

# Financial Results for the Fiscal Year ended March 31, 2020

(Japan GAAP)

May 13, 2020

Company name: **HANWA Co.,Ltd.**

Listed stock exchange: Tokyo

Stock exchange code: 8078

(URL <http://www.hanwa.co.jp>)

Representative: Hironari Furukawa President

Enquiries: Yoichi Nakagawa Director, Senior Managing Executive Officer Phone +81-3-3544-2000

Scheduled date of Shareholders' Meeting: Jun 24 2020

Scheduled date of issue of audited financial statements: Jun 25, 2020

Scheduled date of payout of dividend: Jun 25, 2020

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### (1) Consolidated operating results (Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Company	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal Year ended March 31, 2020	1,907,493	(8.1)	27,330	(5.4)	(12,598)	—	(13,674)	—
ended March 31, 2019	2,074,600	15.8	28,904	10.2	23,395	(8.3)	13,914	(19.8)

Note: Comprehensive income For the Fiscal Year ended March 31, 2020 (29,972) million yen — %  
For the Fiscal Year ended March 31, 2019 3,444 million yen (84.7) %

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Fiscal Year ended March 31, 2020	(336.51)	—	(7.8)	(1.5)	1.4
ended March 31, 2019	342.41	—	7.4	2.6	1.4

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of March 31, 2020	798,442	166,097	20.5	4,027.01
As of March 31, 2019	933,307	202,459	20.2	4,632.55

Note: Shareholders' equity As of March 31, 2020 163,648 million yen  
As of March 31, 2019 188,245 million yen

### (3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended March 31, 2020	74,261	(24,159)	(42,314)	67,243
ended March 31, 2019	15,417	(20,623)	28,132	58,384

## 2. Cash dividends

	Cash dividends per share					Total amount of dividend (Annual) (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Dividend on shareholders' equity (Consolidated) (%)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
Year ended March 31, 2019	—	75.00	—	75.00	150.00	6,095	43.8	3.2
Year ended March 31, 2020	—	75.00	—	25.00	100.00	4,063	—	2.3
Year ending March 31, 2021 (estimated)	—	—	—	—	—	—	—	—

The dividend forecasts for the fiscal year ending March 31, 2021 are currently undetermined due to difficulty calculating the forecasts of consolidated financial results for the fiscal year. The forecasts will be promptly announced when it becomes available.

## 3. Forecast of consolidated financial results for fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The forecasts of consolidated financial results for the fiscal year ending March 31, 2021 are currently undetermined because it is difficult to reasonably calculate the impact of the spread of novel coronavirus on our group business activities and financial results. The forecasts will be promptly announced when it becomes available.

## Financial Results for the Fiscal Year ended March 31, 2020

## 《Consolidated Balance Sheets》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	March 31, 2019	March 31, 2020
<b>Assets</b>		
<b>Current assets;</b>		
Cash and deposits	59,307	67,256
Trade notes and accounts receivable	416,394	341,559
Electronically recorded monetary claims	36,637	21,281
Securities	1,190	1,167
Inventories	140,633	127,460
Others	71,328	69,949
Allowance for doubtful receivables	(504)	(1,046)
<b>Total current assets</b>	<b>724,987</b>	<b>627,629</b>
<b>Fixed assets;</b>		
<b>Property and equipment;</b>		
Buildings and structures	22,176	26,252
Land	33,864	34,165
Machinery, equipment and vehicles	7,624	8,624
Others	5,196	6,119
<b>Total property and equipment</b>	<b>68,862</b>	<b>75,162</b>
<b>Intangible assets</b>	<b>5,031</b>	<b>6,331</b>
<b>Investments and other assets;</b>		
Investment securities	101,900	56,892
Long-term loans receivable	21,162	19,141
Deferred tax asset	385	600
Others	12,304	13,754
Allowance for doubtful receivables	(1,327)	(1,070)
<b>Total investments and other assets</b>	<b>134,426</b>	<b>89,318</b>
<b>Total fixed assets</b>	<b>208,319</b>	<b>170,812</b>
<b>Total assets</b>	<b>933,307</b>	<b>798,442</b>
<b>Liabilities;</b>		
<b>Current liabilities;</b>		
Trade notes and accounts payable	280,858	202,671
Electronically record obligations	4,964	19,146
Short-term loans payable	92,851	67,177
Current portion of bonds payable	10,021	10,021
Income taxes payable	3,486	2,466
Accrued bonuses	2,647	2,774
Provision for product warranties	253	481
Others	59,833	59,913
<b>Total current liabilities</b>	<b>454,916</b>	<b>364,653</b>
<b>Long-term liabilities;</b>		
Bonds payable	50,034	40,013
Long-term loans payable	208,936	212,372
Deferred tax liabilities	3,173	1,308
Deferred tax liabilities by land revaluation	1,591	1,562
Retirement benefits liabilities	5,950	6,162
Others	6,245	6,271
<b>Total long-term liabilities</b>	<b>275,931</b>	<b>267,691</b>
<b>Total liabilities</b>	<b>730,847</b>	<b>632,344</b>
<b>Net assets;</b>		
<b>Shareholders' equity;</b>		
Common stock	45,651	45,651
Retained earnings	139,036	119,475
Treasury stock	(3,737)	(3,728)
<b>Total shareholders' equity</b>	<b>180,949</b>	<b>161,398</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gains on securities	10,800	6,042
Deferred hedge profit and loss	61	745
Land revaluation difference	3,343	3,277
Foreign currency translation adjustments	(1,435)	(2,434)
Remeasurements of defined benefit plans	(5,473)	(5,380)
<b>Total accumulated other comprehensive income</b>	<b>7,295</b>	<b>2,250</b>
<b>Minority interests</b>	<b>14,214</b>	<b>2,448</b>
<b>Total net assets</b>	<b>202,459</b>	<b>166,097</b>
<b>Total liabilities and net assets</b>	<b>933,307</b>	<b>798,442</b>

## Financial Results for the Fiscal Year ended March 31, 2020

## 《Consolidated Statements of Income and Comprehensive Income》

(Amounts less than one million yen are rounded down)

*Millions of yen*

	Year ended March 31, 2019	Year ended March 31, 2020
<b>Net sales</b>	2,074,600	1,907,493
Cost of sales	1,995,378	1,827,666
<b>Gross profit</b>	<b>79,222</b>	<b>79,826</b>
Selling, general and administrative expenses	50,318	52,496
<b>Operating income</b>	<b>28,904</b>	<b>27,330</b>
<b>Other income;</b>		
Interest income	4,195	2,142
Dividend income	1,383	1,868
Others	1,387	1,316
Total other income	6,965	5,327
<b>Other expenses;</b>		
Interest expenses	5,052	5,494
Equity in losses of affiliate	75	35,439
Foreign exchange loss	3,331	2,515
Others	4,014	1,805
Total other expenses	12,474	45,255
<b>Ordinary income</b>	<b>23,395</b>	<b>(12,598)</b>
<b>Extraordinary income</b>		
Gain on sale of property and equipment	416	229
Gain on sale of investment securities	—	976
Total extraordinary income	416	1,206
<b>Extraordinary loss;</b>		
Loss on sale of property and equipment	202	—
Loss on retirement of property and equipment	236	—
Loss on impairment of property and equipment	251	1,003
Loss on natural disaster	32	—
Loss on devaluation of investments securities	1,820	6,589
Provision of allowance for doubtful accounts of affiliates	203	615
Provision for product warranties	—	394
Loss on disposal of property and equipment	109	—
Total extraordinary loss	2,856	8,603
<b>Income before income taxes and minority interest</b>	<b>20,955</b>	<b>(19,995)</b>
Income, inhabitant & business tax – current	7,396	5,962
Income tax expense—deferred	(266)	(406)
Total income taxes	7,130	5,555
<b>Net income</b>	<b>13,825</b>	<b>(25,548)</b>
Net income attributable to		
Net income attributable to owners of the Company	13,914	(13,674)
Net income(loss) attributable to non-controlling interests	(88)	(11,876)
<b>Other Comprehensive Income</b>		
Net unrealized holding gains on securities	(3,549)	(4,755)
Deferred hedge profit and loss	230	684
Foreign currency translation adjustments	(799)	287
Remeasurements of defined benefit plans	(79)	92
Share of other comprehensive income of associates accounted for using equity method	(6,183)	(730)
Total other comprehensive Income	(10,381)	(4,421)
<b>Comprehensive Income</b>	<b>3,444</b>	<b>(29,972)</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,964	(17,974)
Comprehensive income(loss) attributable to non-controlling interests	(2,520)	(11,997)

## Financial Results for the Fiscal Year ended March 31, 2020

## 《Consolidated Statements of Changes in Net Assets》

(Amounts less than one million yen are rounded down)

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2018</b>	45,651	—	131,045	(3,726)	172,969	14,342	(169)	2,963	3,110	(5,388)	14,858	15,872	203,700
Increase (decrease) during the term:													
Cash dividends paid			(6,095)		(6,095)								(6,095)
Change of scope of consolidated subsidiaries			569		569								569
Change of scope of equity method			(17)		(17)								(17)
Reversal of land revaluation difference			(379)		(379)								(379)
Net income attributable to owners of the parent			13,914		13,914								13,914
Purchase of treasury stocks				(1)	(1)								(1)
Capital increase from purchase of stock of consolidated subsidiaries		—	—		—								—
Capital increase from sales of stock of consolidated subsidiaries			—		—								—
Others			—	(9)	(9)								(9)
Net increase (decrease) during the term, except for items under shareholders' equity						(3,542)	230	379	(4,545)	(85)	(7,562)	(1,657)	(9,220)
<b>Total increase (decrease)</b>	—	—	7,991	(11)	7,979	(3,542)	230	379	(4,545)	(85)	(7,562)	(1,657)	(1,240)
<b>Balance at March 31, 2019</b>	45,651	—	139,036	(3,737)	180,949	10,800	61	3,343	(1,435)	(5,473)	7,295	14,214	202,459

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2019</b>	45,651	—	139,036	(3,737)	180,949	10,800	61	3,343	(1,435)	(5,473)	7,295	14,214	202,459
Increase (decrease) during the term:													
Cash dividends paid			(6,095)		(6,095)								(6,095)
Change of scope of consolidated subsidiaries			(906)		(906)								(906)
Change of scope of equity method			1,141		1,141								1,141
Reversal of land revaluation difference			66		66								66
Net income attributable to owners of the parent			(13,674)		(13,674)								(13,674)
Purchase of treasury stocks				(0)	(0)								(0)
Capital increase from purchase of stock of consolidated subsidiaries				0	0								0
Capital increase from sales of stock of consolidated subsidiaries			(91)		(91)								(91)
Others			0	9	9								9
Net increase (decrease) during the term, except for items under shareholders' equity						(4,758)	684	(66)	(998)	93	(5,045)	(11,765)	(16,811)
<b>Total increase (decrease)</b>	—	—	(19,560)	9	(19,551)	(4,758)	684	(66)	(998)	93	(5,045)	(11,765)	(36,362)
<b>Balance at March 31, 2020</b>	45,651	—	119,475	(3,728)	161,398	6,042	745	3,277	(2,432)	(5,380)	2,250	2,448	166,097

## Financial Results for the Fiscal Year ended March 31, 2020

## 《Consolidated Statements of Cash Flows》

(Amounts less than one million yen are rounded down)

*Millions of yen*

	Year ended March 31, 2019	Year ended March 31, 2020
<b>Cash flows from operating activities;</b>		
Income before income taxes	20,955	(19,995)
Depreciation and amortization	4,513	5,245
Loss on impairment of property and equipment	251	1,003
Amortization of goodwill	671	514
Increase(decrease) in allowance for doubtful receivables	422	(358)
Interest and dividend income	(5,578)	(4,010)
Interest expense	5,052	5,494
Equity in earnings of affiliated companies (gain)	75	35,439
Gain on sale of property and equipment	(416)	(229)
Gain on sale of investment securities of unconsolidated subsidiaries	—	(976)
Loss on sale of property and equipment	202	—
Loss on retirement of property and equipment	236	—
Loss on natural disaster	32	—
Loss on devaluation of investments securities	1,820	6,589
Provision of allowance for doubtful accounts of affiliates	203	615
Provision for product warranties	—	394
Loss on disposal of property and equipment	109	—
(Increase)decrease in trade receivables	(24,019)	95,209
(Increase)decrease in inventories	(4,357)	21,897
Increase(decrease) in trade notes and accounts payable	17,181	(69,814)
(Increase)decrease in deposits received	21,097	(10,004)
Increase(decrease) in advanced payment	(29,789)	12,212
Increase(decrease) in retirement benefits	1,009	321
Other, net	13,731	2,421
<b>Sub total</b>	<b>23,404</b>	<b>81,969</b>
Interest and dividends received	5,858	4,931
Interest paid	(4,919)	(5,594)
Income taxes paid	(8,926)	(7,044)
<b>Net cash provided by (used in) operating activities</b>	<b>15,417</b>	<b>74,261</b>
<b>Cash flows from investing activities;</b>		
Payment for time deposits	(2,030)	(679)
Proceeds from refund of time deposits	2,446	1,598
Payment for purchase of property and equipment	(7,718)	(7,500)
Proceeds from sale of property and equipment	1,261	575
Payment for acquisition of investment securities	(8,325)	(10,614)
Proceeds from sale and redemption of investment securities	1,156	1,546
(Increase)decrease in short – term loans receivable, net	(4,435)	(3,516)
Increase in long – term loans receivable	(5,049)	(7,091)
Collection of long-term loans receivable	4,224	5,188
Other, net	(2,153)	(3,665)
<b>Net cash provided by (used in) investing activities</b>	<b>(20,623)</b>	<b>(24,159)</b>
<b>Cash flows from financing activities;</b>		
Increase(decrease) in short-term loans, net	(19,091)	(23,470)
Increase(decrease) in commercial paper, net	(10,000)	—
Proceeds from long-term debt	91,161	30,854
Repayments of long-term debt	(37,272)	(32,958)
Proceeds from issuance of bonds	19,892	—
Payment for redemption of bonds	(10,121)	(10,021)
Payment for cash dividends	(6,089)	(6,092)
Cash dividends paid to minority interest in consolidated subsidiaries	(48)	(143)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	—	(187)
Other, net	(298)	(295)
<b>Net cash provided by (used in) financing activities</b>	<b>28,132</b>	<b>(42,314)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(0)</b>	<b>(1,389)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>22,926</b>	<b>6,398</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>34,855</b>	<b>58,384</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>576</b>	<b>2,460</b>
<b>Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries</b>	<b>25</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>58,384</b>	<b>67,243</b>

## Financial Results for the Fiscal Year ended March 31, 2020

## 《Segment information》

Segment information by business category for the fiscal year 2018 and 2019, is as follows:

(Amounts less than one million yen are rounded down)

## Fiscal Year ended March 31, 2019

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Petroleum & chemicals	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	1,037,297	296,437	73,847	100,093	233,664	253,495	1,994,837	79,763	2,074,600	—	2,074,600
Inter-segment	10,676	7,421	6,056	1,296	10,585	61,259	97,295	2,751	100,046	(100,046)	—
Total	1,047,974	303,858	79,903	101,389	244,250	314,754	2,092,132	82,514	2,174,646	(100,046)	2,074,600
Segment income(loss)	17,393	5,817	1,520	1,543	2,165	1,024	29,464	966	30,431	(7,036)	23,395

## Fiscal Year ended March 31, 2020

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Petroleum & chemicals	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	994,269	255,660	77,609	100,615	201,763	195,325	1,825,244	82,248	1,907,493	—	1,907,493
Inter-segment	11,134	4,195	1,209	1,139	8,693	45,686	72,057	2,755	74,812	(74,812)	—
Total	1,005,403	259,855	78,818	101,754	210,457	241,011	1,897,301	85,004	1,982,305	(74,812)	1,907,493
Segment income(loss)	14,628	(30,506)	2,302	(144)	4,177	466	(9,076)	1,400	(7,676)	(4,921)	(12,598)

## Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section and machinery section.
2. Adjustments for segment income include inter-segment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.
3. Segment income or loss is adjusted between ordinary income on the consolidated statements of income and comprehensive income.
4. Since the 1st Quarter of the fiscal year 2019, following the organizational change on April 1, 2019, Company reviewed the classification method for business segments and changed the reportable segments from "Metals & alloys" and "Non-ferrous metals" to "Primary Metal" and "Metal Recycling".

Segment information of the previous fiscal year has been recomposed by the new classification method.

# Highlights of Consolidated Financial Results for the FY2019

(Japan GAAP)

HANWA Co., Ltd.

## Outline of Financial Results for the FY2019

As for the fiscal year, net sales have decreased by 8% compared with the previous year, hence reached to 1,907.4 billion yen, due to decrease of transaction volume under weak demands in steel business and decline in commodity prices including non-ferrous metal, ferroalloy products and petroleum. Operating profit declined 5% year on year, to 27.3 billion yen chiefly because profits decreased in the Primary Metal business, Steel business and Food business, and ordinary income was a loss of 12.5 billion yen, due to impairment loss on investment in SAMANCOR which was recorded in non-operating expenses as equity in losses of affiliates. Net income was a loss of 13.6 billion yen, due to impairment accounting on securities, including available-for-sale securities. We paid 75 yen as the interim dividend and plan to pay additional 25 yen as the year-end dividend.

(Unit: billion yen, rounded down to 0.1 billions yen)

Operating Results	FY2019	FY2018	Year-on-year		Main Factors
			Change	rate	
<b>Net sales</b>	<b>1,907.4</b>	<b>2,074.6</b>	<b>(167.1)</b>	<b>-8%</b>	<p>(Net sales) Net sales have decreased by 8% from the previous year. This was mainly due to decrease of transaction volume under weak demands in steel business and decline in commodity prices including non-ferrous metal, ferroalloy products and petroleum.</p> <p>(SG&amp;A expenses) SG &amp; A expenses have increased 2.1 billion yen from the previous year. 1.5 out of 2.1 billion yen was accounted for newly consolidated subsidiaries. Our personnel expenses have increased 1.0 billion yen, including 0.5 billion yen from newly consolidated subsidiaries.</p> <p>(Non-operating income/expenses) Non-operating income has decreased 1.6 billion yen and Non-operating expenses have increased 32.7 billion yen. The breakdown of the main causes is as follows. Dividends: increase of 0.4 billion yen (YoY) Interest income: decrease of 2.0 billion yen (YoY) Equity in losses of affiliates: increase of 35.3 billion yen (YoY) (34.9 billion yen (YoY) from SAMANCOR, including impairment losses 27.3 billion yen)</p> <p>(Extraordinary gain/loss) Gain on sales of investment securities 0.9 billion yen : due to sales of listed stocks Loss on devaluation of investments securities 6.5 billion yen : mainly due to decline in listed stocks Impairment loss 1.0 billion yen : mainly due to impairment losses on land and buildings held by consolidated subsidiaries</p>
<b>Gross profit</b>	<b>79.8</b>	<b>79.2</b>	<b>0.6</b>	<b>1%</b>	
SG&A expenses	52.4	50.3	2.1	4%	
<b>Operating income</b>	<b>27.3</b>	<b>28.9</b>	<b>(1.5)</b>	<b>-5%</b>	
Non-operating income	5.3	6.9	(1.6)	-24%	
Non-operating expenses	45.2	12.4	32.7	263%	
<b>Ordinary income</b>	<b>(12.5)</b>	<b>23.3</b>	<b>(35.9)</b>	<b>—</b>	
Extraordinary gain	1.2	0.4	0.7	189%	
Extraordinary loss	8.6	2.8	5.7	201%	
<b>Income before income taxes and others</b>	<b>(19.9)</b>	<b>20.9</b>	<b>(40.9)</b>	<b>—</b>	
Income taxes	5.5	7.1	(1.5)	-22%	
<b>Net income</b>	<b>(25.5)</b>	<b>13.8</b>	<b>(39.3)</b>	<b>—</b>	
Owners of the Company(loss)	(13.6)	13.9	(27.5)	—	
Non-controlling interests(loss)	(11.8)	(0.8)	(11.7)	—	
EPS (yen)	(336.51)	342.41	(678.92)	—	
<b>Comprehensive income</b>	<b>(29.9)</b>	<b>3.4</b>	<b>(33.4)</b>	<b>—</b>	

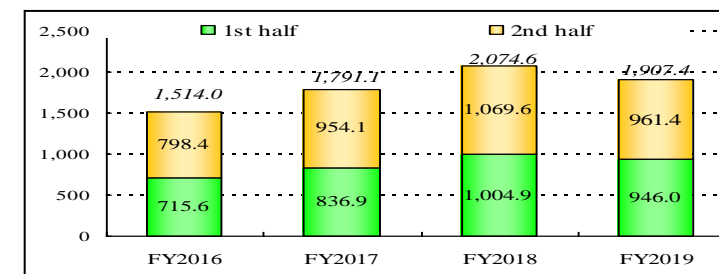
Segment Information	Net sales			Segment income			Main Factors
	FY2019	FY2018	rate	FY2019	FY2018	rate	
Steel	1,005.4	1,047.9	-4%	14.6	17.3	-16%	<p>(Steel business) Both net sales and volumes declined due to sluggish demand, and segment income decreased mainly due to declining profit margins at domestic subsidiaries in sluggish domestic steel market.</p> <p>(Primary metals business) Segment income was a loss mainly due to expansion of equity in losses of affiliates for impairment losses in SAMANCOR.</p> <p>(Metal recycling business) Segment income increased due to improved profitability by procuring low price in the downward phase of copper scrap prices and the additional income from the newly consolidated subsidiary PT. HANWA ROYAL METALS.</p> <p>(Foods business) Segment income was a loss mainly due to decline in market prices of salmon, increase in valuation losses on inventories, and decrease in foreign exchange gains.</p> <p>(Petroleum &amp; chemicals business) Despite decreased volume by weak market of petroleum products, segment income increased mainly due to the expansion of profit margins of bunker fuel oil and biomass fuels such as palm kernel shells (PKS).</p> <p>(Overseas sales subsidiaries) Segment income decreased mainly due to decline transaction volumes in the US and ASEAN region and increase local currency procurement costs due to increase in local transactions in Indonesia.</p>
Primary Metal	259.8	303.8	-14%	(30.5)	5.8	—	
Metal Recycling	78.8	79.9	-1%	2.3	1.5	51%	
Foods	101.7	101.3	0%	(0.1)	1.5	—	
Petroleum & chemicals	210.4	244.2	-14%	4.1	2.1	93%	
Overseas sales subsidiaries	241.0	314.7	-23%	0.4	1.0	-54%	
Total for reportable segments	1,897.3	2,092.1	-9%	(9.0)	29.4	—	
Other	85.0	82.5	3%	1.4	0.9	45%	
<b>Total</b>	<b>1,982.3</b>	<b>2,174.6</b>	<b>-9%</b>	<b>(7.6)</b>	<b>30.4</b>	<b>—</b>	
Adjustment	(74.8)	(100.0)	-25%	(4.9)	(7.0)	-30%	
<b>Consolidated</b>	<b>1,907.4</b>	<b>2,074.6</b>	<b>-8%</b>	<b>(12.5)</b>	<b>23.3</b>	<b>—</b>	

Topics	Aug.	Mar.
Acquired 65% of the stocks of the SMC HA NOI ONE MEMBER CO.,LTD.(and changed name to HANWA SMC STEEL SERVICE HA NOI CO., LTD.) We have published our first integrated report to replace our Annual Report.		
Acquired 10% of the stocks of PT Dexin Steel Indonesia, a steel blast furnace mill, a joint venture established by Delong Steel Group.		

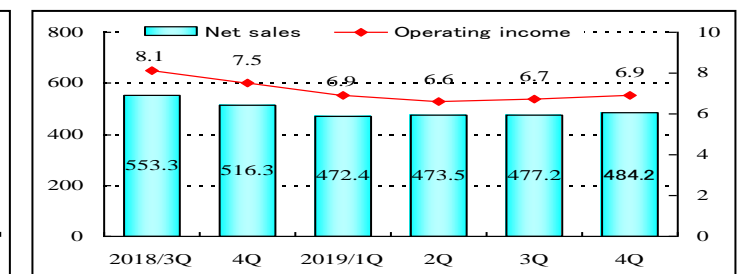
Financial Position	Mar. 2020	Mar. 2019	Comparison with Mar. 2019		Main Factors
			Change	rate	
<b>Total assets</b>	<b>798.4</b>	<b>933.3</b>	<b>(134.8)</b>	<b>-14%</b>	<p>(Total Assets) Total assets decreased by 14% from the end of the previous year, due to decrease in trade receivables and investment securities. Trade notes and accounts receivables 341.5 billion yen (-18% from the end of the previous period). Investment securities 56.8 billion yen (-44% from the end of the previous period).</p> <p>(Liabilities) Total liabilities decreased by 13% from the end of the previous year, due to the decrease in trade payables and short-term loans. As interest-bearing debt decreased by 13%, net debt-equity ratio was turned into 161% (*127%).</p> <p>(Net assets) Total net assets decreased by 18% from the end of the previous year, due to decrease in retained earnings caused by recording net income loss attributable to owners of the company and net unrealized holding gains on securities. Meanwhile shareholders' equity ratio was 20.5%(*23.6%), which is 0.3 percentage points higher than the end of the previous year. *Reflecting equity credit attributes of the subordinated loan</p>
(Current assets)	627.6	724.9	(97.3)	-13%	
(Fixed assets)	170.8	208.3	(37.5)	-18%	
<b>Total liabilities</b>	<b>632.3</b>	<b>730.8</b>	<b>(98.5)</b>	<b>-13%</b>	
(Interest-bearing debt)	331.1	363.2	(32.1)	-9%	
(Net interest-bearing debt)	263.8	303.9	(40.0)	-13%	
Net DER	161%/127%*	161%/131%*	0.2pt	-0%	
<b>Total net assets</b>	<b>166.0</b>	<b>202.4</b>	<b>(36.3)</b>	<b>-18%</b>	
(Equity capital)	161.3	180.9	(19.5)	-11%	
(Valuation & translation adjustments)	2.2	7.2	(5.0)	-69%	
(Minority interests)	2.4	14.2	(11.7)	-83%	
BPS (yen)	4,027.01	4,632.55	(605.55)	-13%	
Shareholders' equity	163.6	188.2	(24.5)	-13%	
Shareholders' equity ratio	20.5/23.6%*	20.2/22.8%*	0.3pt	2%	

Cash Flow	FY2019	FY2018	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	74.2	15.4	58.8	382%	(Operating cash flows) Due to decrease in trade receivables and inventories.
Cash flows from investing activities	(24.1)	(20.6)	(3.5)	17%	(Investment cash flows) Due to purchase of investment securities and tangible fixed assets.
Cash flows from financing activities	(42.3)	28.1	(70.4)	—	(Financial cash flows) Due to repayment of short-term loans and redemption of corporate bonds.
Cash and cash equivalents at end of period	67.2	58.3	8.8	15%	

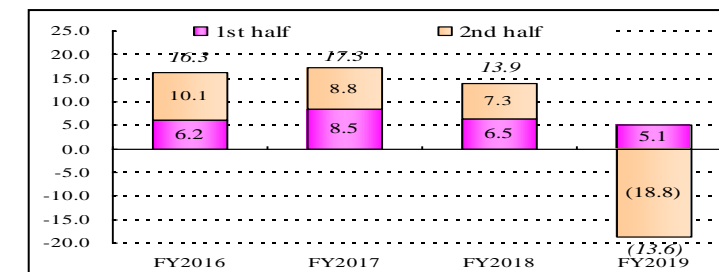
【Changes in Net Sales】



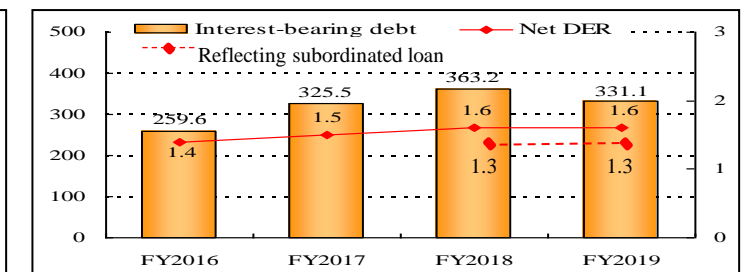
【Quarterly Operating Results】



【Changes in Net Income】



【Changes in Interest-bearing Debt】



Forecast (Annual)	FY2020* (estimated)	FY2019	change	Cash Dividends	FY2018	FY2019	FY2020* (estimated)
Operating income	—	27.3	—	Year-end (yen)	75.00	25.00	—
Ordinary income	—	(12.5)	—	Annual (yen)	150.00	100.00	—
Net income attributable to owners of parent	—	(13.6)	—	Dividend payout ratio	44%	—	—

\*Forecasts for the FY2020 have not yet been determined given that it is difficult to reasonably estimate the impact of the novel coronavirus outbreak.