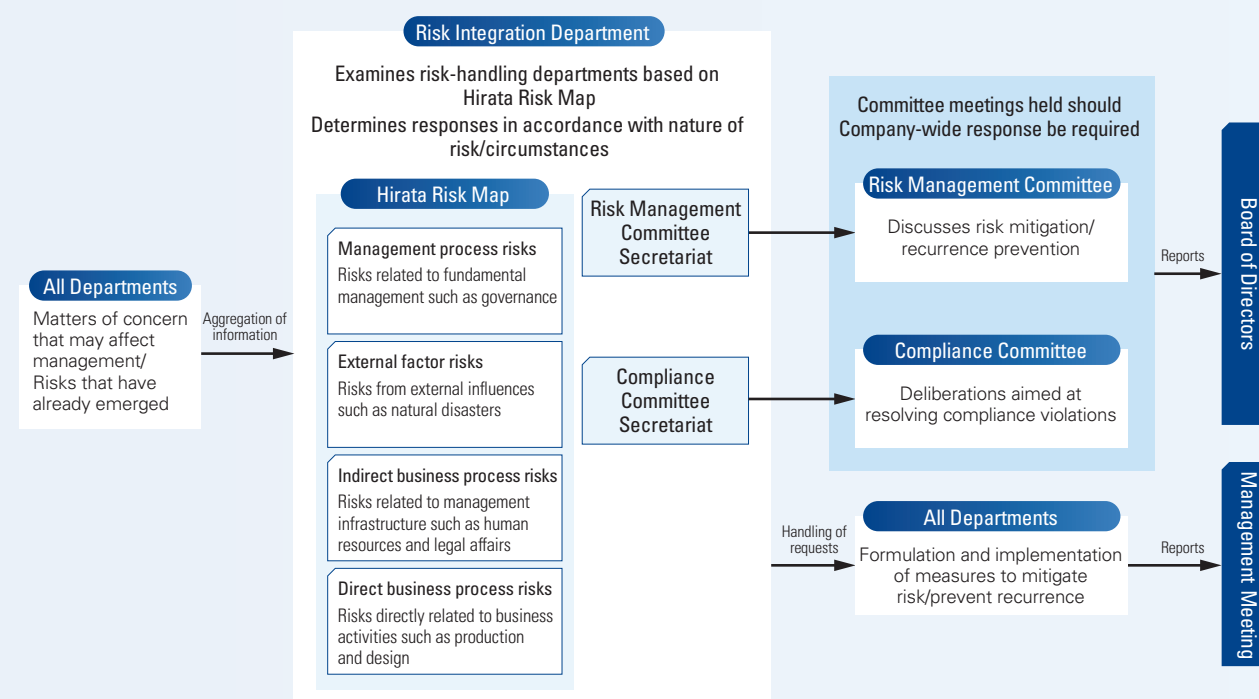


## Ascertaining of/Responding to Risk

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 Risk Integration Department that has been placed in overall charge.

From the aggregated risk information, the Risk Integration Department comprehensively reviews factors that include the nature of the risk, the likely magnitude of its impact, and the level of priority. Deliberations are conducted by the Risk Management Committee and Compliance Committee, and reports made to the Board of Directors as necessary.



## Business Continuity Plan (BCP)

Based on its BCP policy, the Company is working to prevent, defend itself against and mitigate risks. In the event of an emergency, the BCP organization will be central to the initial response and business continuity/recovery in accordance with the flowchart for implementing the BCP.

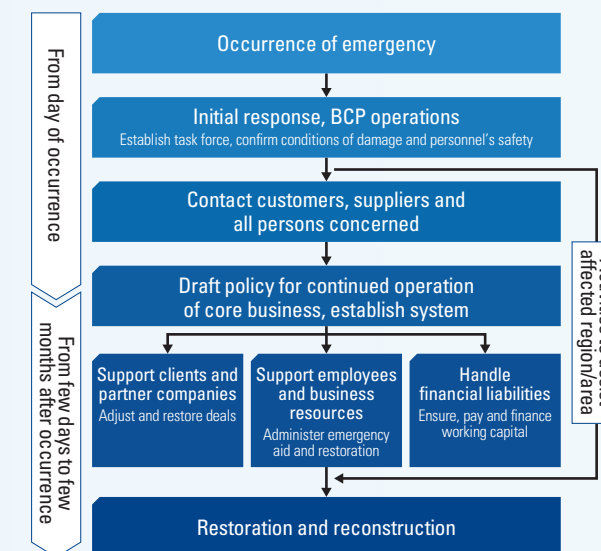
### • BCP Policy

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

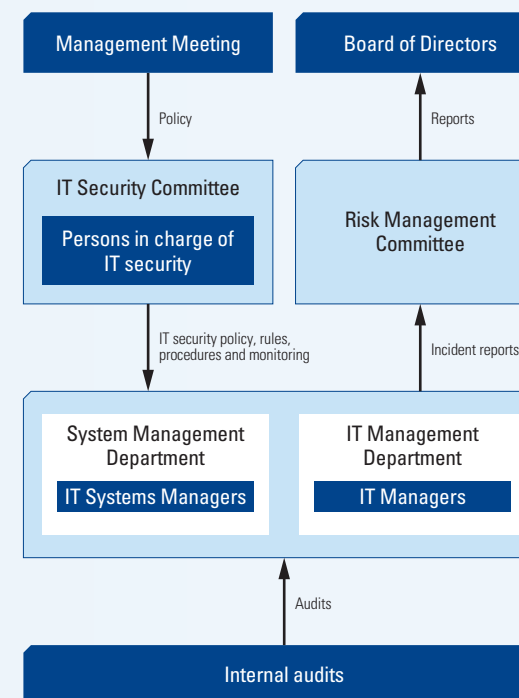
- Give top priority to the lives and safety of employees and their families.
- Minimize any negative impact on our customers' businesses.
- Assist our stakeholders.

We review our Business Continuity Plan on a regular basis for continuous improvement.

### • Flowchart for Implementing BCP



# IT Security



## IT Security Management

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 while reviewing policies and regulations, conducting risk analysis, and monitoring IT security measures, including those of Group companies and the supply chain. In the event of a security incident, we form a response team in accordance with set 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 email training.

Data Section: Financial/Non-financial Principal Data

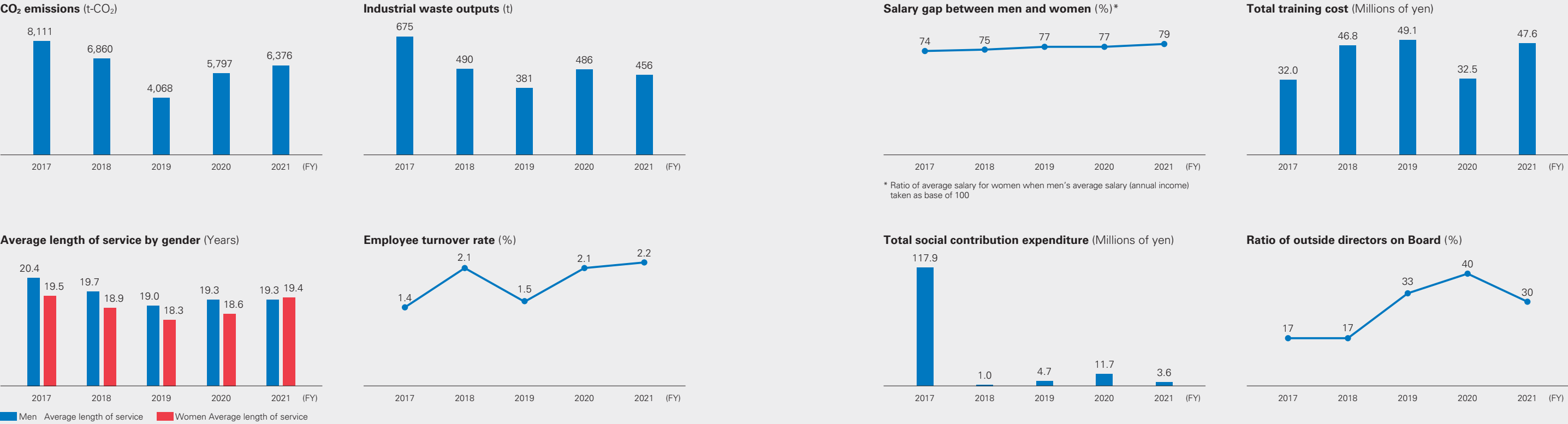
Financial Data

| Item                                    |                   | 2011   | 2012    | 2013   | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    |
|---|-------------------|--------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net sales                               | (Millions of yen) | 47,622 | 38,146  | 47,129 | 52,145  | 53,048  | 80,542  | 94,163  | 77,302  | 65,612  | 65,255  | 67,087  |
| Operating profit                        | (Millions of yen) | 1,337  | 450     | 1,723  | 2,123   | 2,924   | 8,247   | 9,371   | 6,249   | 2,736   | 4,995   | 3,856   |
| Profit before income taxes              | (Millions of yen) | 1,260  | 501     | 1,640  | 1,935   | 2,734   | 8,400   | 9,242   | 6,215   | 2,881   | 5,169   | 4,266   |
| Profit attributable to owners of parent | (Millions of yen) | 489    | 284     | 840    | 946     | 1,713   | 5,891   | 6,666   | 4,637   | 1,744   | 4,075   | 2,682   |
| Net assets                              | (Millions of yen) | 17,668 | 18,392  | 19,194 | 21,864  | 21,584  | 27,571  | 46,582  | 46,610  | 46,993  | 51,999  | 54,938  |
| Total assets                            | (Millions of yen) | 54,528 | 53,632  | 58,352 | 61,798  | 59,681  | 88,246  | 95,330  | 90,573  | 85,409  | 92,794  | 99,485  |
| D/E ratio                               | (Times)           | 1.07   | 1.06    | 1.17   | 0.91    | 0.81    | 0.95    | 0.46    | 0.41    | 0.31    | 0.36    | 0.44    |
| Cash flows from operating activities    | (Millions of yen) | 943    | (643)   | 959    | 3,704   | 2,651   | (5,862) | (1,932) | 10,579  | 8,094   | 690     | (3,444) |
| Cash flows from investing activities    | (Millions of yen) | (740)  | (1,018) | (480)  | (402)   | (872)   | (1,445) | (4,425) | (1,994) | (2,629) | (2,378) | (1,082) |
| Cash flows from financing activities    | (Millions of yen) | (540)  | (679)   | 2,387  | (2,816) | (3,549) | 8,152   | 6,990   | (6,002) | (5,719) | 3,536   | 4,150   |
| R&D expenses                            | (Millions of yen) | 935    | 596     | 768    | 449     | 601     | 677     | 784     | 1,162   | 1,005   | 866     | 1,020   |
| Capital expenditures                    | (Millions of yen) | 857    | 1,238   | 661    | 790     | 1,047   | 2,090   | 2,397   | 4,135   | 2,580   | 3,160   | 1,464   |
| Depreciation & amortization             | (Millions of yen) | 902    | 910     | 989    | 951     | 920     | 971     | 1,080   | 1,198   | 1,225   | 1,453   | 1,478   |
| Basic earnings per share                | (Yen)             | 46.59  | 27.12   | 80.86  | 91.19   | 171.13  | 624.39  | 640.73  | 440.89  | 168.15  | 392.70  | 258.42  |
| Dividends per share                     | (Yen)             | 15.00  | 12.50   | 12.50  | 15.00   | 30.00   | 100.00  | 125.00  | 125.00  | 40.00   | 65.00   | 65.00   |
| Consolidated dividend ratio             | (%)               | 32.2   | 46.1    | 15.5   | 16.4    | 17.5    | 16.0    | 19.5    | 28.4    | 23.8    | 16.6    | 25.2    |
| Ratio of operating profit               | (%)               | 2.8    | 1.2     | 3.7    | 4.1     | 5.5     | 10.2    | 10.0    | 8.1     | 4.2     | 7.7     | 5.7     |
| ROE                                     | (%)               | 5.6    | 1.6     | 4.5    | 4.7     | 8.0     | 24.3    | 18.2    | 10.1    | 3.8     | 8.3     | 5.1     |
| ROA                                     | (%)               | 0.9    | 0.5     | 1.5    | 1.6     | 2.8     | 8.0     | 7.3     | 5.0     | 2.0     | 4.6     | 2.8     |
| Equity-to-asset ratio                   | (%)               | 32.1   | 34.0    | 32.5   | 34.9    | 35.6    | 30.9    | 48.3    | 50.9    | 54.4    | 55.5    | 54.8    |

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 2018, and the main management indicators, etc. relating to fiscal 2017 are those after the retroactive application of the said accounting standard.

2 The Company applied the Accounting Standard for Revenue Recognition from fiscal 2021.

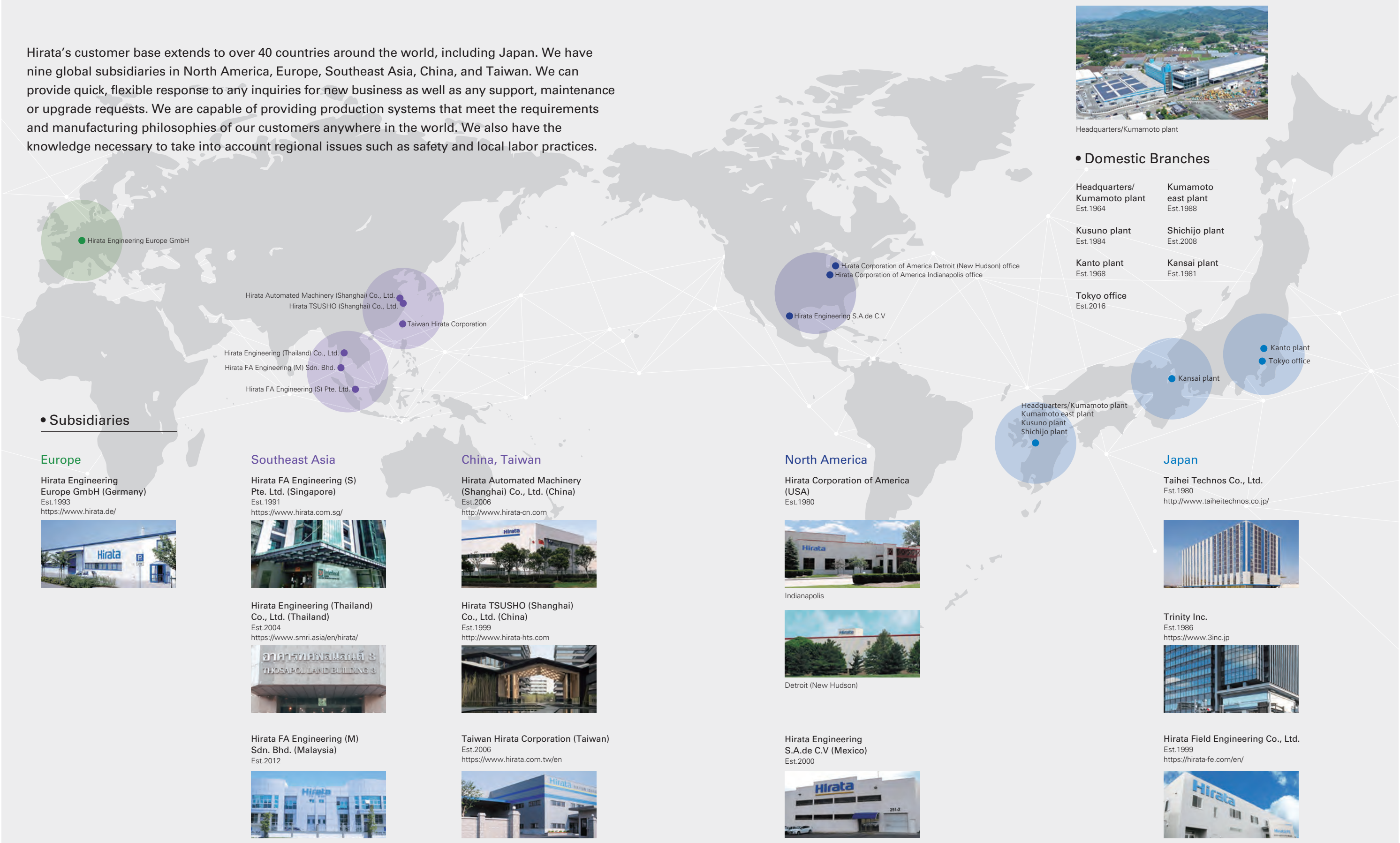
Non-financial Data





Data Section: Global Network

Hirata’s customer base extends to over 40 countries around the world, including Japan. We have nine global subsidiaries in North America, Europe, Southeast Asia, China, and Taiwan. We can provide quick, flexible response to any inquiries for new business as well as any support, maintenance or upgrade requests. We are capable of providing production systems that meet the requirements and manufacturing philosophies of our customers anywhere in the world. We also have the knowledge necessary to take into account regional issues such as safety and local labor practices.



Data Section: Company Profile/Stock Status

Company Profile (as at March 31, 2022)

|                         |  |
|-------------------------|--|
| Company Name            | Hirata Corporation   |
| Headquarters            | 111 Hitotsugi, Ueki, Kita, Kumamoto, 861-0198 Japan  |
| Representatives         | Yuichiro Hirata, President   |
| Date Established        | Dec. 29, 1951  |
| Fields of business      | Manufacture and sales of various manufacturing line systems, industrial robot and logistic equipment |
| Capital                 | 2,633 million yen  |
| Employees               | Consolidated 2,233<br>Non-Consolidated 1,350   |
| Accounts Closed         | Mar. 31  |
| Stock Exchange Listings | Tokyo Stock Exchange Prime Market<br>(from April 4, 2022)  |

Domestic branches

|                             |              |
|-----------------------------|--------------|
| Headquarters/Kumamoto plant | Kanto plant  |
| Kumamoto east plant         | Kansai plant |
| Kusuno plant                | Tokyo office |
| Shichijo plant              |              |

Subsidiaries

|   |
|---|
| Taihei Technos Co., Ltd.                                |
| Trinity Inc.  |
| Hirata Field Engineering Co., Ltd.                      |
| Hirata Corporation of America (USA)                     |
| Hirata Engineering S.A.de C.V (Mexico)                  |
| Hirata Engineering Europe GmbH (Germany)                |
| Hirata FA Engineering (S) Pte. Ltd. (Singapore)         |
| Hirata Engineering (Thailand) Co., Ltd. (Thailand)      |
| Hirata FA Engineering (M) Sdn. Bhd. (Malaysia)          |
| Hirata Automated Machinery (Shanghai) Co., Ltd. (China) |
| Hirata TSUSHO (Shanghai) Co., Ltd. (China)              |
| Taiwan Hirata Corporation (Taiwan)                      |



Headquarters/Kumamoto plant



Kumamoto east plant



Kanto plant



Kansai plant

Stock Status (as at March 31, 2022)

Stock information

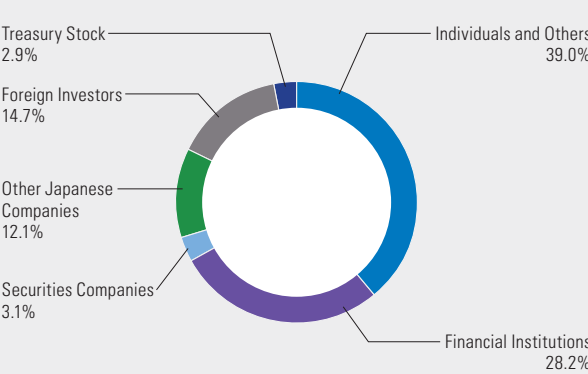
|                             |                   |
|-----------------------------|-------------------|
| Authorized Number of Shares | 37,000,000 shares |
| Issued Number of Shares     | 10,756,090 shares |
| Number of Shareholders      | 10,731            |

Major Shareholders

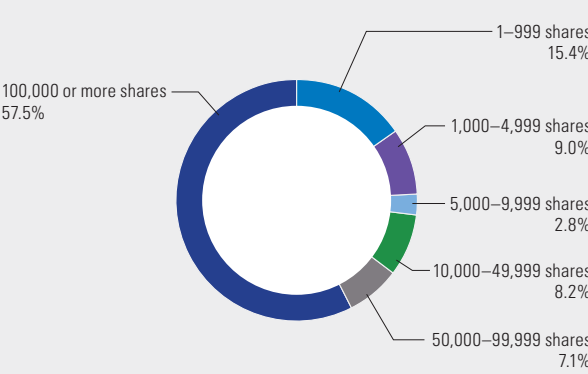
| Name/Company Name  | Number of Shares Held (Shares) | Percentage of Shares Held (%) |
|--|--------------------------------|-------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                 | 1,069,900                      | 10.24                         |
| SMC Corporation  | 500,000                        | 4.79                          |
| Higo Bank, Ltd.  | 456,000                        | 4.37                          |
| STATE STREET BANK AND TRUST COMPANY 505025                           | 455,400                        | 4.36                          |
| Custody Bank of Japan (Trust Account)                                | 422,600                        | 4.05                          |
| 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                           | 265,410                        | 2.54                          |
| SANYO DENKI CO., LTD.  | 192,900                        | 1.85                          |

Note: In addition to the above, the Company holds 310,711 treasury shares. The shareholding ratios are calculated after deducting treasury shares.

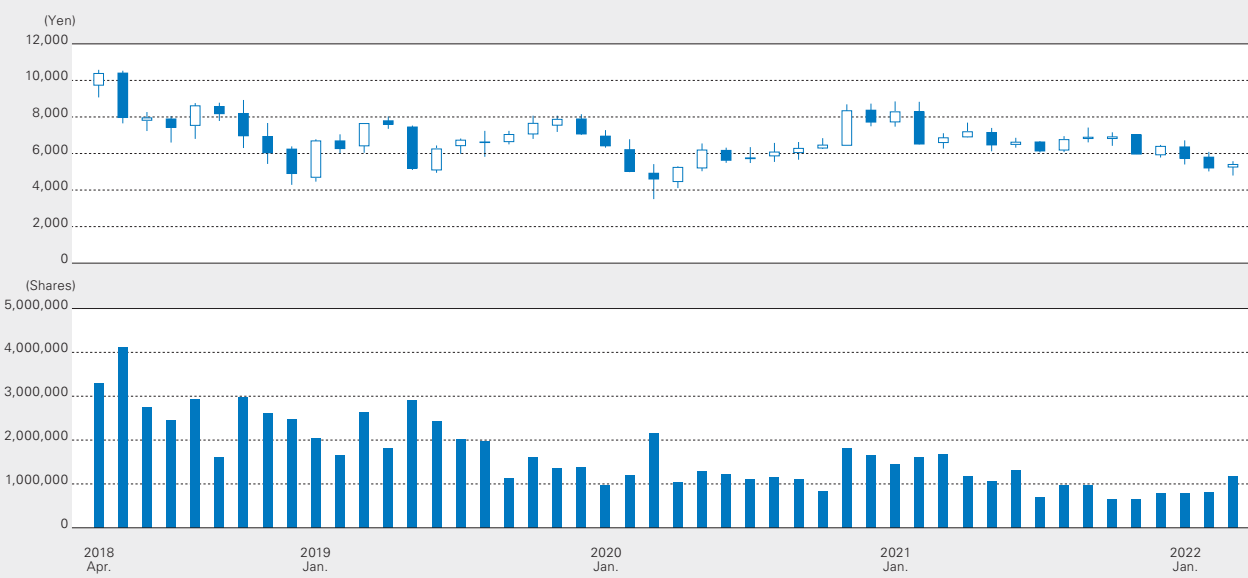
Distribution of Shares by Shareholder



Distribution of Shares by Number of Shares



Stock price/trading volume (In the months April 2018 to March 2022)







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

#### Cover Design

Representing the abundant water resources on which Kumamoto Prefecture prides itself, the motif features the pretty purple flowers of the gentians (the Kumamoto prefectural flower) that bloom on the Aso grasslands.

