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Notification regarding increase in consolidated total assets and capital loans

On March 7, 2022 (London time), Hanwa Co., Ltd. (“Hanwa”) took out loans for capital as an addition to its guarantee deposit for derivative transactions and its consolidated total assets have been increased, as follows:

1. Increase of consolidated total assets

(1) Date of increase

March 7, 2022 (London time)

(2) Overview

Hanwa is carrying out derivative transactions involving commodities, a portion of which involve profit and loss attributable to counter parties, and the recent military invasion of Ukraine by Russia has caused a sudden surge in futures prices on the London Metal Exchange.

As a result, the long-term guarantee deposit amount required for the applicable transactions in the consolidated 4th quarter of the fiscal year ending in March 2022 (January 1, 2022 to March 31, 2022) has been increased. Accordingly, the consolidated total assets and liabilities increased to by approximately 133,109 million yen.

2. Capital loans

(1) Reason for loans

To handle 1.(2) above.

(2) Details of loans

Lenders	Sumitomo Mitsui Banking Corporation, Mizuho Bank, MUFG Bank, and Sumitomo Mitsui Trust Bank
Total loan amount	120,000 million yen
Loan interest rate	Standard interest rate + spread
Resolution date	March 8, 2022
Loan dates	March 8 - 11, 2022
Loan period	6 months from the loan date

3. Future forecast

The applicable increase in long-term guarantee deposit requirements is due to the recent military invasion of Ukraine by Russia, which caused a sudden surge in futures prices on the London Metal Exchange. Depending on the trends in futures prices moving forward, there is a possibility the consolidated total assets and capital loans may carry out further increase or decrease. If there are matters for which timely disclosure standards apply, Hanwa will disclose these matters promptly.

In addition, the effects of this event on profit and loss is insignificant because the additional expense is only the interest fee on the loans although the long-term guarantee deposit is allocated as assets and the loan debt corresponding to the amount of its deposit is allocated as liabilities.

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