

## Highlights of Consolidated Financial Results for the 3rd Quarter of FY2021

(Japan GAAP)

HANWA Co., Ltd.

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

## Outline of Financial Results for the 3rd Quarter of FY2021

• During the 3rd quarter of the fiscal year, economic activity progressed on a recovery trend. Net sales increased to 1,541 billion yen, as transaction volume increased in Steel businesses, and prices of steel and non-ferrous metals trended upward. Profits expanded in all business segments. Operating income increased by 163% YoY, to 49.2 billion yen, while ordinary income increased by 176% YoY, to 49.4 billion yen, as equity in earnings of affiliates expanded mainly in the Steel business, and net income attributable to owners of the company increased by 170% to 33.1 billion yen.

• We plan to pay 100 yen as the annual (50 yen as the interim and 50 yen as the year-end) dividend.

Operating Results	1Q-3Q of FY2020	1Q-3Q of FY2021	Y o Y		Main Factors
			Change	rate	
Net sales	1,244.9	1,541.0	—*	—*	(Net sales) Net sales increased to 1,541 billion yen, as transaction volume swelled in Steel businesses, and prices of steel and nonferrous metals trended upward.
Gross profit	55.8	90.5	34.6	62%	
SG&A expenses	37.0	41.2	4.1	11%	
Operating income	18.7	49.2	30.4	163%	( *From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). For this reason, rates of increase/decrease YoY are not shown for net sales.)
Non-operating income	4.7	5.9	1.2	26%	
Non-operating expenses	5.5	5.7	0.1	3%	(SG&A expenses) SG & A expenses increased by 4.1 billion yen YoY, with newly consolidated subsidiaries contributing 0.5 billion yen to this figure. Personnel expenses rose by 1.9 billion yen YoY, with 0.4 billion yen of this figure deriving from newly consolidated subsidiaries.
Ordinary income	17.9	49.4	31.5	176%	
Extraordinary gain	0.6	—	(0.6)	-100%	
Extraordinary loss	0.1	1.2	1.1	761%	(Non-operating income/expenses) Non-operating income increased by 1.2 billion yen and non-operating expenses increased by 0.1 billion yen. The main impacts on ordinary income were as follows. Interest income : decrease of 0.1 billion yen(YoY) Dividend income : decrease of 0.1 billion yen(YoY) Equity in earnings of affiliates : increase of 1.4 billion yen(YoY)
Income before income taxes and others	18.4	48.2	29.7	161%	
Income taxes	6.0	14.5	8.5	141%	
Net income	12.4	33.6	21.1	170%	(Extraordinary loss) Loss on devaluation of investments securities : 1.1 billion yen
Owners of the parent(loss)	12.2	33.1	20.9	170%	
Non-controlling interests(loss)	0.1	0.4	0.2	174%	
EPS (yen)	301.96	816.43	514.47	170%	
Comprehensive income	14.7	38.6	23.8	162%	

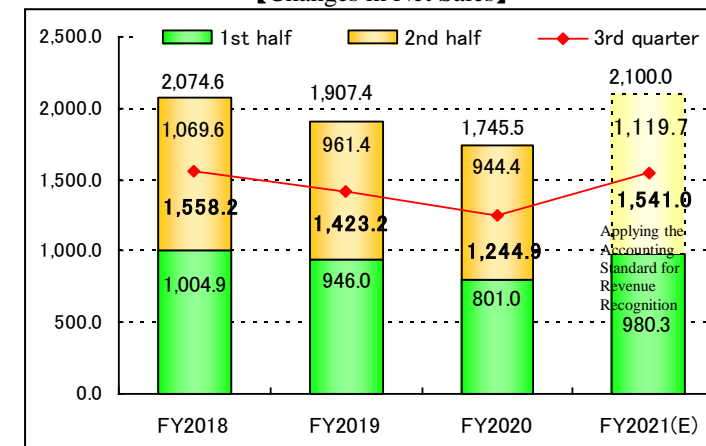
Segment Information	Net sales			Segment income			Main Factors
	1Q-3Q of FY2020	1Q-3Q of FY2021	rate	1Q-3Q of FY2020	1Q-3Q of FY2021	rate	
Steel	648.6	722.5	—	11.4	28.4	148%	(Steel business) Segment income and profit margin grew. Transaction volume increased amid an upward trend in demand for steel. Steel products prices continued to rise amid mounting raw-material costs.
* Primary Metal	163.7	143.0	—	3.2	5.8	80%	(Primary metals business) Segment income increased as steel and non-ferrous metal manufacturers resumed operation, transaction volume in stainless-steel base metals and alloys remained strong and nickel prices rose. As a result, profit margin expanded.
Metal Recycling	55.8	97.0	—	0.3	4.1	984%	(Metal recycling business) Segment income increased. With base metals trending at a high level, profit margin was secured by expansion of aluminum and copper-scrap sales, while transaction volume in stainless-scrap increased through utilization of the cargo-collection and inventory functions of subsidiaries.
Foods	80.0	91.6	—	1.7	2.9	74%	(Foods business) Profit margin expanded as transaction volume with volume retailers increased and the product prices followed a rising trend. Segment income also increased amid improved profitability at consolidated subsidiaries in the U.S. and Japan.
Energy & Living Materials	129.3	204.0	—	4.3	4.7	9%	(Energy & Living Materials business) Segment income increased. With prices for crude oil and petroleum products on a rising trend, profit margin was secured as transaction volume in palm kernel shells (PKS) and wood pellets increased, while transaction volume in daily necessities and household goods increased.
Overseas sales subsidiaries	145.5	243.1	—	0.9	4.8	417%	(Overseas sales subsidiaries) Segment income increased. Transaction volume in steel increased in some countries, including Indonesia and Singapore, while transaction volume in imported steel materials increased amid mounting tightening supply in the U.S..
Total for reportable segments	1,223.1	1,501.3	—	22.1	51.0	131%	
Other	63.8	89.9	—	0.4	2.2	402%	
Total	1,286.9	1,591.2	—	22.5	53.3	136%	
Adjustment	(41.9)	(50.2)	—	(4.6)	(3.8)	-17%	
Consolidated	1,244.9	1,541.0	—	17.9	49.4	176%	

\* Since the 1st Quarter of the fiscal year 2021, the Company has changed its method of classification of business segments, integrating a part of the Steel business into the Primary Metal business. Please note that comparison on a YoY basis is made in accordance with the classification method after the changing.

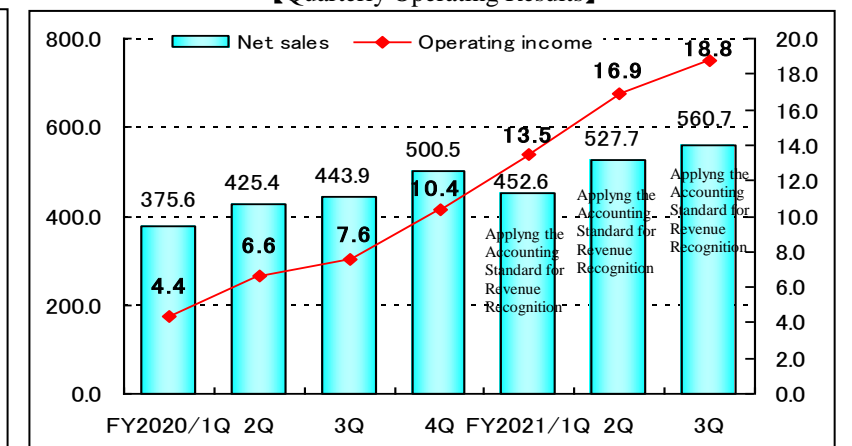
Topics	
• Apr.	Acquire the shares in Suzuki-Sumiden Wire Products Guangzhou Co., Ltd. (SWPG), a manufacturer of high-quality stainless wire in China.
• Sep.	Acquire the shares in Da Ming International Holdings Limited, a holding company of Daming Group which is one of China's largest distributor of steel products and also a comprehensive steel service center.
• Oct.	Hanwa Trading (Shanghai) Co., Ltd., a consolidated subsidiary of the Company, acquire the shares in JiangYin XiaoDa Metal Products Manufacturing Co., Ltd..

Financial Position	Mar. 2021	Dec. 2021	Comparison with Mar. 2021		Main Factors
			Change	rate	
Total assets	824.5	1,108.7	284.1	34%	(Total Assets) Total assets increased by 34% from the end of the previous fiscal year, mainly because of an increase in trade receivables resulting from a sales increase. Trade receivables 524.2 billion yen (+37% from the end of the previous fiscal year)
(Current assets)	630.0	888.5	258.4	41%	
(Fixed assets)	194.4	220.2	25.7	13%	
Total liabilities	632.7	879.7	247.0	39%	(Liabilities) Liabilities increased by 39% from the end of the previous fiscal year, mainly as a result of increases in trade payables and short-term debt. As interest-bearing debt increased by 37%, net debt-equity ratio was turned into 167% (*140%).
(Interest-bearing debt)	301.6	413.5	111.9	37%	
(Net interest-bearing debt)	250.7	376.7	126.0	50%	
Net DER	133%/105%*	167%/140%*	34pt	31%	(Net assets) Total net assets increased 19% from the end of the previous fiscal year because of accumulation of retained earnings from net income attributable to owners of parent as well as a fluctuation in foreign currency translation adjustments. Shareholders' equity ratio was 20.4% (*22.6%), which is 2.5 percentage points lower than at the end of the previous fiscal year.
Total net assets	191.8	229.0	37.1	19%	
(Equity capital)	179.7	211.5	31.7	18%	
(Valuation & translation adjustments)	9.4	14.2	4.7	51%	
(Minority interests)	2.6	3.2	0.6	23%	
BPS (yen)	4,656.17	5,555.47	899.30	19%	
Shareholders' equity	189.2	225.7	36.5	19%	
Shareholders' equity ratio	22.9/26.0%*	20.4/22.6%*	-2.5pt	-11%	*Reflecting equity credit attributes of the subordinated loan

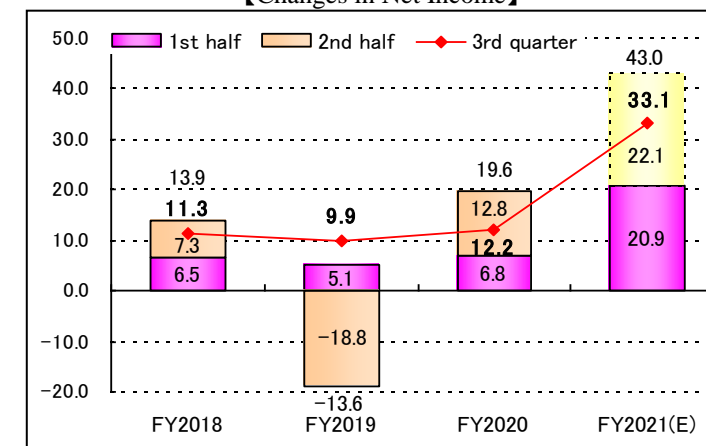
【Changes in Net Sales】



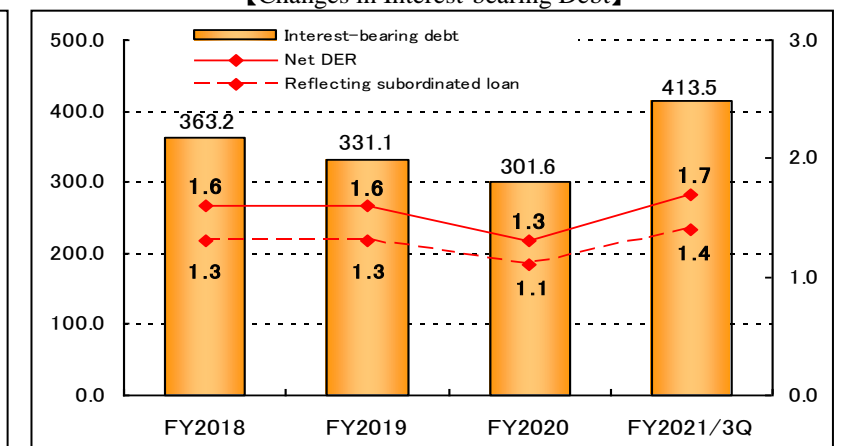
【Quarterly Operating Results】



【Changes in Net Income】



【Changes in Interest-bearing Debt】



Forecast (Annual)	FY2020	FY2021 (estimated)		Cash Dividends	FY2019	FY2020	FY2021 (estimated)
			change				
Net sales	1,745.5	2,100.0	—	Interim (yen)	75.00	30.00	50.00
Operating income	29.2	62.0	112%	Year-end (yen)	25.00	30.00	50.00
Ordinary income	28.8	62.0	115%	Annual (yen)	100.00	60.00	100.00
Net income attributable to owners of parent	19.6	43.0	119%	Dividend payout ratio	—	12%	9%

\* From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). As a result, the figures in the above forecast of consolidated business results constitute the figures after application of said accounting standard. For this reason, rates of increase/decrease YoY are not shown for net sales.