



HANWA

Connecting All Wants and Needs

Medium-Term Business Plan

2028 “Go Beyond”
(FY2026-FY2028)

May 2026

Hanwa Co., Ltd.

TSE: 8078

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Status of Achievement of Quantitative Targets

Shareholder returns and the strengthening of the financial foundation exceeded targeted levels, while certain items were not achieved due to rapid changes in the business environment.

KPI			Target	Result	Achievement Status	Outcomes / Details
Profitability	Ordinary Income	Final Year	¥70.0bn	¥52.2bn	Not Achieved	Ordinary Income underperformed in the Primary Metals, Energy & Living Materials, and Overseas Sales Subsidiaries businesses due to the prolonged weakness in overseas steel markets, a slower-than-expected pace of EV adoption, and rapid changes in the business environment across various products.
		Final Year	17 million tons/year	14.33 million tons/year	Not Achieved	Although overseas transaction volumes increased through the expansion of local production-for-local-consumption businesses and higher handling of cold iron sources, performance fell short of the target as domestic steel demand declined more than expected.
Capital Efficiency	ROE*1	Average for the Plan Period	12.0%	12.8%	Achieved	Although profit in the final year fell short of the target, the target was achieved, supported in part by strengthened shareholder returns
Financial Soundness	Net DER	Final Year	1.0x or less	0.6x	Achieved	As a result of continued stable earnings and appropriate control of interest-bearing debt, financial soundness was maintained, with Net DER remaining below 1.0x throughout the three-year plan period. This was positively evaluated, leading to a credit rating upgrade from A- to A (R&I, JCR).
Growth Investment	Cumulative Investment and Lending Capacity	Average for the Plan Period	¥80.0bn	¥68.8bn (On an executed basis)	Largely Achieved	Although largely achieved on an approved basis, cash-out timing for certain projects was deferred to FY2026.
Shareholder Returns	DOE*2	Final Year	Minimum 2.5%	3.4%	Achieved	Based on stable earnings, shareholder returns were strengthened toward improving corporate value, resulting in dividends exceeding the minimum DOE level of 2.5%.
	Share Repurchases		–	¥12.0bn	Achieved	Share buybacks were executed flexibly and in a timely manner.

*1 ROE = Profit attributable to owners of the parent ÷ Average shareholders' equity at the beginning and end of the fiscal year

*2 DOE = Total dividends ÷ Shareholders' equity at the beginning of the fiscal year

Steady promotion of business strategy development and strengthening of the management foundation.

Major Initiatives in MTBP25

Development of Business Strategy/ Monetization of Investments	Steel	<ul style="list-style-type: none"> ■ Promotion of high value-added processing ■ Strengthening of solution businesses such as contract construction
	Primary Metal	<ul style="list-style-type: none"> ■ Diversification of procurement sources for raw materials concentrated in specific regions ■ Strengthening of battery materials trading
	Metal Recycling	<ul style="list-style-type: none"> ■ Enhancement of domestic scrap yard functions ■ Strengthening of handling of precious metal materials
	Food Products	<ul style="list-style-type: none"> ■ Expansion of sales to end users in Japan and overseas ■ Securing competitive raw materials such as scallops
	Energy & Living Materials	<ul style="list-style-type: none"> ■ Expansion of handling of biomass and recycled fuels ■ Strengthening of proposal-based sales in line with the energy transition
	Overseas Sales Subsidiaries	<ul style="list-style-type: none"> ■ Expansion of handling of products from local steel manufacturers and promotion of collaboration in ASEAN countries ■ Commencement of HBI handling through investment in Green Estel
	Others	<ul style="list-style-type: none"> ■ Housing materials: Strengthening initiatives in non-residential wooden construction fields ■ Machinery: Acquisition of Shinx and overseas expansion ■ L&A: Acquisition of large-scale projects and regional park projects

Strengthening of Management Foundation / Sustainability Management	Shareholder Returns	<ul style="list-style-type: none"> ■ Stable and progressive dividends based on the DOE standard ■ Execution of share buybacks for the first time since FY2016 	Financial Foundation	<ul style="list-style-type: none"> ■ Equity ratio: 26.2% → 35.3% ■ Credit rating: A- → A (R&I, JCR) ■ Net DER: 1.0x → 0.6x
	Risk Management	<ul style="list-style-type: none"> ■ Management of company-wide exposure ■ Measurement of risk assets 	Governance	<ul style="list-style-type: none"> ■ Transition to a Company with an Audit and Supervisory Committee
	Investment Management	<ul style="list-style-type: none"> ■ Advancement of investment and financing screening processes ■ Strengthening of post-execution monitoring systems 	Human Capital	<ul style="list-style-type: none"> ■ Implementation of a new personnel system(Introduction of a performance-based compensation structure and ROIC-based personnel evaluation) ■ Strengthening of employee education systems
	Sustainability	<ul style="list-style-type: none"> ■ Establishment of monitoring systems for sustainability-related indicators ■ Formulation of basic policies on human rights, supply chains, climate change, and others 	DX	<ul style="list-style-type: none"> ■ Construction of a data analytics foundationUtilization as management control BI and marketing tools for sales divisions

Turning challenges into growth, we pave the way to a new stage.

Key Issues to Be Addressed in MTBP28

- Strengthen the promotion of business strategies to optimize the entire supply chain
- Enhance capital allocation and portfolio management(including stronger management control, investment/lending discipline, and governance)
- Optimize Group-wide business operations in response to the growing number of subsidiaries
- Accelerate expansion into growth areas and markets, leveraging a stable existing business base
- Improve evaluation from capital markets
- Establish a structure enabling faster and more appropriate management decision-making(through increased delegation of authority, etc.)
- Strengthen human capital strategy and review organizational structures amid increasing workforce diversity
- Embed DX, AI, and data utilization into management processes, and reinforce sustainability management frameworks

- We expect the business environment to remain more uncertain than ever.
- However, by deeply understanding user needs, we aim to generate new growth opportunities.

External Environment

Expected Growth Opportunities

Declining Domestic Population / Structural Changes in the Labor Market

- Promote businesses that contribute to improving users' on-site productivity
- Capture users' outsourcing needs

Protectionist trade environment / Geopolitical risks

- Opportunities to create new commercial flows

A higher interest rate environment

- Refinement and restructuring of the business portfolio

Decarbonization and environmental regulations

- Potential to expand handling of environmentally friendly and carbon-neutral products

Widening regional growth disparities

- Opportunities to build commercial flows and make investments in high-growth regions
- Opportunities to horizontally expand and scale existing businesses

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Shifting to an offensive strategy on the back of a strengthened financial and risk management base.

Optimizing businesses and human capital on a global basis, we aim to evolve into a

supply chain creation company

that supports a sustainable society.

MTBP28

“Go Beyond”

Shifting toward proactive business investments that enable non-linear growth

Strengthening human capital as the driving force for executing business strategy

Further refining and restructuring the business portfolio

MTBP25

“Soar into the next stage challenging the status quo”

Generate profits from investment

Development of business strategy

Enhancement of management foundation

Sustainability management

Going beyond traditional trading, we design and enhance supply chains themselves through business investment and business management.

Clarifying the direction Hanwa aims to pursue and redefining the values that serve as daily action guidelines for every employee.

Purpose

Coping with changes times and the market quickly, we make a great contribution to society by satisfying various needs of customers as a "distribution specialist"

Mission

Connecting all wants and needs
For users, with users.

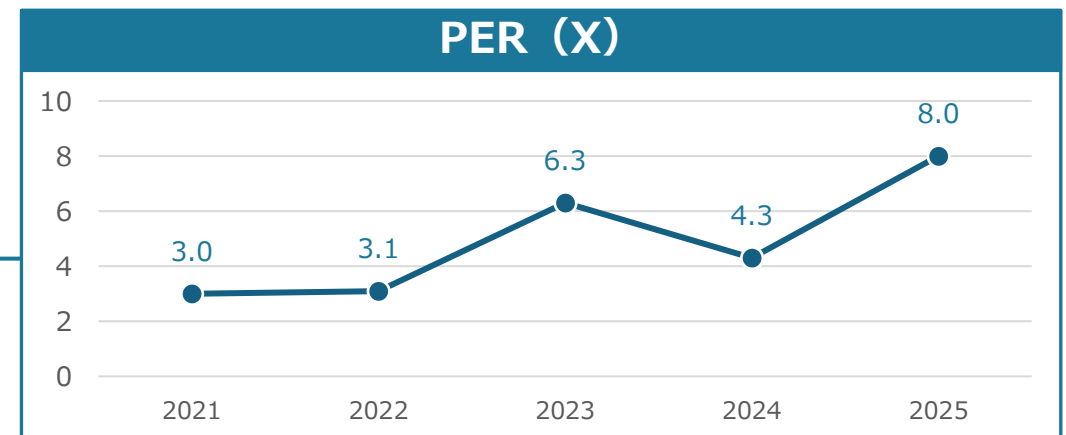
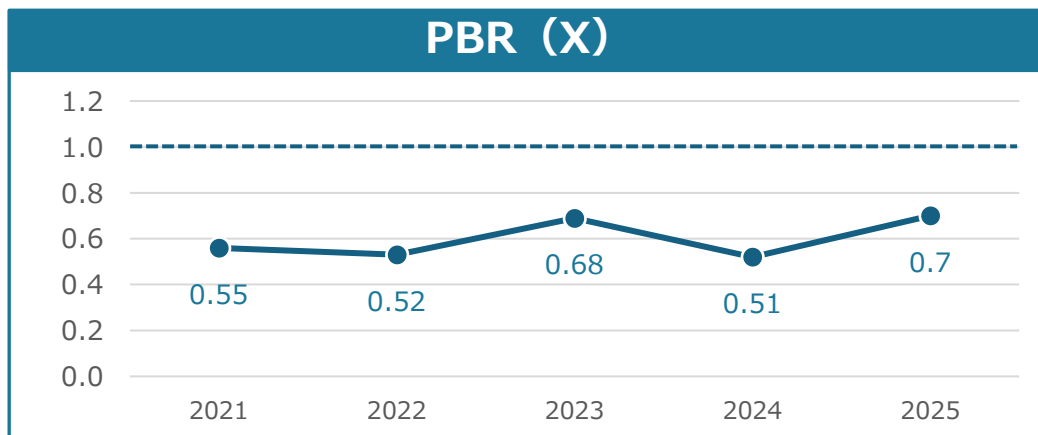
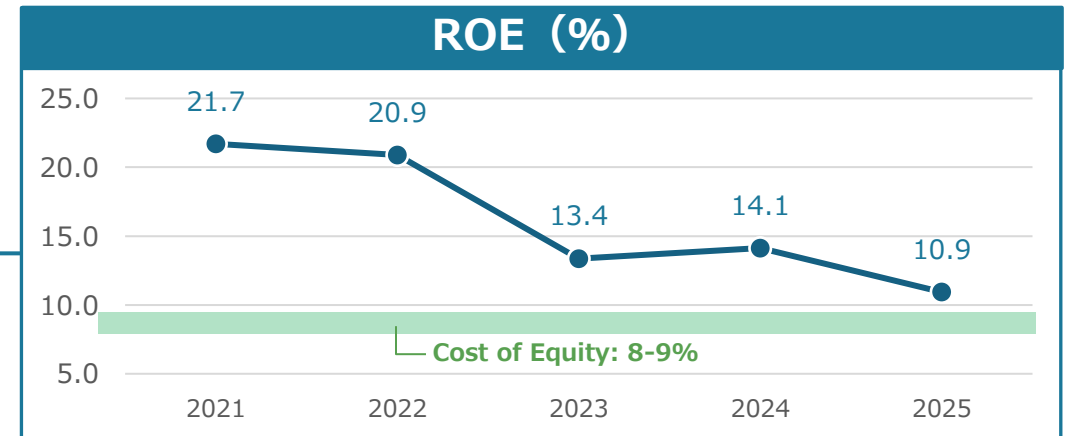
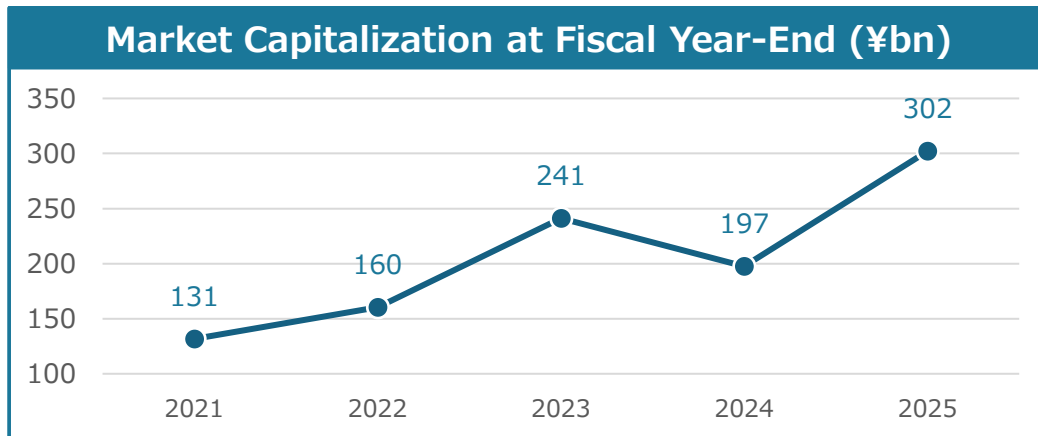
Hanwa Spirit

“GRIP & GRIT” Seize and see it through.

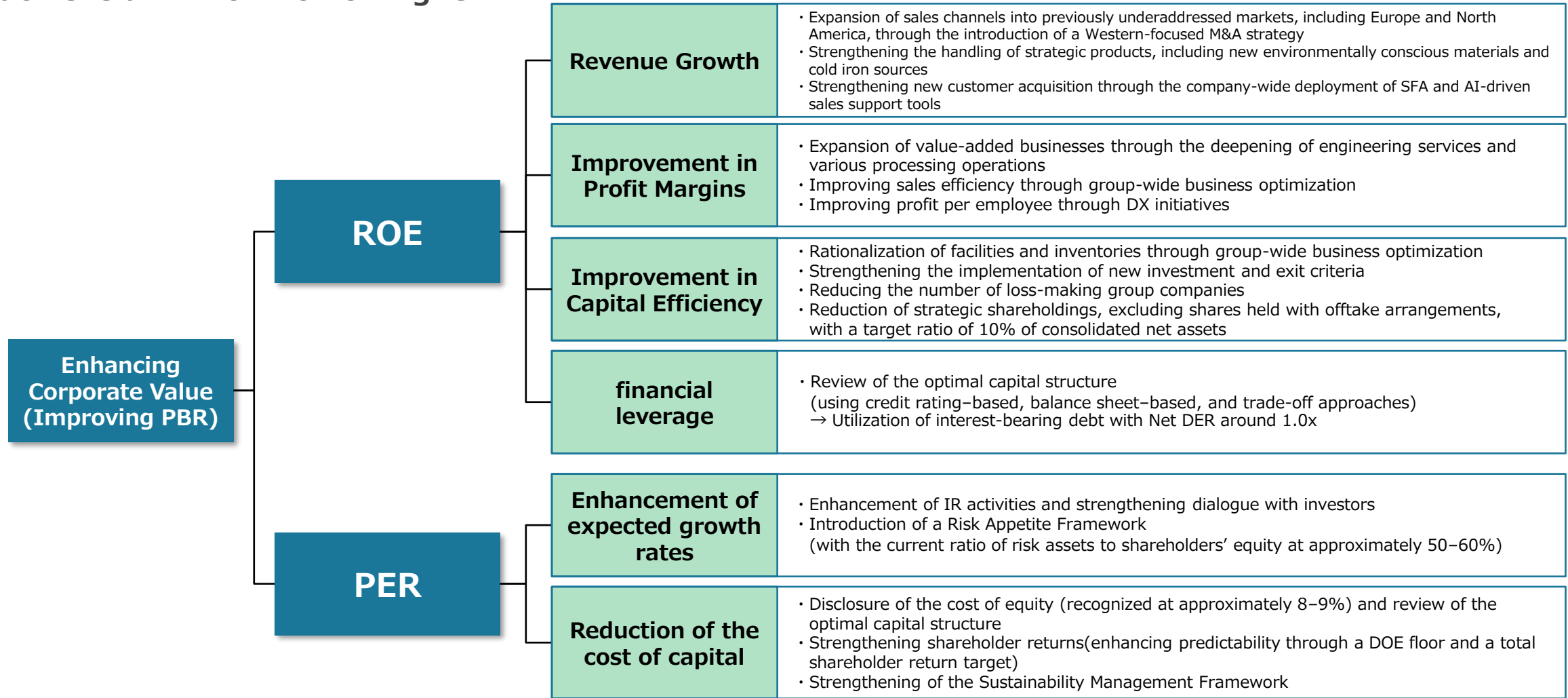
Initiatives to Enhance Corporate Value

- Current Assessment

- The three-year average ROE stands at 12.8%, remaining above the cost of shareholders' equity; however, the PER continues to present challenges.
- We estimates **its cost of shareholders' equity at approximately 8-9%** based on CAPM. An analysis using multiple valuation methods, including CAPM, the residual income model, and PER-based assessments, indicates that the value of our growth strategy and enhanced risk management framework has not yet been fully recognized by shareholders and investors.



- By maintaining and further enhancing ROE above the cost of equity, and by cultivating growth expectations through proactive dialogue with shareholders and investors, we aim to improve PER and achieve a PBR of 1.0x or higher.



Pursuing corporate value enhancement by balancing growth and shareholder returns through disciplined leverage.

Capital Efficiency (Final Year)

ROE of **12.0%**
or higher

Ordinary Income (Final Year)

¥ **75.0**bn

Investment and lending Capacity (Cumulative)

¥ **160.0**bn

Shareholder Returns

DOE minimum of
3.5% and
target total shareholder return
ratio of approximately
40%

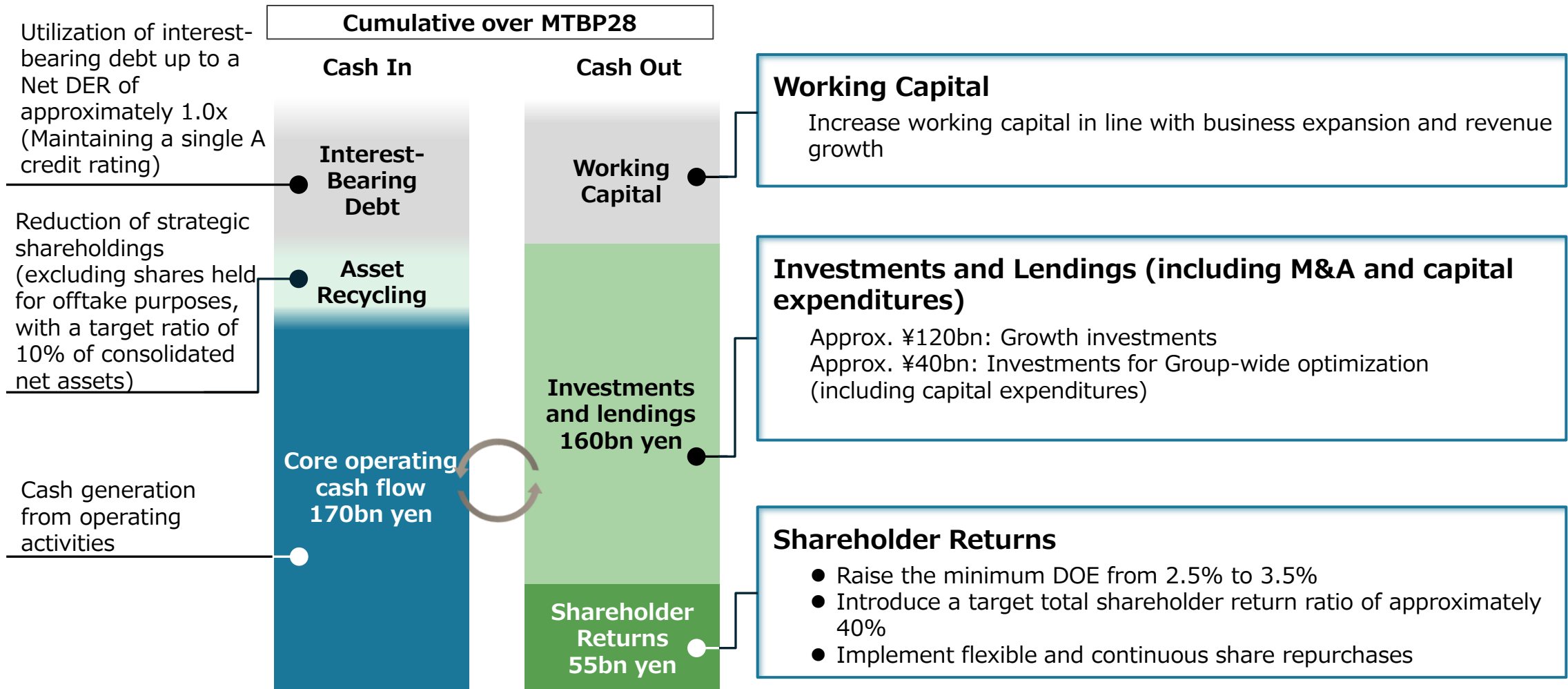
Global Steel Transaction Volume (Final Year)

17.0 million
tons/year

Financial Soundness

Net DER
Approximately
1.0x

Clarifying the Cash Allocation Policy and Strengthening Cash-Based Management.

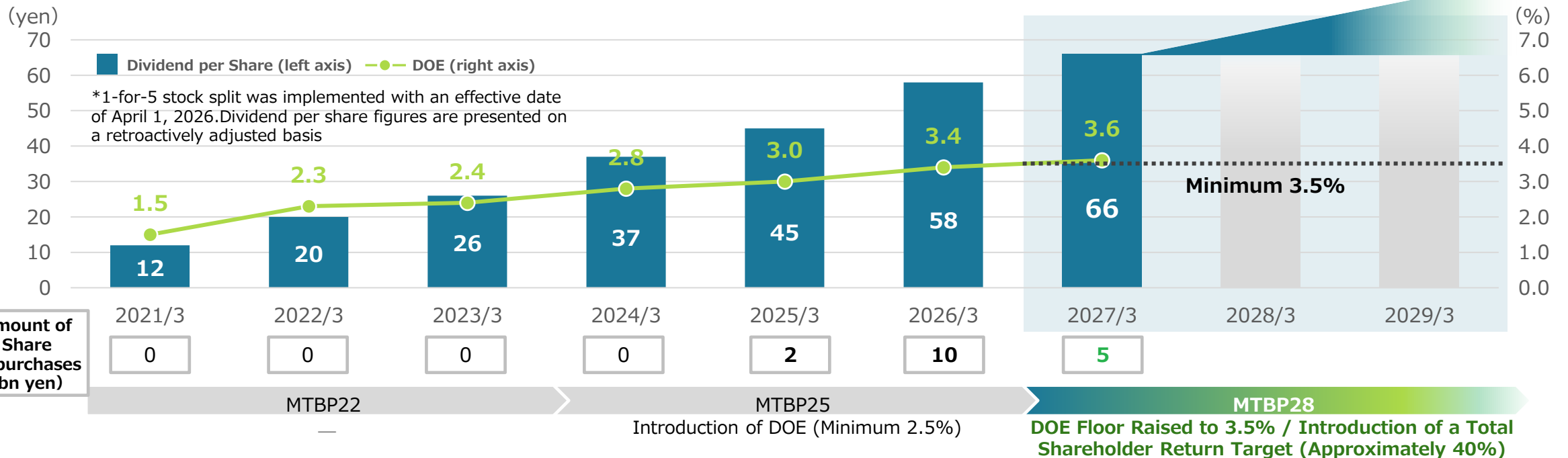


Strengthening shareholder returns to improve share price and PBR.

Shareholder Return Policy

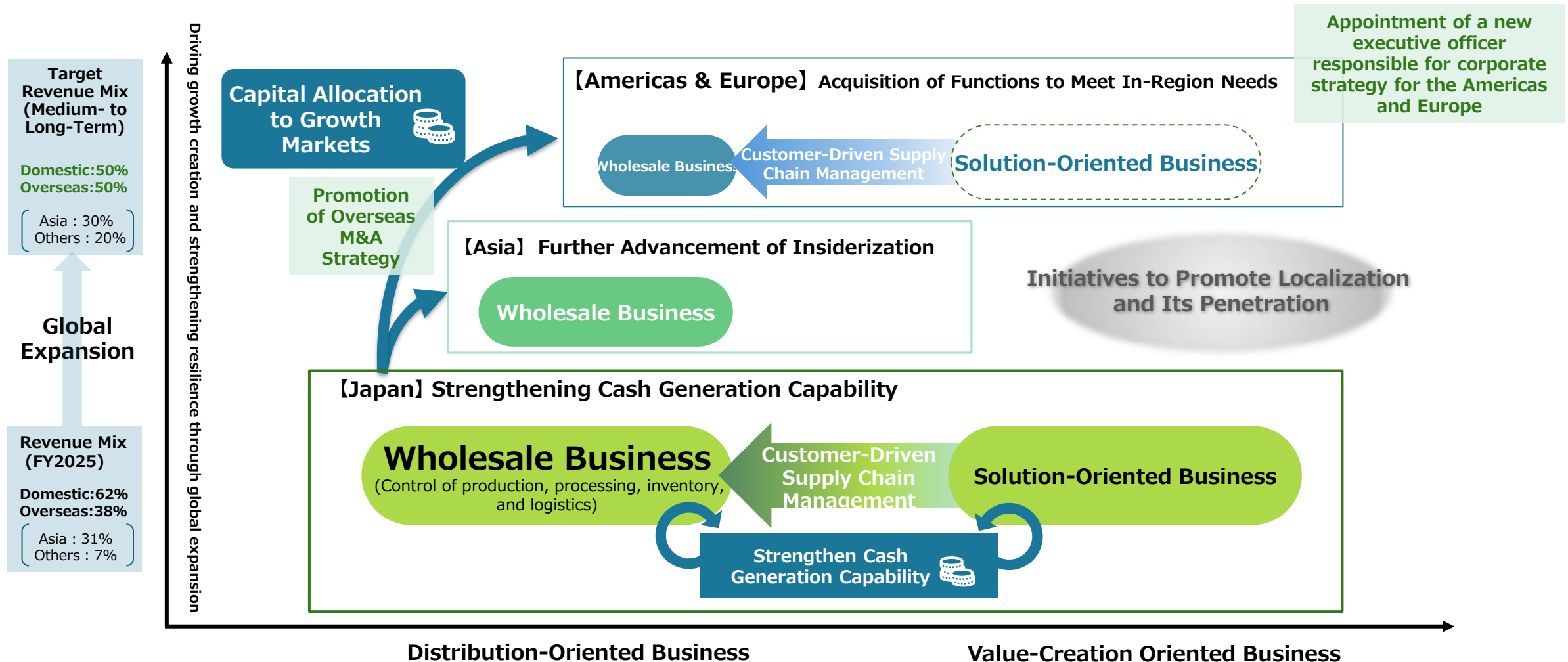
Building on the improvements in earning power and the strengthening of the financial base achieved under the MTBP2025, we will further enhance shareholder returns while maintaining a balance with sustainable growth investments, with the aim of maximizing shareholder value.

- ➔ **[Dividends]**
 - Continue a policy of stable and progressive dividends
 - **Raise the minimum DOE from 2.5% to 3.5%**
- [Share Repurchases]**
 - **Implement flexible and continuous share repurchases**
- [Total Shareholder Return Ratio]**
 - **To enhance predictability in shareholder returns, we have newly set a target total shareholder return ratio**
 - **We aim for approximately 40%**, to be delivered through dividends and share buybacks

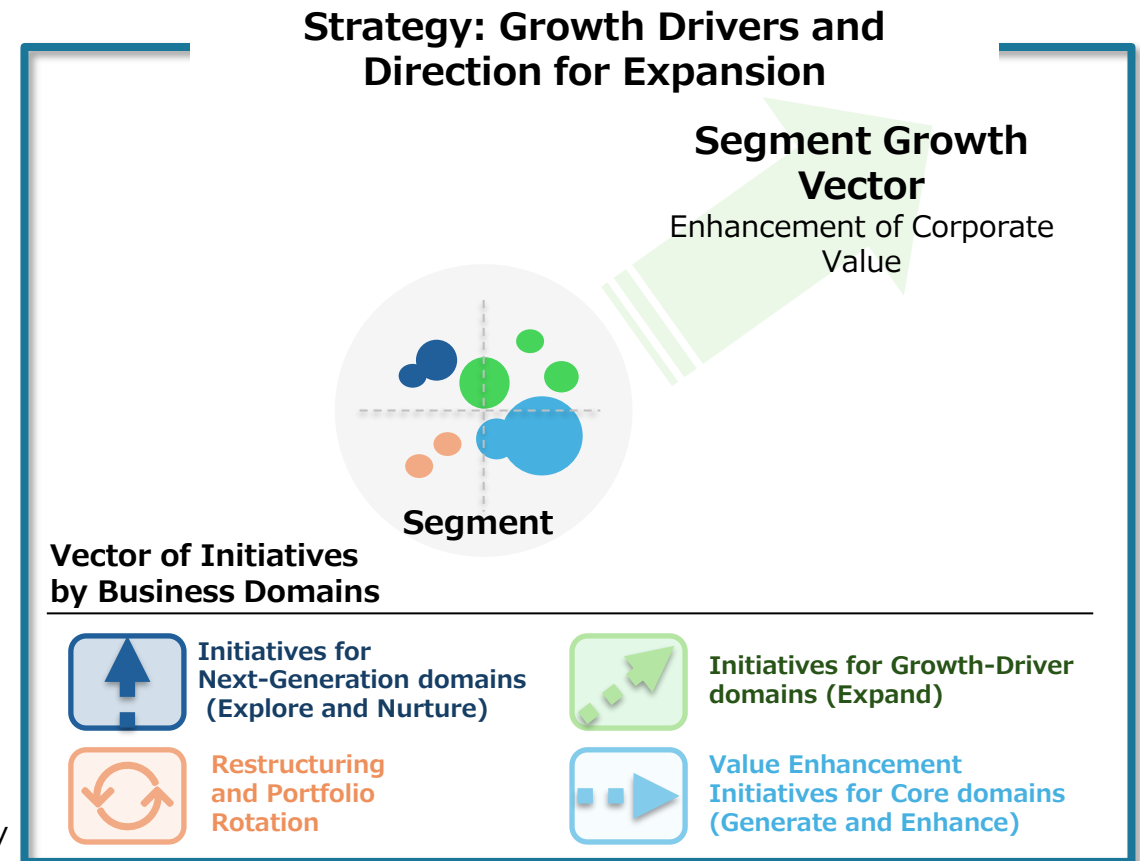
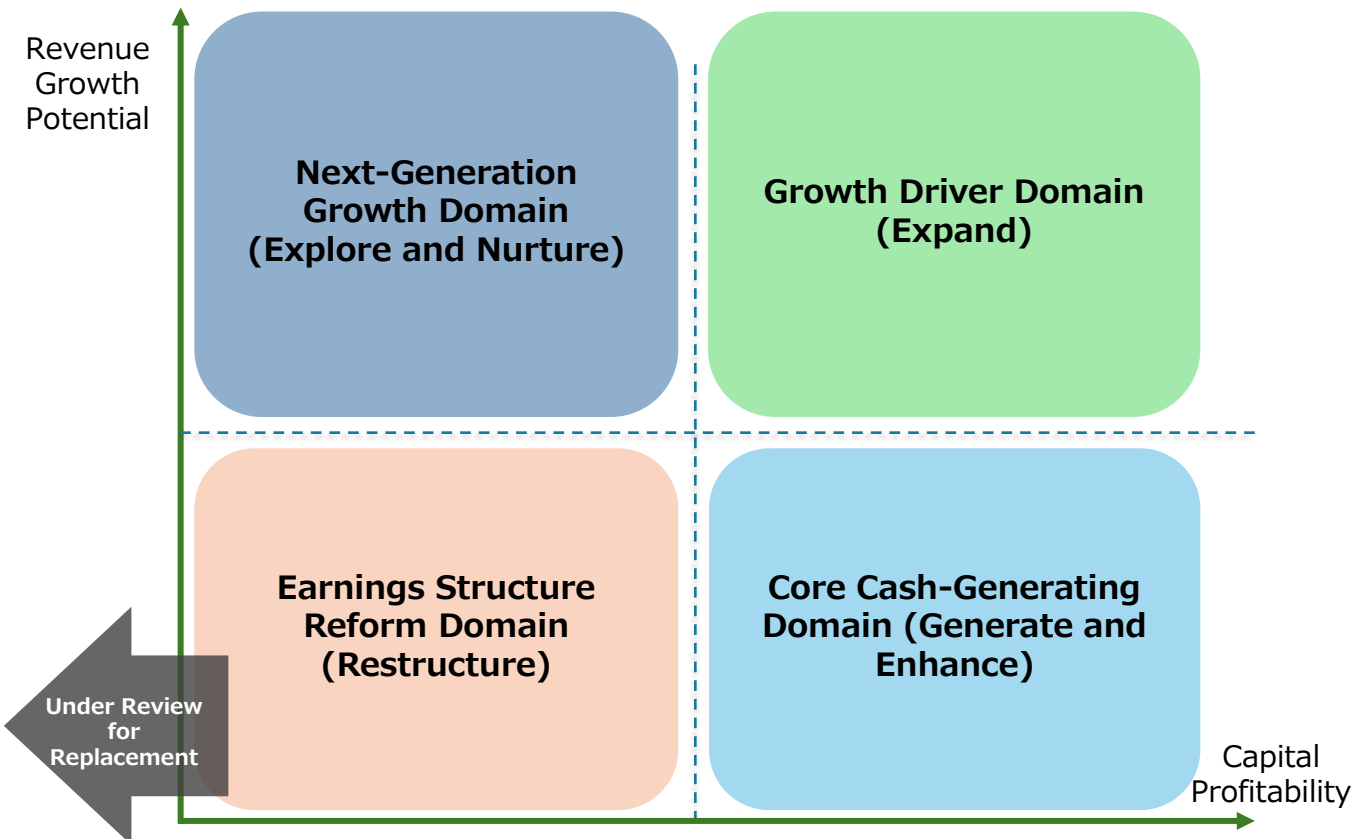


Grand Design of Business Strategy

Strategically allocate cash generated from domestic businesses to functions that meet **in-region needs in growth markets**, advance localization (“Insiderization”) and accelerate global growth.



- Accelerate growth by refining and restructuring the business portfolio across each segment.
 - Evaluate and actively promote business value with a focus on growth potential and capital profitability.
 - Establish a virtuous cycle by generating cash through the portfolio rotation of existing businesses and assets, and by prioritizing the allocation of management resources to growth domains.

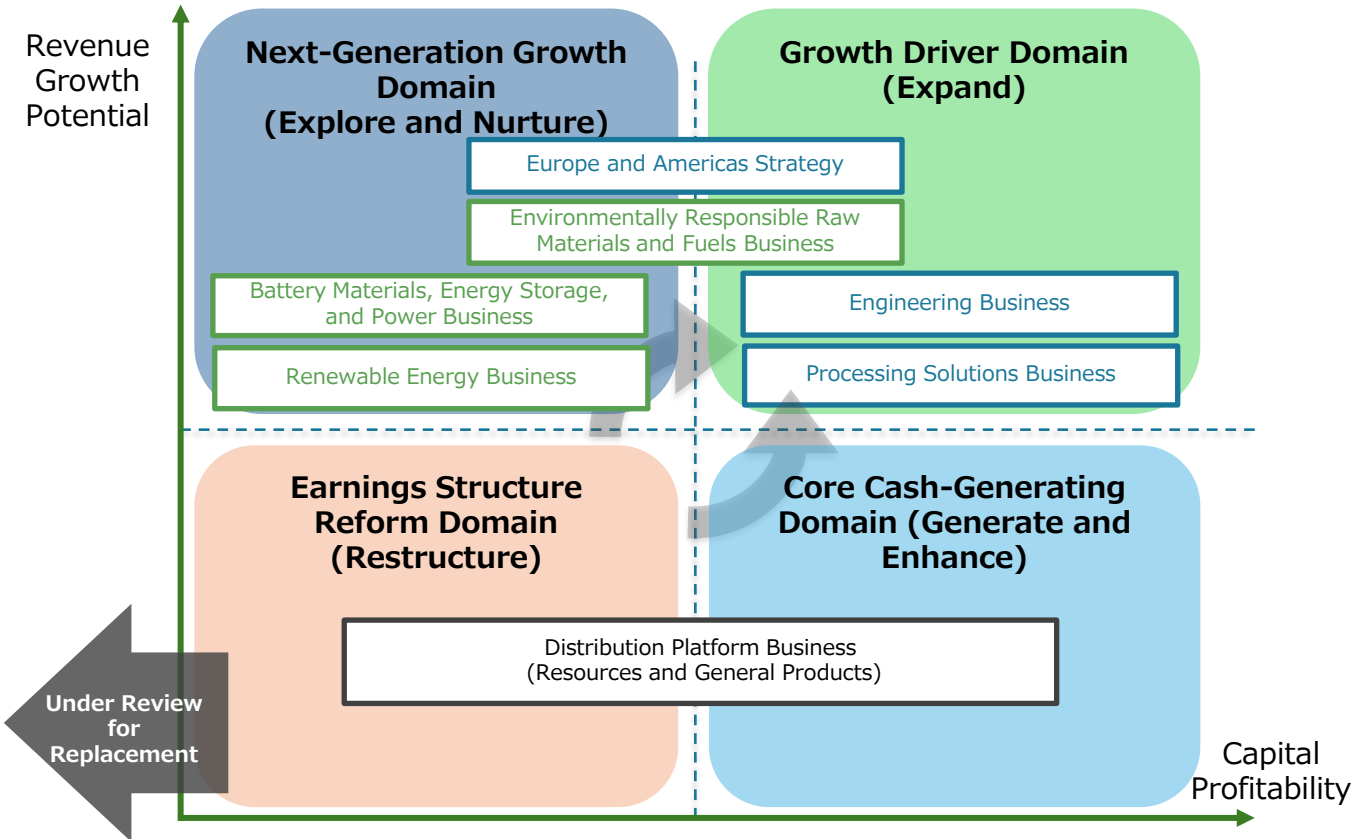


Key Strategic Themes

- Building on our core strength in **supply chain creation**, cultivated through our distribution-platform businesses, we identify as key strategic themes those areas that enhance user value and address societal needs, and we will strengthen **both user issue-solving businesses and social issue-solving businesses**.

Business Portfolio

Overview of Key Strategic Themes



User Issue-Solving Businesses

A business that designs and provides the optimal sourcing of goods and services required for business operations, enabling users to focus their management resources on their core domains

- Europe and Americas Strategy
- Engineering Business
- Processing Solutions Business

Social Issue-Solving Businesses

A business that builds supply chains to stably secure and supply raw materials and energy that are essential to environmental sustainability yet difficult to procure

- Environmentally Responsible Raw Materials and Fuels Business
- Battery Materials, Energy Storage, and Power Business
- Renewable Energy Business

- Design and deliver optimal procurement of goods and services required for business operations, enabling users to focus their management resources on their core domains.

User Challenges

Our Value Proposition

Our Role

Europe and Americas Strategy

- Regulations Related to Cross-Border Procurement
- Decarbonization Initiatives

Build a business platform in Europe and the Americas and achieve stable supply and regulatory compliance through regionally self-contained value chains

Engineering Business

- Shortage of design and project management professionals
- Declining availability of on-site construction workforce
- Increase in workload driven by the growing number of renewal and replacement projects for existing facilities

Design optimal supply chains by managing design, procurement, and construction in an integrated, end-to-end manner

Processing Solutions Business

- Person-dependent processing supply chain operations and shortage of operational talent
- Heavy management burden from non-core activities
- Supply uncertainty caused by supplier closures and strengthened regulations
- Challenges in independently constructing and sustaining optimal supply chains

From the perspective of a contract manufacturing partner, design and reconstruct optimal processing supply chains across industry and sector boundaries

We solve procurement challenges that are difficult for users to optimize on their own by reconnecting, integrating, and creating supply chains

By providing stable, highly resilient procurement and optimizing total procurement costs, we contribute to the sustainable growth of our users

- Build supply chains that can stably secure and supply raw materials and energy that are essential to environmental sustainability yet difficult to procure.

Social Issues

Our Value Proposition



Realization of a Sustainable Society

Environmentally Responsible Raw Materials Business

Leveraging our robust global procurement networks, we provide a stable supply of environmentally responsible raw materials and fuels—such as biocarbon, green gas, and RPF—thereby supporting the realization of a decarbonized and circular society

Battery Materials, Energy Storage, and Power Business

By providing integrated support across the value chain—from battery materials to energy storage and power—we contribute to sustainable energy supply systems that underpin a decarbonized society

Renewable Energy Business

In the domestic offshore wind sector, we enhance materials supply capabilities and project origination capacity, contributing to the realization of a sustainable future through the deployment of renewable energy

“The prosperity of a company and the welfare of its employees are inseparable like the two halves of a whole.” — Jiro Kita, Founder



Key Concrete Initiatives

- Significantly expand domestic MBA sponsorship programs to develop investment and management talent(45 participants over three years)
- Introduce training programs and performance evaluation systems to foster an open and transparent organizational culture
- Enhance the roles of non-career-track positions and expand the scope of their contributions
- Expand programs and systems for the development of global talent

Pursue business model transformation, the strengthening of foundational infrastructure, and the development of IT/DX talent in an integrated manner, with the aim of enhancing productivity and operational efficiency.



Addressing environmental, social, and governance (ESG) issues across the entire supply chain.

Growth

Monetizing Environmental Value

Expanding revenue opportunities by leveraging Hanwa's trade flows, information, and capabilities, starting from customers' and markets' transition needs

- Creating revenue opportunities centered on decarbonization and resource circulation
- Promote carbon footprint (CFP) calculation and the creation of carbon credits and strengthen environment-related services and environmentally responsible product businesses

Risk Control

Ensuring Supply Chain Reliability

Strengthening risk visibility and management frameworks, leveraging our extensive supply chains as a trading company

- Enhance the identification and management of ESG risks and ensure responsible business operations across the supply chains of our business partners and other stakeholders

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Growth Strategy by Business Segment



Steel

Ordinary Income	FY2025 Results	FY2028 Forecast
	¥38.7bn	¥43.5bn

Business Overview

We offer a broad and diverse range of products—including bars, building materials, steel sheets, steel pipes, wire rods, and special steel—and provides value-added services leveraging inventory and processing capabilities both in Japan and overseas.

Recognition of Social Issues and External Environment

- Declining steel demand driven by severe labor shortages in the construction and transportation industries, amid population decline and tighter working-hour regulations.
- Growing momentum for restructuring in steel distribution

Key Focus Areas

- Expansion of high-value-added solutions through the integration of processing solutions, engineering, and related functions
- Strengthening cost competitiveness in domestic supply through optimization of inventory, logistics, and distribution flows, as well as the promotion of joint delivery.
- Strengthening competitiveness, including the restructuring of the overseas CC (coil center) business footprint



Primary Metal

Ordinary Income	FY2025 Results	FY2028 Forecast
	-¥0.1bn	¥5.0bn

We secure metal resources such as nickel-based, chromium-based, silicon-based, and manganese-based ferroalloys, as well as steel scrap and cold iron sources, and provide stable supply to countries around the world by leveraging our hedging and inventory functions.

- Growing importance of ensuring a stable supply of critical minerals with high supply risk
- Expansion of electric arc furnace (EAF) steel production driven by ESG considerations and the resulting increase in demand for cold iron sources

- Securing distinctive sourcing channels
- Strengthening the global supply chain
- Expansion of product lines and geographic coverage
- Engagement across the entire supply chain in the battery storage field and capturing related business opportunities
- Strengthening the cold iron sources business amid growing demand



Metal Recycling

Ordinary Income	FY2025 Results	FY2028 Forecast
	¥1.3bn	¥4.5bn

We operate a circular business by collecting recycling resources such as aluminum, copper, titanium, and precious metals, and supplying them to smelters and refiners both in Japan and overseas through sorting and processing.

- Further growth in demand for the utilization of recycled resources, driven by the transition toward decarbonization and a circular economy
- Expanding uncertainty in resource procurement and supply due to the emergence of geopolitical risks

- Participation in high-value-added recycling businesses
- Development and expansion of closed-loop systems for collection, recycling, and reintegration, in collaboration with stakeholders
- Acceleration of collaboration with strategic partners

Growth Strategy by Business Segment



Food Products

Ordinary Income	FY2025 Results	FY2028 Forecast
	¥3.0bn	¥5.0bn

Business Overview
We handle seafood products such as salmon, shrimp, and crab, as well as livestock products including chicken, and operate procurement and sales networks both in Japan and overseas. In the seafood segment, we hold top-tier import and sales shares across a wide range of products.

- Recognition of Social Issues and External Environment**
- Contraction of the domestic food market and changes in consumption patterns
 - Growing importance of the capability to address value chains across the food service, mass retail, and retail channels
 - Growth in overseas demand for Japanese food
 - Increasing volatility risk in raw material prices

- Key Focus Areas**
- Strengthening overseas sales through expanded exports of domestically sourced seafood products and the utilization of trilateral trade
 - Full-scale entry into the food service and retail businesses through product development and processing operations



Energy & Living Materials

Ordinary Income	FY2025 Results	FY2028 Forecast
	¥8.5bn	¥14.0bn

Centered on petroleum products, biomass energy, renewable energy, recycled energy, chemicals, and a wide range of living-related materials, we operate trading functions that comprehensively cover procurement, inventory management, logistics, and sales both domestically and overseas.

- Growing demand for renewable energy, biofuels, and recycled resources, driven by the transition toward decarbonization and a circular society
- A dramatic structural transformation of the chemicals industry triggered by supply overcapacity in China
- Increased risks arising from the growing complexity of regulatory and certification requirements
- Increasing challenges in raw material procurement amid the energy transition

- Securing renewable energy, biofuels, and recycled resources amid growing demand
- Strengthening relationships with suppliers and undertaking investments and financing to ensure stable raw material supply, including equity investments in manufacturers, capital expenditures for facilities, and the securing of logistics functions
- Enhancement of new product lineup



Overseas Sales Subsidiaries

Ordinary Income	FY2025 Results	FY2028 Forecast
	¥5.5bn	¥13.0bn

At our major overseas locations, we handle a diverse range of products comparable to those in Japan and have built locally rooted sales and business platforms tailored to each region.

- Growing demand for supply chain reconfiguration across regions, driven by the transition toward decarbonization and a circular society, as well as heightened geopolitical risks
- Amid the advance of protectionism and growing uncertainty in raw material procurement, the importance of internalizing supply chains (“Insiderization”) has increased.
- Growing demand for the development of high-value-added businesses beyond traditional distribution functions

- In addition to Asia, we are accelerating the local production for local consumption-based business in the Americas and Europe as well.
- Promoting localization through M&A, joint ventures, and related initiatives to build regionally anchored business platforms
- Strengthening of the cold iron source business amid expanding demand

Growth Strategy by Business Segment



Other Businesses (Housing Materials)



Other Businesses (Machinery)

**Ordinary
Income
Other
Businesses
(Total)**

FY2025 Results
¥2.1bn

FY2028 Forecast
¥5.0bn

**Business
Overview**

We provide a stable supply of a comprehensive range of construction materials required for residential building—such as lumber, plywood, pre-cut lumber, steel products, and processed steel products—to housing manufacturers and prefabricated housing manufacturers.

Focusing on amusement machines and industrial machinery, we provide integrated services ranging from sales and installation to maintenance and management. Leveraging our procurement capabilities as a trading company, together with operational support functions including after-sales services, we build long-term and continuous relationships with customers.

**Recognition
of Social
Issues and
External
Environment**

- Medium- to long-term contraction in domestic demand for timber and housing materials, driven by population decline and a decrease in housing starts
- Expansion of timber demand in non-residential sectors, including logistics facilities, factories, and commercial buildings
- Rising interest in the use of domestically sourced timber and environmentally friendly building materials

- Declining new demand amid the maturity and contraction of the domestic market
- A shift from standalone equipment sales to total solution proposals in response to increasingly sophisticated customer needs

**Key
Focus
Areas**

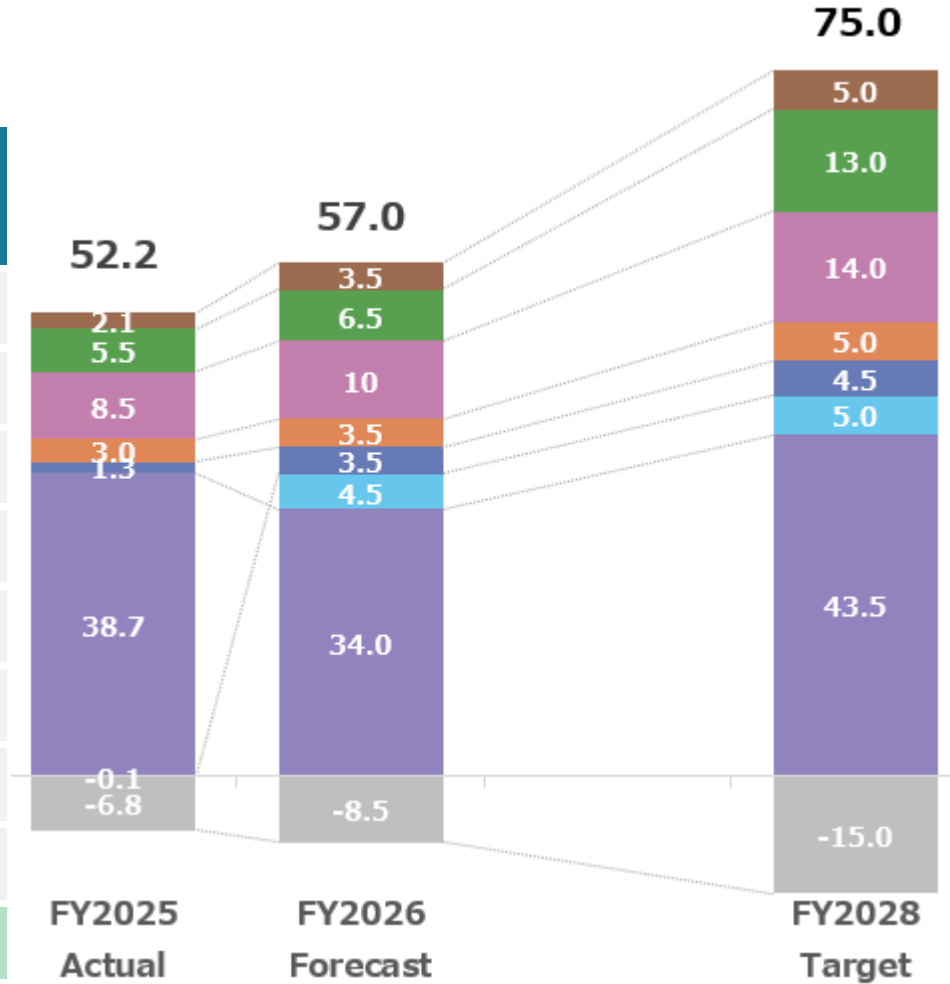
- Enhancing proposal capabilities through the expansion of building material offerings and the strengthening of functional product handling
- Expansion of market scope by capturing demand in non-residential sectors
- Strengthening a stable procurement structure and delivering environmental value through the expanded handling of domestically sourced timber

- Expansion of business scope through the broadening of handled equipment and service domains
- Establishment of one-stop solutions encompassing equipment sales through operation, maintenance, and renewal

Ordinary Income Targets by Segment

(bn yen)

Quantitative Targets		FY2025 Actual	FY2026 Forecast	FY2028 Target
Ordinary Income by Segment	Steel	38.7	34.0	43.5
	Primary Metal	-0.1	4.5	5.0
	Metal Recycling	1.3	3.5	4.5
	Food	3.0	3.5	5.0
	Energy and Living Materials	8.5	10.0	14.0
	Overseas Sales Subsidiary	5.5	6.5	13.0
	Other	2.1	3.5	5.0
	Adjustment	-6.8	-8.5	-15.0
	Total	52.2	57.0	75.0





Go Beyond!

