

March 1, 2023

Company name: Hakudo Co., Ltd.
 Name of representative: Koji Tsunoda, President
 (Securities code: 7637;
 Prime Market of the Tokyo Stock
 Exchange)
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Notice of Decision to Equity Acquisition in "West Coast Aluminum & Stainless, LLC" by the Consolidated Subsidiary

Hakudo Co., Ltd. (the "Company") hereby announces that our consolidated subsidiary Hakudo USA Inc. has decided at the Board of Directors Meeting held on March 1, 2023 (Japan Standard date) to acquire membership interest in West Coast Aluminum & Stainless, LLC("WCAS") and to make WCAS a subsidiary of Hakudo USA Inc. (To become a sub-subsidiary of the Company). The details are described below.

Details are as follows

1. Reason for Equity Acquisition

The Company group intends to aggressively pursue overseas expansion and business expansion. As part of the measures, we decided to acquire in WCAS, the company with an excellent customer base and an experienced sales team in the thin Non-ferrous metals sales business. We expect to expand our group by supplying our products, processing services, and E-Commerce system to WCAS's customer base. We also expect synergies, such as cost reductions, by utilizing the management resources of our Group.

2. Outline of the subsidiary to be acquired

(1) Company name	Hakudo USA Inc. (Company Form: C Corporation)	
(2) Location	California, United States of America	
(3) Representative	Tetsuya Yamada, Director and CEO	
(4) Business description	Investment business and import and wholesale of nonferrous metals	
(5) Paid-in Capital	10,000 US Dollars (approximately 1,350,000 yen)	
(6) Date of establishment	December 14, 2022	
(7) Capital Structure	100% owned by the Company	
(8) Relationship between the Company and the subsidiary	Capital relationship	The Company owns 100% of the issued shares in the subsidiary
	Personnel relationship	A director of the Company concurrently serves as a representative director of the company, and two employees of the Company concurrently serve as directors of the company.
	Business relationship	None

3. Outline of the subsidiary to be transferred

(1) Company name	West Coast Aluminum & Stainless, LLC (Company Form : Limited Liability Company)		
(2) Location	California, United States of America		
(3) Representative	Robert Lampi, CEO		
(4) Business description	Aluminum and Stainless Steel Distributor		
(5) Paid-in Capital	750,000 US Dollars (approximately 101 million yen)		
(6) Date of establishment	July 15, 2019		
(7) Relationship between the Company and the subsidiary	There is no capital, personal, or business relationship between the Company and the individual concerned that should be noted.		
(8) Recent Financial Results			
※ The financial statements are un-audited and not based on US-GAPP.			
Fiscal year	Year ended December 2019	Year ended December 2020	Year ended December 2021
Net assets	83 million yen	48 million yen	100 million yen
Total assets	1,092 million yen	979 million yen	892 million yen
Revenues	1,219 million yen	4,111 million yen	5,237 million yen

※ 1 US Dollar = 135 yen

4. Outline of the counterparty of the equity acquisition

(1) Company name	Cedars Metal Consulting and Trade, LLC (Company Form : Limited Liability Company)
(2) Location	California, United States of America
(3) Representative	Robert Lampi, CEO
(4) Date of establishment	July 15, 2019
(5) Relationship between the Company and the subsidiary	There is no capital, personal, or business relationship between the Company and the individual concerned that should be noted.

5. Method of equity transfer, percentage of equity acquired, acquisition price and status of equity held before and after acquisition

(1) Percentage of equity before transfer	0 percent
(2) Percentage of equity acquired	51 percent
(3) Percentage of equity after transfer	51 percent

※ No shares are issued as the corporate form of the relevant company is LLC. The acquisition price will be announced as soon as it is finally determined. The acquisition price will be determined upon consultation with the seller based on the reference of financial and legal research results by a third-party organization.

6. Schedule

February 28, 2023

Date of execution of equity transfer agreement (local date)

March 20, 2023

Execution date of equity transfer (planned)

7. Future outlook

The impact on the Company's consolidated business results during the current fiscal year is expected to be negligible. We will promptly disclose any additional information as soon as it arises.

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