

2023

INTEGRATED R E P O R T

Year ended March 31, 2023



Printed on paper made with wood
from forest thinning. "Morino Cho-
nai-Kai" (Forest Neighborhood As-
sociation)—Supporting sound for-
est management.



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For Users, With Users

Corporate Philosophy

Coping with changes of the times and the market quickly, we, as a “distribution specialist”, aspire to make a broad contribution to society by satisfying various needs of customers.

Success in today’s markets demands speed and the ability to meet a broad range of needs. Great change has come about on an unprecedented scale. Only companies that can adapt quickly will survive. We have accumulated experience and accomplishments in the field of “distribution” that spans more than 70 years. We know how to build powerful businesses and move quickly in the pursuit of value creation and customer satisfaction.

Dedicated to corporate citizenship, we want our business operations to help make communities and the world a better place to live. This is why we prioritize compliance and other activities that enable us to fulfill our obligation to society.

Through such activities, we keep nurturing a corporate culture that will enhance the value and reliability of our Company. We aim to make greater contributions by fulfilling our social responsibilities.

Corporate Policy

Accomplishment of social responsibilities

We contribute to the global society and the community through our business activities with sound management practices that attach importance to compliance.

Improvement of “Hanwa’s Value”

We raise our corporate value steadily by effective utilization of the management resources offered from various stakeholders.

Pursuit of trading company distribution with strong presence

Under a customer-oriented policy, we pursue sustainable customer satisfaction by providing value-added distribution and proposal-driven marketing.

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President's Message



“ As a distribution specialist,
we are building sustainable and highly transparent
supply chains and increasing corporate value ”

Yoichi Nakagawa

Representative Director and President

Expanding our business as a user-oriented trading company by drawing on the pioneering spirit of our predecessors

In 2022, I was appointed Representative Director and President, and this fiscal year is my second year. Looking back at the previous fiscal year, various risks emerged that threatened the sustainability of supply chains, which are the lifeline for trading companies, and the economy and society in general. These included the prolonged crisis in Ukraine, the stagnation of economic activities and disruption of logistics due to China's zero-COVID-19 policy, rising global inflation, and trade friction mainly between the United States and China. As a “distribution specialist,” I feel that it was a year in which we were reminded of the weight of our responsibility to ensure stable supplies.

Founded in 1946, shortly after WWII, we have expanded our business as an independent trading company that involved a wide range of products centered on steel materials, including steel, primary metal, metal recycling, food products, energy and living materials, lumber, and machinery.

Above all, we have solidified our presence as a “user-oriented trading company” that meets the needs of our business partners by addressing the challenges faced by each industry and workplace, such as declining domestic demand for steel, intensifying competition for resources, and social demands for decarbonization, based on a thorough user-first principle and hands-on approach. In addition, we are promoting sales that respond to customers' needs in

detail epitomized in our “SOKOKA” (Just-in-Time delivery, small lot, processing) strategy and are practicing “M&A plus A (alliances)” to promote the acquisition of outstanding companies specializing in processing and small-lot logistics and forming business alliances in order to promote the SOKOKA strategy. Furthermore, under the slogan “Create another Hanwa in Southeast Asia,” we have made various preemptive moves in response to the changing times, such as developing a SOKOKA strategy for ASEAN countries, where local production for local consumption of steel is increasing, and entering the battery materials business for electric vehicles (EVs).

Despite a business environment that sometimes required me to make difficult leadership decisions in my first year as President, we successfully posted record high results, with net sales of ¥2,668.2 billion and ordinary income of ¥64.2 billion for the fiscal year ended March 31, 2023. This was the second consecutive year in which we were able to break our past records. I attribute this in the most part to the pioneering spirit we have inherited from our predecessors and to the results of our seed-planting in “aggressive stance” including our strategic investments.

Aiming to “soar” higher in the Tenth Medium-Term Business Plan

The Ninth Medium-Term Business Plan, for the 3-year period from FY2020, which we promoted under the theme “Run up to HANWA 2030 - Challenge the unknown beyond the present,” came to an

end in March of this year, and we are now in the first year of our Tenth Medium-Term Business Plan in FY2023. Under the new Medium-Term Business Plan, we are aiming to “soar” higher based on various “challenges” that we have taken on to date, while maintaining the basic policy established under the Ninth Medium-Term Business Plan.

This basic policy can be likened to the structure of a building, with “sustainability management” as the foundation, “Enhancement of management foundation” on the first floor, “Development of business strategy” on the second floor, and “Generate profits from investment” on the third floor. The basic policy defines the strengthening of our foundations to support further growth and business strategies without being bound by our existing framework.

In terms of our achievements during the Ninth Medium-Term Business Plan, the quantitative targets set in the plan were largely achieved, with both net sales and ordinary income far exceeding their respective targets.

The Tenth Medium-Term Business Plan sets quantitative targets for FY2025 of ¥70.0 billion of ordinary income, which is more than double the target set in the Ninth Medium-Term Business Plan, and ¥80.0 billion in investment and lending capacity, which greatly exceeds the cumulative total of ¥62.8 billion set in the Ninth Medium-Term Business Plan. As we approach net sales of ¥3 trillion, the details in the plan are designed to achieve sustainable growth with an eye on 2030.

Achieving further growth by strengthening our management foundation and risk management systems

The first critical issue in the Ninth Medium-Term Business Plan that we addressed in the first year of my presidency was the “Enhancement of management foundation.” We focused on strengthening our financial base by improving our capital structure, which had become distorted in financing due to the sharp rise in market prices as a result of the situation in Ukraine, and rebuilding our capital adequacy ratio, which had fallen to the 10% level, and significantly reducing liabilities, which had risen 133.1% from the FY2020 level. As a result, net DER, which had risen to 235%, was 98%, less than the target of 130%.

We achieved shareholders' equity of ¥270.8 billion, exceeding our target of ¥200.0 billion. I view the achievement of a certain level of financial soundness as a step toward the next stage of our development. However, in order to continue to achieve rapid growth through aggressive investment and lending and business expansion, I believe it is essential to improve our risk management system and further strengthen our financial base so that we can appropriately handle risks. The Tenth Medium-Term Business Plan includes strengthening company-wide risk management in order to respond to the increasing size and complexity of risks as business domains deepen and expand.

With regard to the strengthening of our financial base, during the period of the Ninth Medium-Term Business Plan, we established a structure that will enable us to generate a certain level of profit.

President's Message

Going forward, we will continue to focus on strengthening our balance sheet and improving cash flows to ensure that we are a strong company that will not be shaken by unprecedented circumstances. We are aiming for an external rating of "A" instead of the current "A-" and an increase in dividends over the medium to long term in terms of shareholder returns., we are aiming to increase dividends over the medium to long term. We will flexibly consider additional shareholder returns through means such as purchases of treasury stock based on a policy of progressive dividends with a minimum DOE of 2.5%. We expect to pay an annual dividend of ¥170 per share in FY2023. We have set a ROE target of 12.0% or more, aiming to improve our corporate value and to realize stable shareholder returns in order to respond to the support of our shareholders.

In addition, as for "strengthening human resources," a trading company's greatest treasure, we opened Hanwa Business School, a corporate university in 2022. The program allows participants to learn anywhere, anytime, 24 hours a day. The school has systematized the educational content that we have been teaching in individual training programs up to now, including the Faculty of Literature to learn our "DNA;" the Faculty of Foreign Language to acquire Chinese, English, and other languages; the Faculty of Business Administration to learn the practice of business administration; the Faculty of Engineering to enhance IT literacy; and the Faculty of Commerce, which teaches subjects such as finance theory. I would like the school to be a place where employees learn and improve themselves based on their own initiative.

Turning to our DX strategy, we acquired DX certification from the Ministry of Economy, Trade and Industry in March 2022, and we put our new ERP system (Shift) into operation in April 2023. In addition to promoting operational efficiency in the field, we intend to make effective use of the system in our sales activities to speed up management by using it as a foundation for sharing various management indicators in a timely manner.



Rolling out "SOKOKA" business in eastern Japan and growing local production for local consumption in ASEAN countries

We are starting to see the results in various fields in terms of the "Development of business strategy" and "Generate profits from investment." In the domestic steel business, we have been preparing to expand the SOKOKA strategy, which we have been promoting mainly in western Japan since FY2010, to eastern Japan. In June 2022, we established Hanwa Daisun Co., Ltd. (Head Office: Tokyo) and began operations in October 2022 as its first initiative. In December 2022, we welcomed Tanaka Steel Trading Co., Ltd., a major steel building materials distributor operating in the Kanto, Koshinetsu, and Tohoku regions, to our Group, enabling us to build a supply chain foundation to strengthen our downstream strategy in eastern Japan.

In the Tenth Medium-Term Business Plan, we plan to expand our fields by deepening our SOKOKA strategy, shift from being a materials wholesaler to being a high-value-added processed goods seller by upgrading our processing capabilities, and strengthen our solutions function through alliances, etc.

In the overseas steel business, under the slogan "Create another Hanwa in Southeast Asia," we have transplanted the SOKOKA model that has been successful in Japan to Indonesia, Singapore, Thailand, and Vietnam, etc., and have expanded local production for local consumption businesses in ASEAN countries. Today, ASEAN based Group companies have grown into strategically important bases handling close to 3 million tons of steel per year. As we move forward, we will continue to view the expansion of overseas markets for local production for local consumption businesses as a powerful growth driver for the Group. We will aim to respond to the increasing demand for steel scrap in line with growing environmental awareness of issues such as carbon neutrality and decarbonization, and to optimize and improve the efficiency of marine logistics between ASEAN countries and among Group companies in each country.

Expanding EV secondary battery business based in Singapore

In the primary metal business, the "distinctive resources investment" that we have been pursuing is moving from the seeding to the flowering and harvesting phases. We are also embarking on new projects, especially in the secondary battery raw material business for EVs, a sector which is expected to grow in the future.

First, with regard to mining investments, which we have been investing in since the Eighth Medium-Term Business Plan, we are now at a stage in which, in addition to revenue from the sale of products by strategic investees such as SAMANCOR, a ferrochrome producer in South Africa, and Tsingshan Holding Group, a nickel producer in Indonesia, share of profit of entities accounted for using equity method and dividend income will also contribute to our performance.

Furthermore, Indonesia-based QMB NEW ENERGY MATERIALS, a company that we invested in 2018, which engages in the

integrated production of high-purity nickel-cobalt compounds for EV rechargeable batteries from ore, began operating in FY2022.

Under the Tenth Medium-Term Business Plan, we established the "BATTERY GLOBAL GROUP for ELECTRIFICATION," which was developed from the "BATTERY Team" set up in April 2021 and reformed into a global structure, as a cross-sectional organization covering upstream to downstream and recycling of rechargeable batteries. The most important point to note here, is that we have based the GROUP in Singapore, with the aim of keeping up with the world's leading trends in EVs without any time lag, and responding firmly to the intensifying competition for resources. In addition to QMB NEW ENERGY MATERIALS in Indonesia, we are collaborating with our bases around the world in Taiwan, Korea, China, Australia, North America, Mexico, Europe, and South Africa to further push to secure unevenly distributed battery resources, with the goal of creating a cross-sectionally and comprehensively closed loop of batteries throughout the secondary battery lifecycle.

We have also concluded a strategic partnership agreement with Honda Motor Co., Ltd. for the sustainable procurement of EV battery metals. In preparation for the switch to EVs, which is expected to accelerate in Japan sometime around 2025, we will fulfill our responsibility for the long-term supply of raw materials and, in anticipation of the future recycling of waste batteries, we are planning to decentralize our bases globally to create a more strategic and sustainable supply chain.

Contributing to the realization of a circular society as a pioneer in the recycling business

In the food products business, we also anticipate that changing our business model will lead to an expansion in growth.

In our Tenth Medium-Term Business Plan, in addition to the stable securing of raw materials, focused on marine resources and the further strengthening of wholesale sales, we have set the realization of a vertically integrated business involved in everything from processing to retail sales aimed at end users. This is the food version of our SOKOKA strategy as it were. We are aiming to expand and transform our businesses as the trading company of choice for end-users by incorporating the successful model we have devel-

oped in the steel business into our food products business.

All these business strategies are based on the practice of "sustainability management." In the steel industry, decarbonization initiatives, including CO₂ reduction measures through the expansion of electric arc furnaces and the development of hydrogen reduction ironmaking technology, are accelerating around the world. Since our founding, we have contributed to the realization of a sound material-cycle society by promoting the effective use of limited resources and energy, including scrap recycling initiatives in the ferrous and non-ferrous metal domains.

In January 2023, we identified our key issues (materiality), one of which is "the creation of a sustainable, sound material-cycle society." As a distribution specialist, it is naturally our job to fulfill our supply responsibilities. The time has come for us to play a role in building a supply chain that takes the environment and human rights into consideration, which will, in turn, link to improving our corporate value. For example, we need to consider how to achieve stable and efficient logistics in the face of labor shortages caused by the "2024 problem" in the logistics industry. We also need to consider how to achieve a sustainable and highly transparent supply chain in cooperation with our business partners, taking into consideration human rights and environmental issues when securing resources. For a trading company that is widely involved in the sustainability of all industries and, by extension, society, the importance of each and every employee acting with a keen awareness of the significance of our existence in society will continue to grow in the future.

In order to realize our ideal, I believe that I have an important responsibility as President to establish an optimal governance structure, ensure compliance, and to once again create a strong management foundation capable of responding to changes in the business environment to achieve sustainable growth.

In 2030 and thereafter, we will continue to work to improve our corporate value so as to win the understanding and satisfy our stakeholders as a "user-oriented trading company" that works closely with our customers. I hope that you will continue to have high hopes for our future growth and humbly ask for your continued guidance and support.

Chairman's Message

Yasumichi Kato

Representative Director and Chairman



“We will realize sustainable growth on the strength of our “ability to cultivate new business” and “strengths generated from actual products that enable faster transactions,” which are ingrained into Hanwa DNA”

Achieved new client acquisition targets thanks to the “SOKOKA” strategy

I was appointed Chairman from this fiscal year, as Hironari Furukawa retired after having devoted many years to driving the growth of our Group. My appointment signals the start of a new management structure with Yoichi Nakagawa continuing to serve as President.

Our Tenth Medium-Term Business Plan, which covers the 3-year period from FY2023, will be one of the important turning points in our efforts to achieve sustainable growth as we look ahead to 2030. More than 70 years have passed since our founding. In order to soar to further heights, I would like to study our DNA and the strengths our predecessors established and once again take stock of how we should be as a company in the future.

As a “user-oriented trading company” that meets our customers’ needs, we are promoting our “SOKOKA” (Just-in-Time delivery, small lot, processing) strategy, which aims to increase transactions with small and medium-sized companies, centered on our core steel business. Another starting point for

expanding our business has been the widespread practice of “M&A plus A (alliances),” which we have used to develop sales activities that provide higher added value and to promote business tie-ups and the acquisition of outstanding companies that excel at highly specialized processing and small-lot logistics.

I believe that the two strengths that form the basis of such unique business development are the “ability to cultivate new business” and “product strengths,” which we have built up since our founding.

It goes without saying that relationships with existing customers are important, but acquiring new customers is also essential for us to continue to grow. Since we were young employees, we have, as a matter of course, been working to develop new business through walk-in sales. This pioneering spirit has been passed down to today’s young employees and is part of the Hanwa DNA that we have inherited. Our emphasis on new business development can be seen from the fact that we announced the number of new customers acquired as a quantitative target in our Ninth Medium-Term Business Plan. During the

Ninth Medium-Term Business Plan period, we acquired 6,430 new customers, which greatly exceeded our cumulative target of 5,000, enabling us to be highly rated by our stakeholders.

In terms of product strengths, since the beginning of our founding, we opened large warehouses in Osaka, Tokyo, and Nagoya. Even today, despite being a trading company, we retain inventory and have developed a direct-demand goods business that delivers steel to customers on a just-in-time basis. Because we do business not only on paper, but also trade actual products and work closely with those in the field, we are able to accurately grasp our business partners’ challenges and needs. The accumulation of this knowhow has led to the strengthening of business close to actual products, so-called a “land war,” centered on our SOKOKA strategy.

Accumulating case studies to improve our ability to develop new business

In the belief that it is essential to take over and fine tune these two DNAs to meet the demands of the times, we have launched a new initiative at Hanwa Business School, a corporate university that opened in 2022 in preparation for future growth.

The school’s faculty system allows employees to freely acquire a broad range of knowledge. We are currently implementing a plan called “Journey to the Origins of Commercial Rights” in the Faculty of Literature, where employees learn about our history. This is an attempt to have current employees in charge to interview more senior pioneer employees as if searching for the source of a river, to find out who developed the commercial rights in transactions with our main customers with whom we have long-standing relationships, and to archive these interviews as valuable case studies.

There is no textbook containing the correct answer on how to develop new business. I believe that showering employees in case studies unique to us in an attempt to have them discover something new by studying the past will enable them to gain knowledge and be the driving force for future challenges in their workplace.

In terms of inheriting product strengths, we are promoting the redefinition of our SOKOKA strategy and the reform of our SOKOKA methods. The SOKOKA strategy has now become a synonym not only with the steel business, but also with other businesses that offer high added value by focusing on actual products, and has led to the rise of various types of SOKOKA strategy. In the Tenth Medium-Term Business Plan, we plan to redefine how we will proceed with our future SOKOKA strategies to meet our customers’ needs, after we have reaffirmed our strengths and current position in each department.

For example, in the lumber business, we have established a SOKOKA strategic supply network starting downstream (house builders) as a “lumber SOKOKA.” We are strengthening our system for supplying all materials necessary to build houses to meet customer needs. In addition, some departments

might concentrate on “processing” and thoroughly explore user needs and their own strengths. In terms of how we will efficiently develop a business that focuses on actual products while also taking external factors into consideration, we are working on a bottom-up approach.

In addition, the training of talents capable of continuing to adapt to change is a major key to achieving sustainable growth in an era in which the future is uncertain. Looking beyond the Tenth Medium-Term Business Plan to 2030, over the next few years, I think we will be able to identify global industry trends, including the direction of the business model shift toward a decarbonized society, and a path for the development of laws. We have set becoming “an organization that adapts and evolves continuously and autonomously in response to changes in the environment” as the envisaged organizational image we are aiming for, and “Management, Professional & Global” as the image of our preferred personnel human resources we are looking for, in order to create a structure that is sensitive to such changes and to be able to respond flexibly. We plan to focus our efforts on achieving these goals.

Building relationships of trust with customers through “thoroughness in everyday matters”

For trading companies, at which people are its greatest management resource, relationships of trust with customers are the basis for sustainable growth. Therefore, I try to ensure I talk about being trustworthy as a person working for a trading company during training sessions for new employees and managers.

So what does one need to do to be trusted? One thing is “thoroughness in everyday matters.” Naturally, we should be punctual, greet people properly, and keep our promises (do not make promises that you cannot keep). However, it is surprisingly difficult to do things such as these, that are taken for granted, properly. Whenever I have the opportunity, I impress on employees not to neglect the things we take for granted, and that doing these things properly on a daily basis will lead to building relationships of trust.

Another thing is to have your own take on common sense. Common sense differs between countries and between social organizations, and it also changes over time. Just as the advent of the concept of carbon neutrality has drastically changed conventional business wisdom, so too will common sense change by the minute over the next few years.

Darwin famously said, “those who survive are those who successfully adapt.” In order to adapt appropriately to change, all employees must first have their own common sense and values and reconcile them with our corporate culture as a collective to determine what should be changed and what should be kept the same. We will then spread our wings and renew our determination to soar into the unknown future. I hope you will look forward to a “Changing Hanwa, Unchanging Hanwa” in the future, and kindly ask for your continued support and guidance.

Progress in Value Creation - Contribution to the realization of a sustainable society -



Hanwa Shokai was founded in December 1946 by three brothers, Jiro Kita, Ryosaku Naide, and Shigeru Kita. In April of the following year, it was reorganized into Hanwa Co., Ltd. Starting with sales of steel materials to the Forestry Agency and the Forestry Bureau, sales of round bars also increased. We subsequently strengthened its business foundation by earning the reputation of "Round Bar Hanwa" and expanded its sales channels. We were listed on the second section of the Osaka Securities Exchange in 1963. With its improved social creditworthiness and financial strength upon its listing, we diversified its operations into petroleum, lumber, non-ferrous metals, and food products businesses, in addition to its steel business, while opening overseas offices in Hong Kong, New York, and Seattle, among other places.



While proactively expanding its operations through enhancement of functions of its steel distribution centers in Japan and initiatives such as making capital participation in overseas steel distribution centers, we were said to be one of the most famous companies with zai-tech, but suffered great losses in the aftermath of the bursting of the bubble. In 1994, the newly appointed president of the Company, Mr. Shuji Kita, declared "a complete withdrawal from zai-tech to a focus on our core businesses" and made a start as a new Hanwa. In Japan, we established operating bases in order to expand distribution functions, and overseas, we expanded our steel processing functions mainly in China.



We made a recovery from the loss resulting from zai-tech and implemented dividend payment for the first time in 2002 after eight fiscal years. In 2004, the Fourth Medium-Term Business Plan with an "assertive management" approach was formulated with all-employee participation. In addition, we expanded offices in Japan and overseas, including the establishment of Hanwa Steel Service Ltd. and the expansion of the chromium business in South Africa. In 2011, Hironari Furukawa assumed the position of president and advocated for a "user-oriented trading company." With a view to expanding trading volume with small and mid-sized companies, through "M&A plus A (alliances)," we advanced the "SOKOKA (Just-in-Time delivery, small lot, processing)" strategy and cultivated the markets.



In April 2022, Yoichi Nakagawa assumed the position of president and we are promoting initiatives toward the creation of a flexible organization capable of responding to rapidly changing times. In addition, based on our Tenth Medium-Term Business Plan formulated with the theme, "Run up to HANWA 2030 ~Soar into the next stage challenging the status quo~,," which covers the 3-year period from FY2023 to FY2025, we will promote initiatives toward sustainable growth as we head toward our 100th anniversary.

Enhancement of Corporate Foundation and Social Contribution ● Environment ● Society ● Governance

1957	1970	1976	2000	2003	2004	2006	2009	2012	2015	2021	2022
● Established Hanwa Scholarship Foundation	● Introduced corporate pension plan	● Established Hanwa Health Insurance Society	● Obtained ISO 14001 certification	● Established Corporate Ethical Standards and Corporate Rules of Ethical Business Conduct	● Established CSR Committee (predecessor of Sustainability Promotion Committee)	● Established Internal Control Committee	● Established Diversity Promotion Office	● Introduced executive officer system	● Received Medal with Dark Blue Ribbon in recognition of Japan Public-Private Partnership Donation Program to Support Students Studying Abroad	● Established Sustainability Promotion Committee	● Established Sustainability Promotion Office ● Established Sustainability Basic Policy

Ever since our foundation, Hanwa Co., Ltd. has always anticipated what lies ahead and grown by responding to the diverse needs of the users. With our corporate philosophy to become a "distribution specialist," we will continue to satisfy various needs of our users accurately by leveraging our high level of expertise and extensive network and contribute to the realization of a sustainable society through our business.

Contribution to the Realization of a Sustainable Society through Our Business

Steel

We aim to contribute to the building of a sustainable sound material-cycle society through the promotion of the steel reusing and recycling business.

- 1953 Imported steel scrap from India and the United States
- 1955 Started Japan's first imported ship scrapping business after WWII and sold non-steel scrap of 17 scrapped ships
- 1965 Operated Japan's first dedicated ship for transporting steel scrap, WAKO MARU, in alliance with a business partner
- 1988 Renovated waste marine containers and entered into the karaoke box business
- 1994 Entered into the steel plate leasing business
- 2004 Took first order in Japan to detoxify materials contaminated with dioxins onsite in a dismantling work of a waste incineration plant
- 2020 Established solar power generation facilities for in-house consumption at Hanwa Logistics Osaka Co., Ltd.
- 2022 Started large-sized solar carport business

Primary Metal

We aim to contribute to the building of an industrial base through a stable supply of metal resources and addressing global warming issues through the distribution of cathode materials for rechargeable batteries.

- 1975 Started handling gold, silver, silicon and nickel
- 1981 Focused on resources contained in the equipment of financial institutions and started the business for scrapping/collecting information equipment
- Started mass imports of Chinese ferroalloy ahead of other companies which were cautious about handling it
- 1997 Started trading solar battery materials (silicon scrap)
- 2001 Developed suppliers for ferroalloy in countries other than China (India, Kazakhstan, Sweden, Iran, South Africa)
- 2018 Made capital investments in a nickel-cobalt compound production company for rechargeable batteries
- 2021 Newly established a BATTERY Team
- Joined the Battery Association for Supply Chain
- 2022 Concluded a strategic partnership agreement with an automobile manufacturer for the stable procurement of rare metals for electric vehicle batteries

Metal Recycling

Through the utilization of the metal recycling know-how and network and the introduction of facilities that emit less CO₂, we will work toward the formation of a circular economy with consideration given to response to climate change.

- 1953 Imported non-steel scrap for the first time
- 1981 Focused on collection of catalyst (waste catalyst) using nickel as raw material and supplied for special electric furnaces
- 1984 Established an aluminum scrap sorting workshop at Nagoya Steel Distribution Center
- 1994 Entered into the aluminum can recycling business
- 1995 Developed new suppliers of the Can To Can business and increased collection volume
- 2011 Established Hanwa Metals Co., Ltd., which collects and sells stainless steel scrap
- 2015 Made SEIKI Co., Ltd., which recycles aluminum, and Nikko Kinzoku Co., Ltd., which recycles metals, into our subsidiaries
- 2019 Acquired a license to sort and process metal scrap materials in Thailand

Food Products

We contribute to sustainable marine and livestock resource circulation in order to distribute safe and secure food.

- 1971 Started handling Taiwan eel and entered into the food industry
- 1973 Partnered with a Korean company having freezing technology and started offshore trading, resulting in an increase in transaction volume of frozen fish block.
- 1978 Conducted a survey on local fish catches and gave guidance on quality improvement at the Las Palmas Office, leading to an increase in transaction volume.
- 1989 Started handling imported livestock products (beef, pork, chicken)
- 2001 Received the "Friend of India" Award from India for our contribution to the import of shrimp
- 2006 Established SEATTLE SHRIMP & SEAFOOD COMPANY, INC. to enhance shrimp sales in North America
- 2010 Obtained MSC-CoC certification for preservation of marine resources
- 2012 Established Hanwa Foods Co., Ltd., which wholesales processed marine products
- 2014 Made Maruhon Honma Suisan Co., Ltd., which processes marine products, into our subsidiary
- 2019 Made East Japan Foods Co., Ltd., which manufactures seafood, into our subsidiary

Energy & Living Materials

We contribute to the realization of a sustainable society through supply of environmentally-friendly energy and plastics and formation of a sound material-cycle society through recycling of waste paper and plastics.

- 1957 Started selling heavy oil to steel business partners
- 1965 Started handling kerosene as an alternate fuel to comply with regulations on pollution caused by factory use fuel
- 1983 Started handling waste paper
- 1986 The recycled pulp business performed well.
- 1992 Developed sales of environmentally friendly packing materials made from recycled milk cartons
- 1997 Started business of synthetic lubricant ingredient PAO (polyalphaolefin) with a major U.S. chemicals company
- 2005 Concluded a contract of high-quality waste paper in cooperation with the Ho Chi Minh Office
- 2015 Made Seibu Service Co., Ltd. and Alpha Forme Co., Ltd., which produce RPF as energy from industrial wastes, into our subsidiaries
- 2017 Started trading urea
- 2018 The cumulative import volume of PKS achieved one million tons.
- 2019 "MIDORI," our biomass fuel vessel, began operations
- 2020 Obtained RSB certification and GGL certification and started providing a service to support the acquisition of certification

Other Business [Lumber/Machinery]

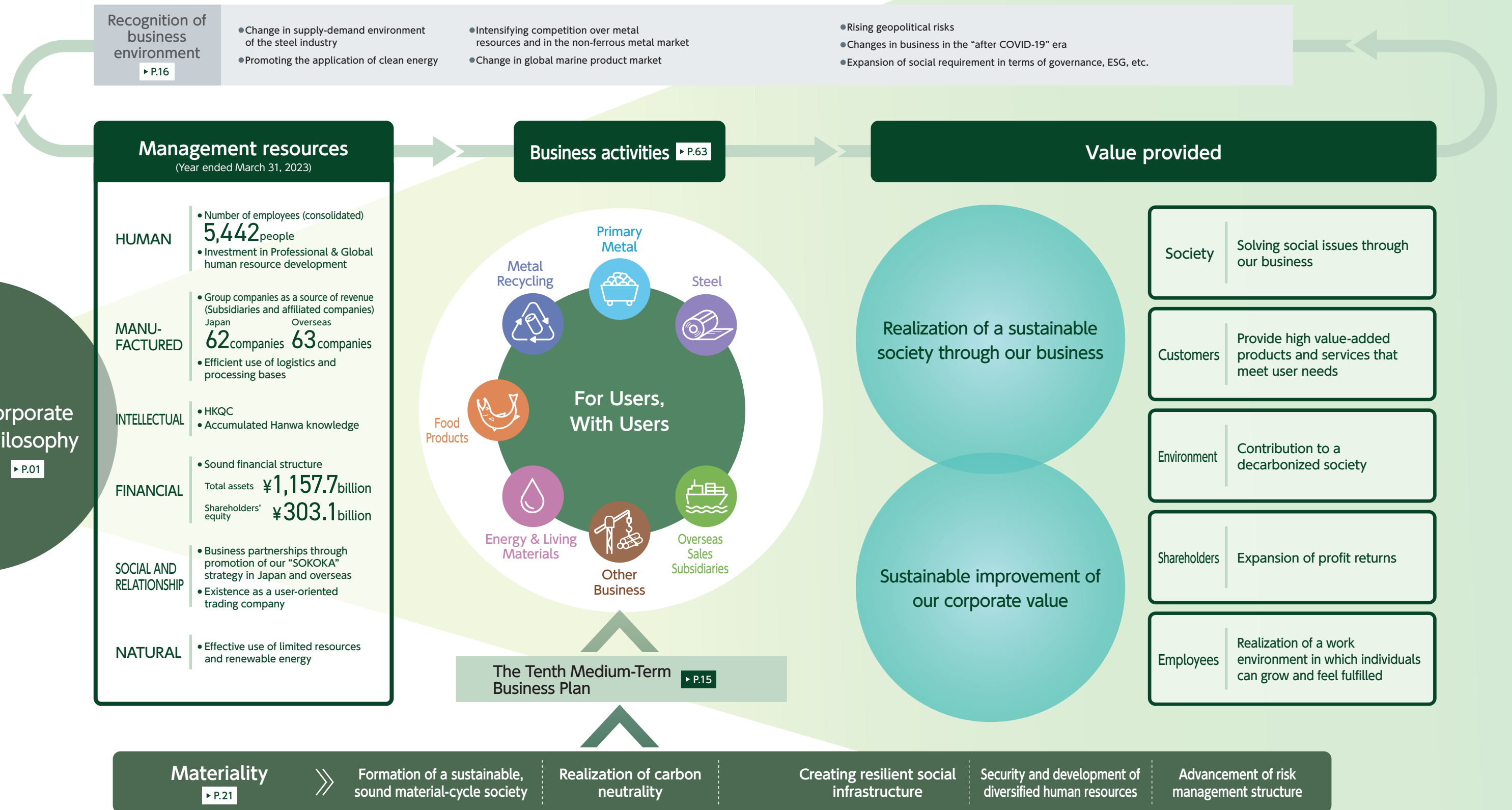
[Lumber] We aim to contribute to the sustainable development of Japanese forestry and the preservation of abundant forests.

[Machinery] We are engaged in the introduction of facilities related to renewable energy, whereby contributing to the realization of a sustainable global environment.

- 1947 Started selling high-performance oil press machines and sugar squeezing machines nationwide in cooperation with agricultural associations across the country
- 1965 Started import of lumber
- 1973 Sold the state-of-the-art rolling wastewater treatment (removal of oil and suspended solids from waste water by pressurized flotation) equipment
- 1975 Took an order for the industry's largest industrial wastewater treatment facilities from an electric furnace steelmaker
- 1988 Implemented Japan's first project for exporting a whole park to Asia and Europe in the secondhand amusement machine market
- 2002 Supplied crushing facilities and dust collector and deodorizer equipment for garbage transfer stations and accumulated sales results to government agencies
- 2005 Obtained FSC-CoC forest certification
- 2009 Obtained PEFC forest certification
- 2017 Established Lumber Procurement Policy

Value Creation Process

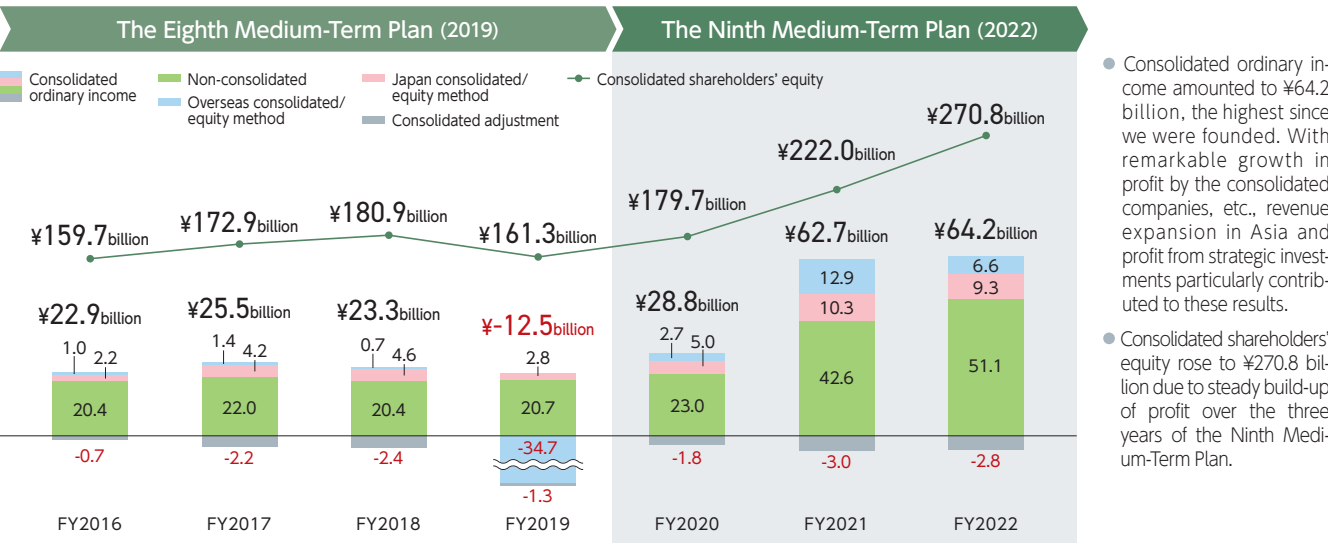
We have been growing with the policy “For Users, With Users” for over 70 years. We continue to improve our corporate value over the medium to long term, aiming for sustainable growth of the Company and society by investing an array of capital, carrying out business activities while using our strengths, and providing the value that we have gained to all of our stakeholders.



Review of the Ninth Medium-Term Business Plan

We formulated a medium-term business plan that indicates our medium- to long-term business policies, the point of their achievement, and strategies and tactics we use to achieve them. In our Ninth Medium-Term Business Plan, formulated in 2020, we engaged in business activities under the theme, “Run up to HANWA 2030 - Challenge the unknown beyond the present.”

Trends of Business Performance



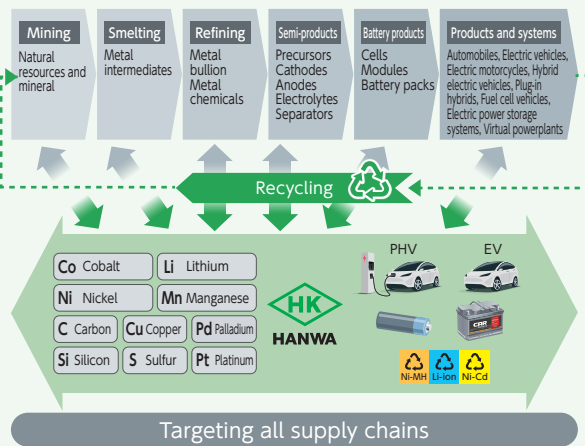
Achievement Status of Quantitative Targets

	Quantitative targets	Achievement	FY2022 results	Outcome/Details
FY2022 Net sales	Before application of revenue recognition standard	¥2,100.0 billion	¥3,100.6 billion	As well as growing transaction volumes in Japan and overseas, commodity prices, including steel, non-ferrous metals, and crude oil, remained at high levels due to high resources prices
	After application of revenue recognition standard	—	¥2,668.2 billion	
FY2022 Ordinary income	¥30.0 billion	Achieved	¥64.2 billion	Expansion of sales networks in Asia (mainly ASEAN) and generation of profits from strategic investments contributed to a rise in ordinary income
FY2020-FY2022 Total investment and lending capacity	Cumulative total: ¥50.0 billion	Exceeded	Cumulative total: ¥62.8 billion	Promoted growth investments in Japan and overseas and introduced a new ERP system within core operating CF
At the end of FY2022 Shareholders' equity	¥200.0 billion	Achieved	¥270.8 billion	Increased due to steady build-up of retained earnings from net income attributable to owners of the parent
Net DER	Approx.130%	Achieved	98% (83%)	Fell due to steady build-up of retained earnings and contraction of interest-bearing liabilities
Human resources development/ Training budget	3 times compared with prior years	Achieved	Approx. 3 times (compared with FY2019)	Established corporate university (Hanwa Business School), began sending employees to MBA programs in Japan, resumed language study abroad program
Global steel transaction volume	15 million tons/year	Unachieved	14.59 million tons/year	Although short of the target, transaction volumes increased due to expansion of business based on local production for local consumption overseas, particularly in Asia (mainly ASEAN)
Global new customers	Cumulative: 5,000 companies	Achieved	Cumulative: 6,430 companies	Expanded transaction base by expanding sales networks, particularly in Asia (mainly ASEAN) and promoting our "SOKOKA" strategy in Japan

Main Topics in the Ninth Medium-Term Business Plan

TOPICS 1 Establishment of a BATTERY Team

In April 2021, we established our BATTERY Team to respond to changes in the market environment toward the realization of carbon neutrality. By leveraging knowhow cultivated over a period of more than two decades, we have been able to further strengthen our handling of raw materials used in cathodes, our chief product, while investing in graphite, a raw material for anode materials, and platinum group metals (Pt) for fuel cell vehicles (FCVs). We have successfully acquired opportunities for sustainable growth by securing distinctive resources. We will continue to contribute to the expansion of our battery businesses and the realization of a carbon-neutral society by engaging in business cross-sectionally and comprehensively concerning every aspect of the Secondary battery lifecycle—upstream, downstream, and recycling.



TOPICS 2 Expanding the “SOKOKA” strategy

In June 2022, we integrated and reorganized a portion of the Steel bar and Construction Materials department in eastern Japan within the Group and established Hanwa Daisun Co., Ltd. In addition, we were able to promote our “SOKOKA” strategy in eastern Japan by welcoming Tanaka Steel Trading Co., Ltd., a major steel materials distributor in the Kanto, Koshinetsu, and Tohoku regions, into the Group in December 2022. Furthermore, the bases of Hanwa Daisun Co., Ltd., namely, Tokyo Steel Center (Urayasu, Chiba), Isesaki Steel Center, and Ota Steel Center, as well as Kanto Branch (Hanyu, Saita-

ma), Urayasu Branch, Tohoku Branch (Iwanuma, Miyagi) and Tsuchiura Branch of Tanaka Steel Trading Co., Ltd. are inventory distribution warehouses suitably located throughout the region, in addition to Hanwa Logistics Tokyo Co., Ltd., which has a large-scale quay. We expect these warehouses to make a significant contribution to the restructuring of the supply chain in the future.



TOPICS 3 Opening of Hanwa Business School

In June 2022, we opened Hanwa Business School (HKBS), the corporate university, with the aim of cultivating Professional & Global human resources. The School provides employees with the opportunity to systematically learn not just general business theory but also the knowledge we have cultivated to date. The involvement of employees from each job group in the creation of courses and curricula also provides an opportunity for employees to acquire knowledge. In addition, we aim for Hanwa Business School to function as a space for active learning. The School provides participants with a place to discuss how to practically apply the knowledge they have acquired, and to thoroughly debate the “Hanwa way” of

working unsparingly to satisfy customers.

A new sending employees to MBA program in Japan was introduced in FY2022, and four students are scheduled to graduate from the program FY2023. In addition, the overseas language study program, which was temporarily suspended due to the COVID-19 pandemic, resume from FY2023.



Challenges and action policies for the Tenth Medium-Term Plan

- Promote the transition to a business strategy that will optimize the entire supply chain beyond the boundaries of trading
- Strengthen company-wide risk management structure to accommodate diversifying business models and support stable growth of individual businesses
- Allocate profits and cash flows to “shareholder returns,” “strengthening of financial base,” and “growth investment” in a well-balanced manner and pursue sustainable growth of corporate value

Evaluation of the Ninth Medium-Term Plan

- With the “SOKOKA (Just-in-Time delivery, small lot, processing)” strategy in Japan and the “Create another Hanwa in Southeast Asia” strategy overseas as starting points, revenue of Group companies in both Japan and overseas increased significantly.
- Realized profitability of strategic investments, including SAMANCOR, Tsingshan Holding Group, and others. Equity and dividend income contributed in addition to business revenue
- Developed the foundation for generation of future digital x business model transformation through digitalization of data and processes, such as the introduction of a new ERP system and the acquisition of DX certification

Overview of the Tenth Medium-Term Business Plan

- III. Generate profits from investment
- II. Development of business strategy
- I. Enhancement of management foundation
- Sustainability management



“We aim to “soar” higher than our “challenges” with the Medium-Term Business Plan in which each employee takes the initiative”

Yoichi Sasayama
Director and Senior Managing Executive Officer

The Ninth Medium-Term Business Plan ended in March 2023, and the Group embarked on its Tenth Medium-Term Business Plan with FY2023 as the first fiscal year, in order to soar into the next stage. In the Tenth Medium-Term Business Plan, our basic policy is to continue the initiatives introduced in the Ninth Medium-Term Business Plan. We have also adopted a new theme, “Run up to HANWA 2030 ~Soar into the next stage challenging the status quo~,” in anticipation of further growth as we head toward 2030, and move from a phase of taking on various challenges to a phase of soaring even higher to achieve even greater success.

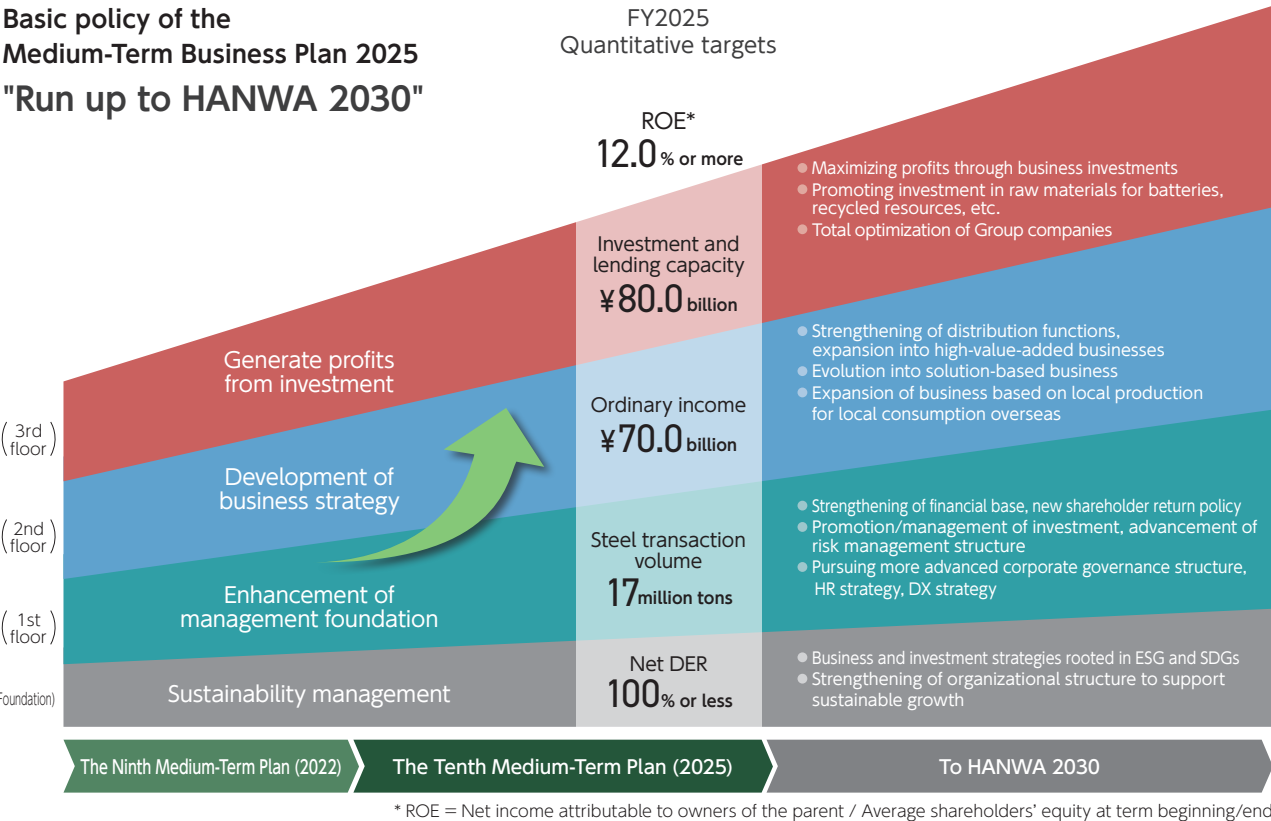
Looking ahead to 2025, the year in which the Tenth Medium-Term Business Plan will end, and even beyond that to 2030, the business environment in which we operate is expected to undergo significant changes over the next few years, including structural reforms in the steel industry to prepare for decarbonization. In order to respond firmly to rapid changes, we will build a governance structure and strengthen our financial base to support sustainable growth. In terms of each of our businesses, in addition to the goods business, which is one of our strengths, we will strengthen our solutions business, enhance sources of metal resources, expand the EV secondary battery materials business, and deepen our recycling business, aiming to achieve ordinary income of ¥70.0 billion and handle 17 million tons of steel in FY2025.

In addition, spurred on by our strong business performance to date, we will take an even more aggressive stance in our investment and lending capacity by preparing ¥80.0 billion, which is higher than the results of the Ninth Medium-Term Business Plan.

The Tenth Medium-Term Business Plan incorporates the perspectives and opinions of the next generation of leaders in each business division as well as those of employees working on-site. I would like each and every employee to take ownership of the plan and work to realize it as a “Medium-Term Business Plan for all employees” in which they take the initiative.

With respect to quantitative targets for 2030, we are also planning to set specific goals by accurately discerning future changes in the business environment and verifying the results of our business strategies.

The Tenth Medium-Term Business Plan expands on the basic policy of the Ninth Medium-Term Business Plan, which is based on “sustainability management” and likened to a three-story building with “Enhancement of management foundation” on the first floor, “Development of business strategy” on the second floor, and “Generate profits from investment” on the third floor. By strengthening our management foundation in order to support further growth and promoting business strategies that are not bound by existing frameworks, we will continue our efforts to achieve sustainable growth toward FY2030.



Business Environment Surrounding our Business

Change in supply-demand environment of the steel industry

- Declining domestic demand for steel materials and greater influence of China's steel industry in the global market
- Possibility of structural changes in the steel logistics market, including the “2024 problem”
- Expansion of production bases and capacity overseas, efficiency improvements in production systems in Japan

Intensifying competition over metal resources and in the non-ferrous metal market

- Rise of resource nationalism against a backdrop of soaring resource prices
- Development of battery recycling market, such as lithium-ion batteries (LiB) for electric vehicles (EVs)
- Increasing demand for E-scrap and intensifying competition for collecting E-scrap

Rising geopolitical risks

- Turmoil in supply chains, including energy, raw materials, industrial parts, and finished products, and soaring resources prices against backdrop of Russia-Ukraine conflict
- Intensifying competition among superpowers, including the United States and China, and re-arrangement of supply chains with

awareness of geopolitical risks

Promoting the application of clean energy

- Rising international demand for initiatives toward a decarbonized society
- Expanded use of cold iron sources, such as iron scrap and reduced iron, to contribute to reduction of CO₂ emissions
- Increase in demand for renewable energy and biomass fuels

Change in global marine product market

- Decline in demand for fish consumption in the Japanese market
- Tightening of supply due to stricter restrictions outside Japan
- Growing environmental and health needs (aquaculture business, alternative proteins, nutrient fortified foods)

Expansion of social requirement in terms of governance, ESG, etc.

- Intensifying demand for environmental protection, etc.
- Rising demand for improvement of governance structure

Changes in business in the “after COVID-19” era

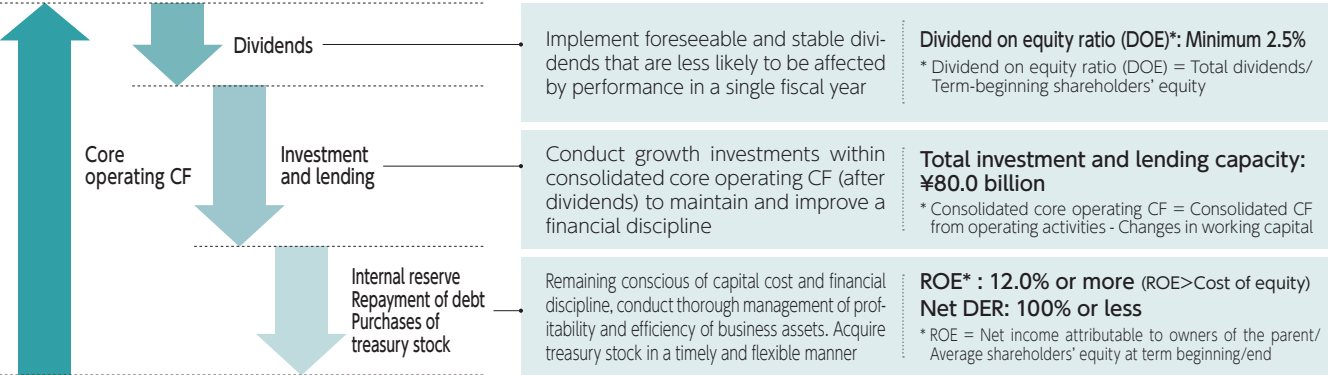
- Impact of changes in consumption and demand structure
- Increasingly diverse means of communicating with customers and suppliers, etc.

I. Enhancement of management foundation

Strengthening financial base

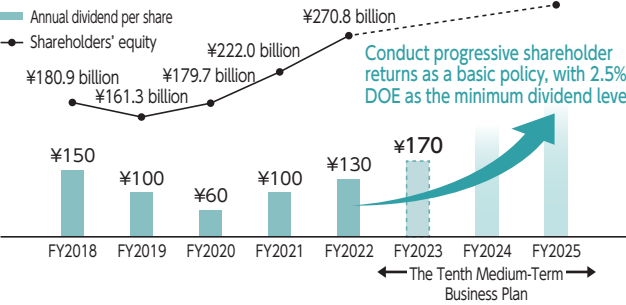
We will continue to strengthen our financial base while being conscious of the balance between “offense” and “defense” for sustainable growth. With regard to growth investment, we have set the total investment and lending capacity of ¥80.0 billion for the plan period. We will focus not only on M&A and strategic investment in

resources, but also on DX aimed at rebuilding aging facilities and improving operational efficiency, while maintaining and improving a financial discipline. In addition, we will pursue earnings that exceed the capital costs, aiming to achieve ROE of 12.0% or more and Net DER of 100% or less in the final fiscal year of the plan.



Shareholder Return Policy

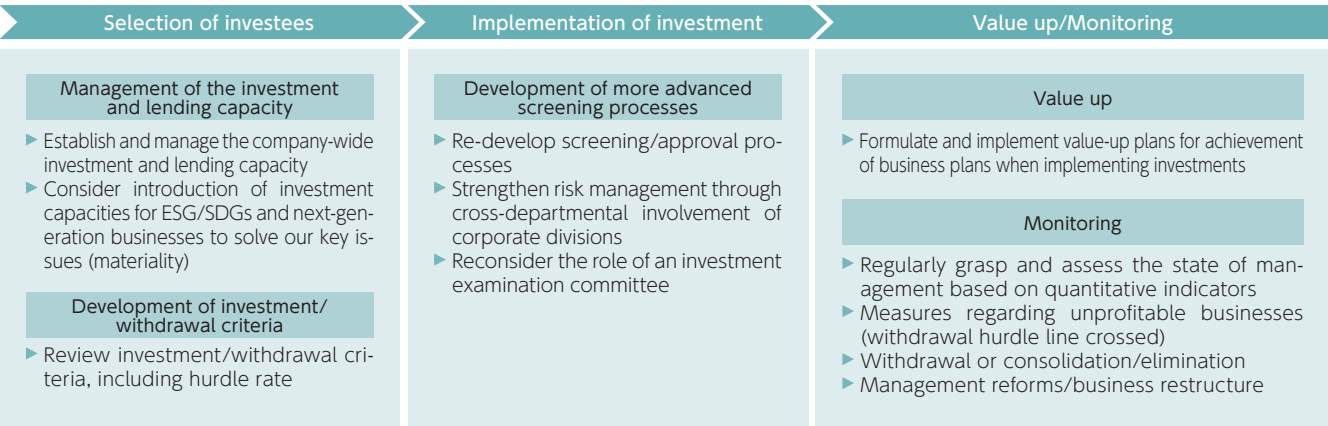
We have reviewed our shareholder return policy with our first priority on continuing to provide stable dividends. Specifically, our basic policy is to pay a minimum dividend on equity ratio (DOE) of 2.5% of shareholders' equity at beginning of period, and to give flexible consideration to the acquisition of treasury stock, etc. In addition, we will meet the expectations of shareholders by achieving an increase in corporate value with a target ROE of 12.0% or more.



Selection/Promotion/Management of Investments

In order for us to expand our business and achieve sustainable growth, we need to invest in our businesses. We will promote the sophistication of a series of processes to carefully select projects based on investment and withdrawal criteria established for the investment and

lending capacity set for the entire Company, and to continuously monitor investees to increase their value after investing. Meanwhile, we will implement processes while adopting the “Hanwa way” with an awareness of speed so that we do not fall behind the speed of the world.



Advancement of Risk Management Structure

We will work to advance our risk management structure to identify risks that are becoming increasingly complex and growing as our business domain expand and deepen, and to support appropriate action in response to such

risks. We will boost business growth by increasing risk sensitivity through the advancement of screening and approval processes for new investments and loans, and by redefining critical risks related to business continuity.

Category	Issues	Specific measures
1. Strengthening of company-wide risk management	Balance and optimize individual management to suit types of risk and comprehensive risk management	▶ Reinforce risk management divisions and aim for minimization of risk and maximization of effect by working together with sales divisions, etc.
2. Redefining material risks	Reexamine coverage of risk areas (e.g. country risk, market risk) and review their materiality	▶ Identify risks inherent in individual businesses ▶ Analyze and manage degree of impact of individual risks on whole-company financial statements
3. Pursuit of more advanced screening and approval processes	Optimize processes at each stage from proposal through screening, approval, and execution	▶ Rebuild flow of screening process ▶ Develop more advanced criteria for investment, etc. and withdrawal criteria
4. Pursuit of more advanced exposure management	Develop more advanced management of consolidated exposure and assumed risks	▶ Measure consolidated exposure ▶ Quantify maximum risks in finer detail

Establishing Optimal Governance Structure

We will further advance our governance structure in order to steadily press ahead with challenges raised in the Ninth Medium-Term Business Plan and each of the measures in the Tenth Medium-Term Business Plan. We are aiming to estab-

lish an optimal governance structure that will form the foundation for reliable and transparent management, and we will identify challenges in our current governance structure and promote specific response measures.

Category	Challenge/Response	Status of specific measures
1. Reconsideration of the role of the Board of Directors	Redefining of the role and responsibility of the Board of Directors Strengthening of the oversight function of the Board of Directors	Establishing optimal governance structure Pursue the construction of the optimal governance structure, including consideration of a transition to a company with audit and supervisory committee Review the members and operational structure of the Management Committee and rebuild it into a body that allows more free and open discussions, for launch in FY2023
2. Review of the organizational structure	Consideration of reviewing the number of directors Consideration of setting terms of office for executives	Reviewing the number of directors From FY2022, revise the number of directors so that outside directors will account for at least one-third of the total number
3. Review of the officer evaluation system and officer appointment/dismissal criteria	Clarification and diversification of evaluation criteria Consistency between evaluation and appointment/dismissal criteria	Applying the revised officer evaluation system from FY2023 In light of changes in our management policy and business environment, review evaluation items to focus on “change and transformation,” “future orientation,” and “risk management.” We will also redefine the evaluation criteria to make the evaluation more balanced.
4. Review of the executive compensation structure	Reconsideration of the fixed amount periodical compensation/performance-based compensation structure Consideration of the stock-based compensation system	Plan to introduce the new executive compensation structure Review the compensation structure to further strengthen the incentive function for the executive management team. In addition, we have decided to introduce a restricted stock-based compensation system, and plan to introduce it at an early stage during the plan period.

Overview of the Tenth Medium-Term Business Plan



Human Resources Strategy

We have added a new element, “Management,” to our existing basic human resource development concept of “Professional & Global.” We will send mid-level employees to Group companies to develop them into management professionals, while also strengthening the development of professional and global human resources. We will build a strong organization that continuously and autonomously adapts to changes

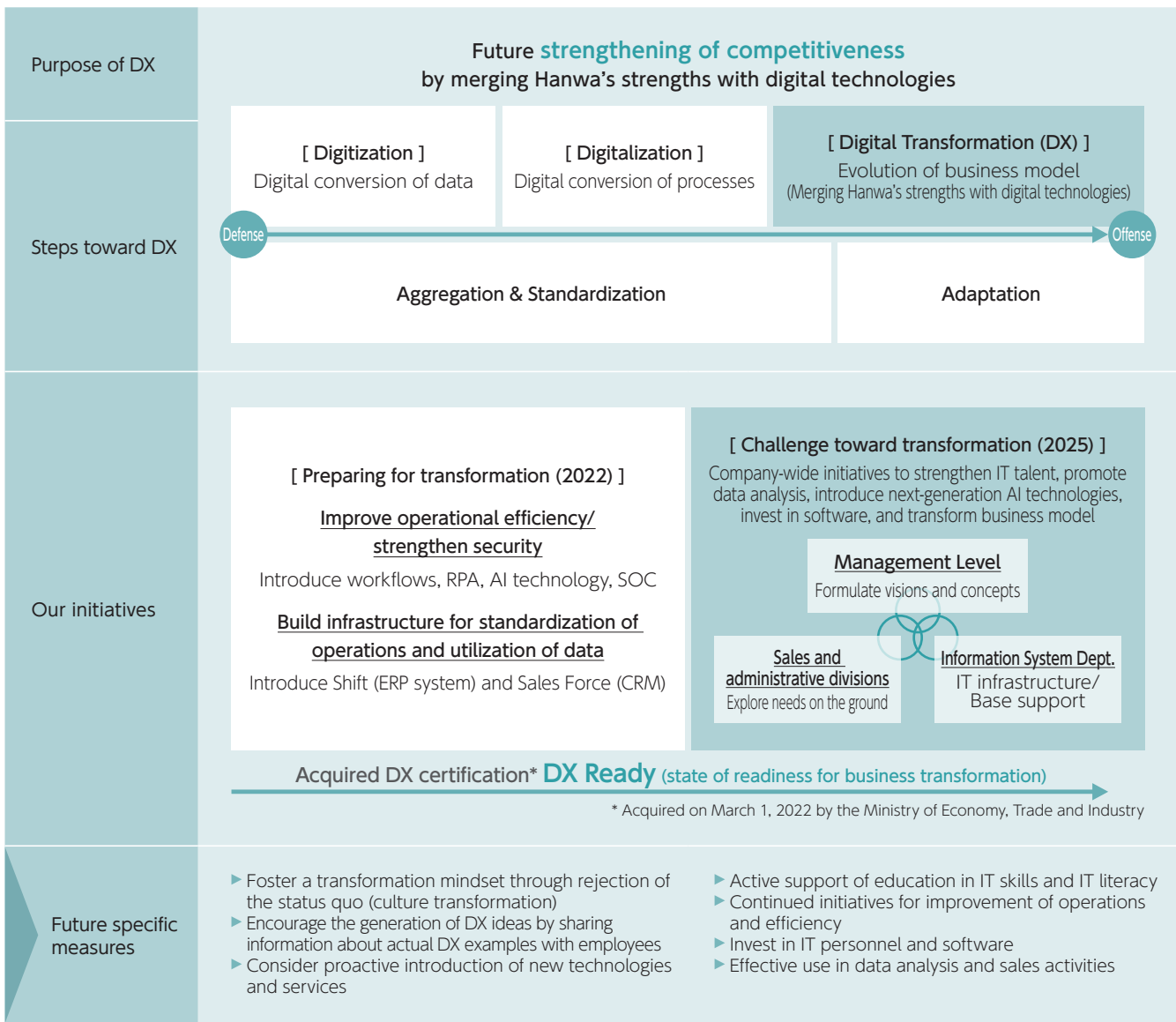
in the environment and evolves, while enhancing the power of the “individual” through reforms of the personnel system, utilization of the Hanwa Business School launched during the Ninth Medium-Term Business Plan, and the active recruitment of diverse talent, including mid-career hiring.

► For more information on human resource strategy, please see pages from P.39.

DX Strategy

To strengthen our competitiveness in the future, we will merge Hanwa’s strengths with digital technologies. During the Ninth Medium-Term Business Plan, we introduced a new ERP system (Shift) centered on DX, and the entire Company worked together to consolidate and standardize operations and prepare for change. For the Tenth Medium-Term Business Plan, we are aiming to evolve into a new business model that can provide users with higher added value through fostering of a mindset of change by rejecting the status quo through the active introduction of new technologies such as AI technology and the promotion of data analysis.

ness Plan, we are aiming to evolve into a new business model that can provide users with higher added value through fostering of a mindset of change by rejecting the status quo through the active introduction of new technologies such as AI technology and the promotion of data analysis.



II. Development of business strategy

III. Generate profits from investment

Then, regarding the second floor, “Development of business strategy,” and the third floor, “Generate profits from investment,” each business division will decide its own vision with the aim of achieving quantitative targets by implementing

measures to achieve that vision. As an independent trading company, we will expand our business by incorporating ESG and SDG perspectives while sharing our company-wide commitment to “For Users, With Users.”

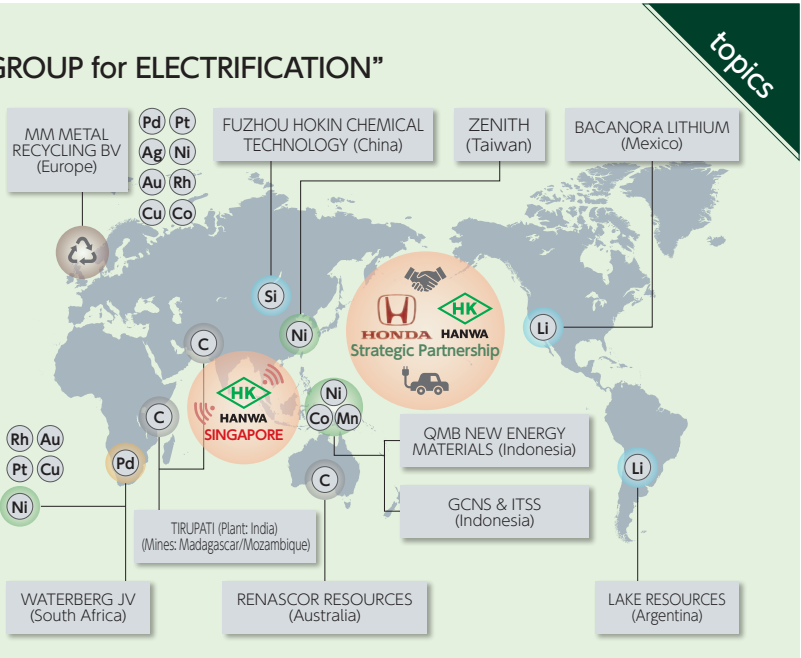
Segment	Vision	Focus businesses
Steel	By focusing on actual products and solving user's issues, contribute to sustained development of all industries	<ul style="list-style-type: none">Japan: Develop from goods business/SOKOKA businessOverseas: Develop local production for local consumption supply chains
Primary Metal	Secure sources of unevenly distributed metal resources around the world to contribute to the sustained development of industrial foundations	<ul style="list-style-type: none">Enhance sources of metal resources for steelRoll out secondary battery materials businessSecure and supply precious metal resources in a stable manner
Metal Recycling	Pursue recycling transformation to realize a carbon-neutral society	<ul style="list-style-type: none">Delve even deeper into the recycling business (collecting, sorting, processing) for each type of metalSecure generation sources and build a closed loop
Food Products	Build vertically integrated businesses to contribute to safe and secure food distribution	<ul style="list-style-type: none">Further deepen tradingEnhance processing functions and enhance businesses targeting retail and restaurants
Energy & Living Materials	Build environmentally responsible energy supply systems to realize a sustainable society	<ul style="list-style-type: none">Secure resources related to biomass/recycled energyDevelop and supply recycling-derived, bio-derived polyethylene products
Lumber	Consistently deliver all manner of housing materials, from raw materials up, to contribute to the realization of sustainable living	<ul style="list-style-type: none">Supply materials to housing manufacturersSupply lumber parts to general construction companies
Machinery	Offer technological innovation to industrial society and fun to people to contribute to the realization of a rich and warm society	<ul style="list-style-type: none">Strengthen maintenance structureProduce amusement machinery and equipmentDevelop new facilities
Overseas Sales Subsidiaries	Through overseas business expansion with a focus on the Asian region, contribute to the development of regional communities	<ul style="list-style-type: none">Sell raw materials and semi-finished products to local steelmakersSource local products and sell to usersFurther develop businesses other than steel

► For more information on each segment's strategies, please see pages from P.63.

Sublimation as “BATTERY GLOBAL GROUP for ELECTRIFICATION”

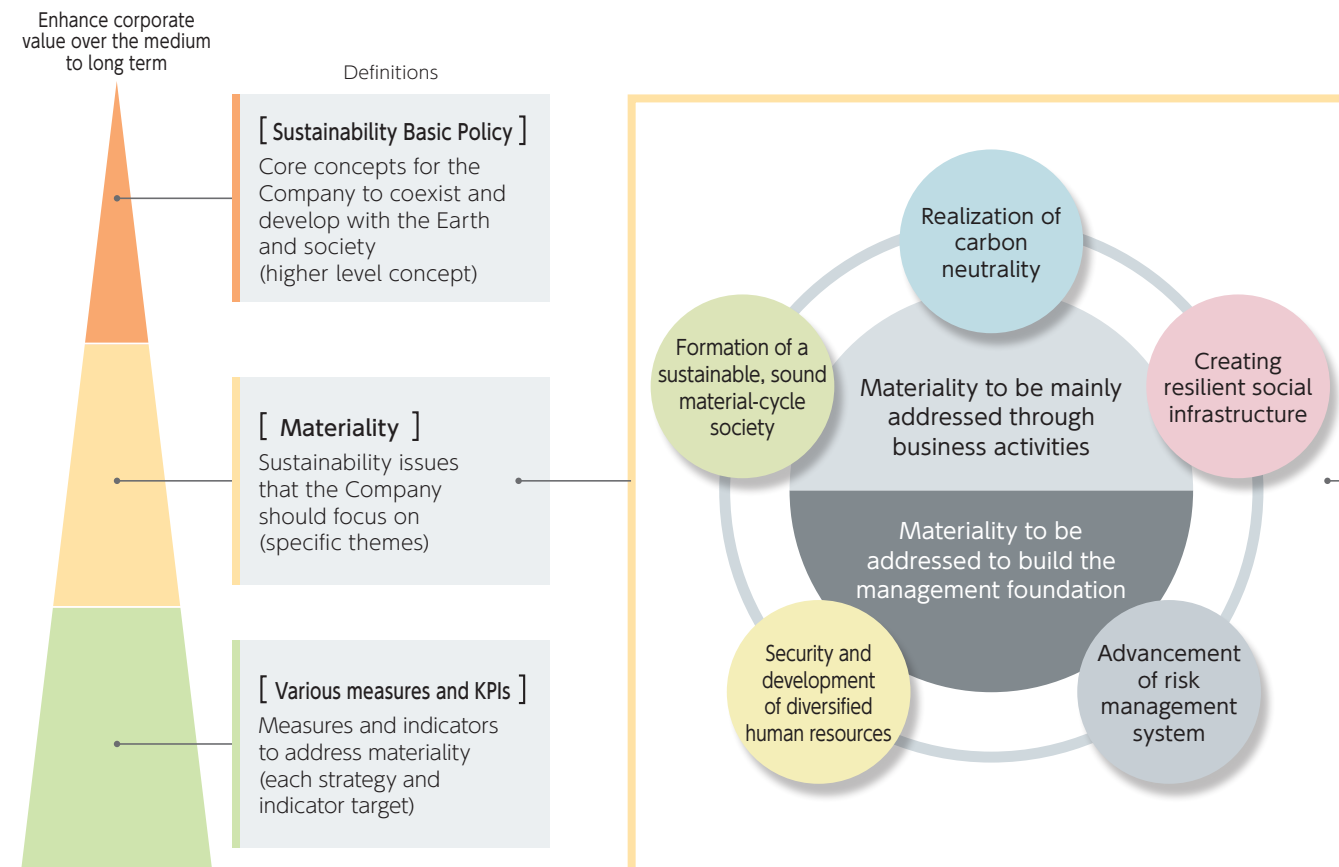
We established the “BATTERY GLOBAL GROUP for ELECTRIFICATION” in April 2023 in order to further expand and deepen the “BATTERY Team” we established in April 2021. We are aiming to secure resources such as nickel and lithium for cathode materials and graphite for anode materials, which are unevenly distributed, and we will move our base to Singapore, where it is easier to gather information on a global scale.

In September 2022, we signed a strategic partnership agreement with Honda Motor Co., Ltd. for the stable procurement of rare metals such as nickel, cobalt, and lithium, which are essential resources for EV batteries. We will improve our ability to supply the rapidly growing demand for batteries on a global scale following the full-scale electrification of the automotive industry, thereby contributing to the development of both customers and electrification-related industries overall.








Materiality

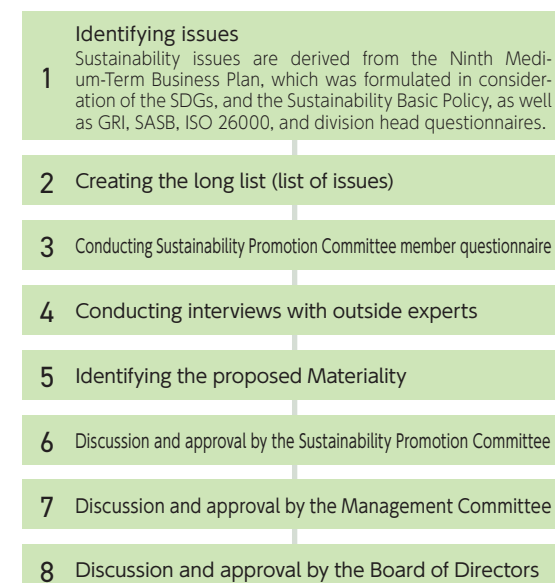
Based on the Sustainability Basic Policy formulated in FY2022, we have identified the following sustainability issues (materiality) that the Group should focus on, taking into account the opinions of internal and external experts, in order to improve sustainable corporate value to be realized while coexisting with the environment and society.



Going forward, we will develop strategies, indicators and targets for each materiality. We believe that these efforts will lead to the realization of our Sustainability Basic Policy and contribute to the improvement of our corporate value over the medium to long term. The relationship between the Sustainability Basic Policy and materiality is organized as follows.

Materiality to be mainly addressed through business activities	Themes to be addressed
 Formation of a sustainable, sound material-cycle society	<ul style="list-style-type: none"> Effective use of limited materials Building supply chains that are considerate of the environment and human rights P.25
 Realization of carbon neutrality	<ul style="list-style-type: none"> Distribution of materials that contribute to decarbonization Reduction of the Group's GHG emissions P.25
 Creating resilient social infrastructure	<ul style="list-style-type: none"> Distribution of materials required for social infrastructure Updating and demolition of aging buildings and infrastructure P.25
Materiality to be addressed to build the management foundation	
 Security and development of diversified human resources	<ul style="list-style-type: none"> Creating environments where increasingly diverse people can work sustainably Creating environments that will allow increasingly diverse people to grow P.39
 Advancement of risk management system	<ul style="list-style-type: none"> Risk management of business investment/business continuation Corporate governance system P.46

Materiality identification process



Comments from experts in identifying Materiality

- For Hanwa, "a sound material-cycle society," "carbon neutrality," and "social infrastructure" are natural targets in light of its future management strategy.
- Since Hanwa handles the minerals necessary for battery materials, as well as food and lumber, for which sustainable procurement is a high priority, it is recommended that the materiality be expressed in terms of human rights and the environment as well.
- Hanwa is exposed to countless risks as it has many investment projects and a wide range of affiliated companies. The Company has not only commercial distribution but also manufacturing operations under its control, and it is necessary to be aware of risks including environmental issues and relations with neighboring residents.
- In identifying materiality, it is better to clarify what the Company considers to be key issues. As a trading company, we believe it is not unnatural to consider a single materiality perspective rather than a double materiality perspective.
- Identifying materiality is only a starting point; what is important is to put measures in practice to address and realize them. To this end, target KPIs for each materiality should be set and monitored to ensure accountability to stakeholders.

A message from the Sustainability Promotion Executive Officer

In FY2022, we established a foundation for promoting sustainability, including the formulation of a Sustainability Basic Policy and the identification of materiality, and in parallel, we have been working on initiatives related to climate change and human rights.

In recent years, the external environment has been changing at an unprecedented pace, with revisions to Cabinet Office ordinances, ISSB standards and other information disclosure requirements, and an increase in requests from investors and customers for surveys and dialogue on ESG issues. I believe that companies that cannot respond to these environmental changes will be forced to decline, and that only those companies that can respond quickly to these changes will be able to achieve sustained and dramatic growth.

I also believe that if companies deepen their commitment to sustainability, create business opportunities and reduce risks, and strengthen their management foundations, this will ultimately contribute to the realization of a sustainable global environment and society, and help solve social problems.

In light of global trends, my role as the officer in charge of sustainability promotion is to facilitate cross-divisional co-creation by making the best use of our keen perception for business creation, which is the strength of our business divisions, and to contribute to the medium- to long-term improvement of corporate value with flexible ideas and a challenging spirit.



Yasuhiko Watanabe
Executive Officer
In charge of
Sustainability Promotion
Office

message

Promotion of Sustainability Management

Basic Stance for Sustainability

Coping with changes of the times and the market quickly, we, as a “distribution specialist,” aspire to make a broad contribution to society by satisfying various needs of customers. Under this corporate philosophy, our mission is to contribute to sustainable development of international and local societies through our business.

To this end, as the world faces environmental issues such

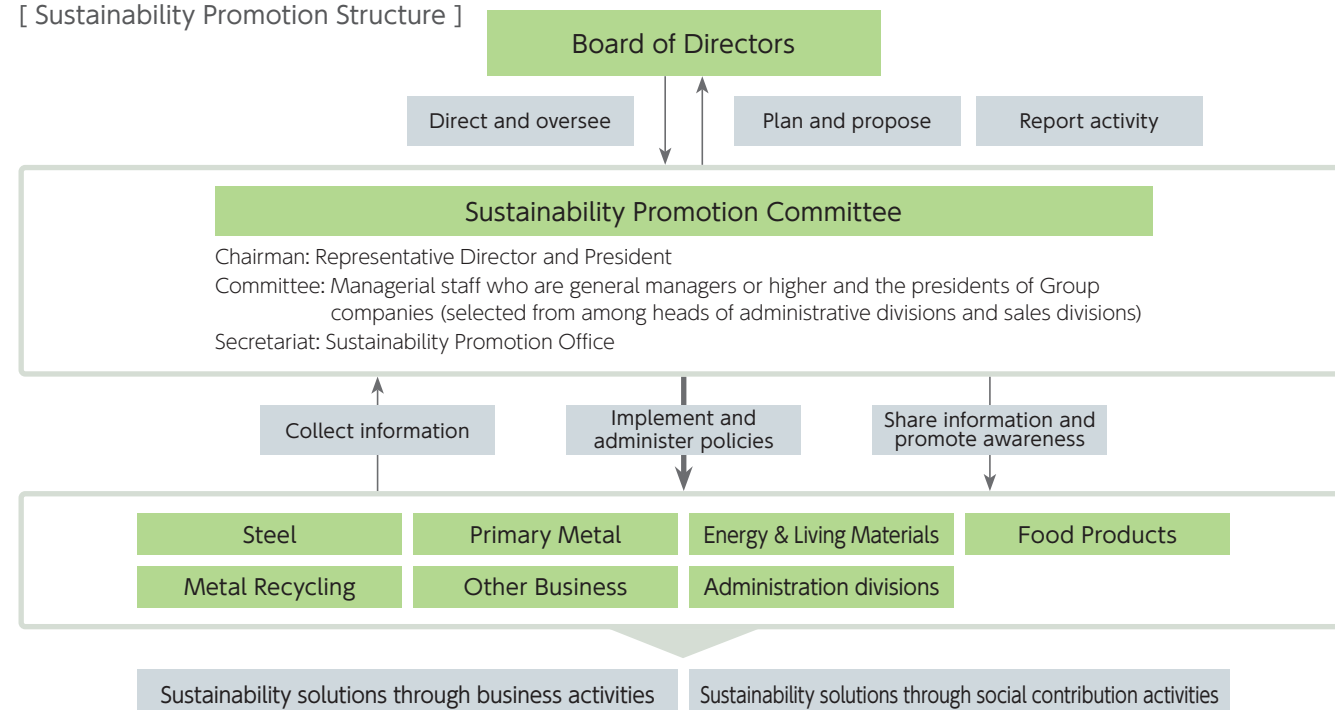
as global warming and environmental pollution caused by waste as well as social issues including poverty and human rights infringement, we need to respond to the expectations of diverse stakeholders through promotion of various business activities fully conscious of E (environment), S (social), and G (governance), which we believe would improve our corporate value and lead to sustainable growth.

Sustainability Promotion System

The CSR Committee was taken a step further in October 2021 to establish the Sustainability Promotion Committee. The Committee will take the lead in analyzing and tracking the progress of issues to solve them through business ac-

tivities and social contribution activities. Discussions of the Committee are reported to the Board of Directors when appropriate, and directions are received as necessary.

[Sustainability Promotion Structure]



Activity Report of the Sustainability Promotion Committee

In addition to developing various policies, our Sustainability Promotion Committee has worked on individual topics

such as climate change and human rights. The activities for FY2021 and FY2022 are as follows.

	Number of meetings	Main activities
FY2021	2 times	Discussions began with an overview of sustainability issues, followed by an organization of our value system, and then a discussion to formulate our Sustainability Basic Policy.
FY2022	10 times	The committee identified materiality as sustainability issues that will contribute to the improvement of our medium- and long-term corporate value. Regarding climate change, the committee discussed the analysis of TCFD scenarios, endorsement of the TCFD, calculation of GHG emissions, participation in the GX League, and environmental management systems. For human rights issues, the committee formulated the human rights policy. The Committee also discussed the inclusion of matters related to sustainability in the securities reports.

Sustainability Basic Policy

As a “distribution specialist” (advocated in the corporate philosophy) that identifies with various stakeholders and grasps their needs, the Hanwa Group will connect with stakeholders through tangible and intangible services, make a broad contribution to society, and pass on a prosperous earth and comfortable society to the next generation.

1

Attaining sustainability through business

As a distributor, we will build a sustainable supply chain and contribute to industries and society by grasping the needs of suppliers and users at every stage and providing a wide variety of products and services.

2

Creating a sound and transparent organization

We aim for management that is responsive to the various stakeholders by all sharing the values of the company creed (Trust, honesty, ingenuity, harmonious cooperation, contribution) and making decisions that take regulatory compliance and risk into consideration through appropriate and transparent processes.

3

Creating a workplace where diverse personalities blend and enhance one another

By providing a healthy and stress-free work environment for diverse employees regardless of nationality or gender, and by providing a stage commensurate with one's abilities, we will foster a place where we can enthusiastically strive for self-development and self-improvement and work hard together.

4

Passing down a rich global environment

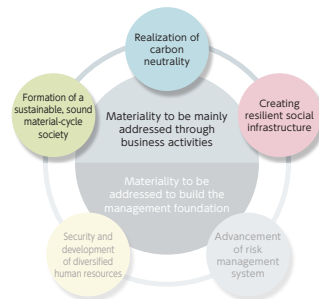
We will conserve ecosystems by observing trading rules and environmental regulations, making effective use of resources and reducing the environmental burden, passing on to future generations a global environment with less climate change and pollution, where a wide variety of organisms coexist and natural resources such as forests and oceans are used sustainably.

5

Making a society where everyone can live comfortably a reality

We will create global partnerships and contribute to the development of comfortable and healthy international and local communities by respecting individual human rights, cultural and customary differences between countries and regions, not taking part in human rights abuses or discrimination, and through cross-border transactions.

Materiality to be Mainly Addressed Through Business Activities



Formation of a sustainable, sound material-cycle society

Relationship with us

We are responsible for the distribution of various resources ranging from steel to non-ferrous metals and food products. We contribute to the effective use of limited resources by creating new circulations in addition to existing distribution systems. We will also address human rights and environmental issues in the distribution networks in which we are involved, and contribute to the realization of a healthy and sustainable supply chain.

Examples of related topics

- Circular economy
- Limited natural resources
- Human rights issues in the supply chain
- Environmental issues in the supply chain



Realization of carbon neutrality

Relationship with us

We are responsible for the distribution of metals used in batteries and alternative energy. We will contribute to the further distribution of resources that contribute to decarbonization by responding to changes in demand associated with the transition to a decarbonized society. We will also actively reduce the impact of our operations on climate change.

Examples of related topics

- Conversion to alternative energy (energy sources, power generation methods)
- Green steel
- ZEB, ZEH
- GHG emissions



Creating resilient social infrastructure

Relationship with us

We are responsible for the distribution of materials necessary for buildings and infrastructure. We will contribute through the distribution of materials needed to build more disaster-resistant communities, as well as through the updating and demolition of aging buildings and infrastructure.

Examples of related topics

- Disaster-resilient materials
- Construction and demolition



Initiatives Related to Business Activities

Recycling of Steel Materials



Our steel business follows two different types of flow cycles, a primary cycle in which we are engaged in the sale of steel materials to users in a wide variety of fields, including construction, engineering, automotive, machinery, home appliances, and others, and a secondary cycle in which we are involved with the reuse of steel and recycling of steel scrap.

To ensure that both flow cycles run smoothly, we work

to respond to customers quickly and improve our abilities to produce the best arrangements that fit the needs of steel mills in our steel scrap business activities. We take used steel scrap materials and work in conjunction with affiliate scrap suppliers to transform the scrap into high-value-added scrap material for delivery to steel mills who can then use the scrap.

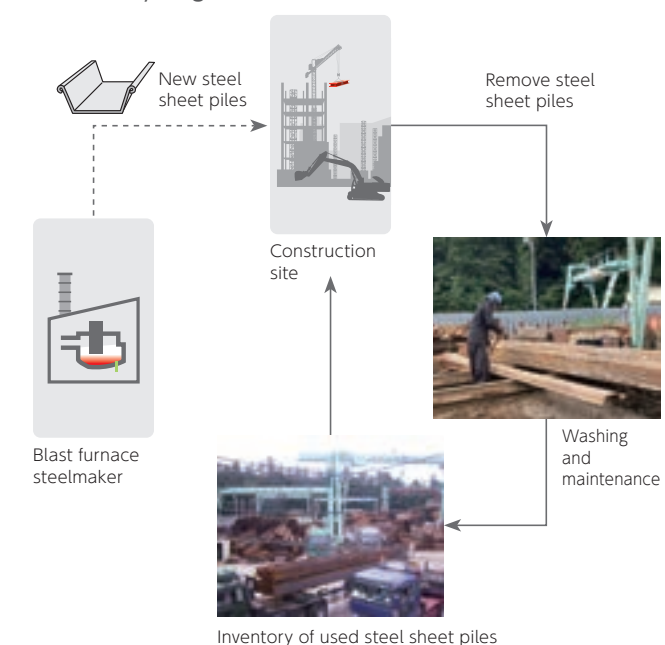
Reuse of steel

Our Group is engaged in the business of reusing steel. There are various types of steel. We not only sell new steel, but also collect, clean, and prepare used steel, and reuse them wherever product design allows, for steel sheet piles, H-beams, decking panels and steel plates used in civil engineering and construction works. Reusing steel not only enables us to provide users with steel at lower prices, but also contributes to the realization of a circular society through the effective use of limited steel resources as well as to the reduction of CO₂ emissions.



We delivered steel sheet piles needed at the bay construction sites along the Sanriku Coast, which was damaged by the Great East Japan Earthquake, and reused ones that were still valuable after use.

[Steel recycling]



Recycling of steel scrap

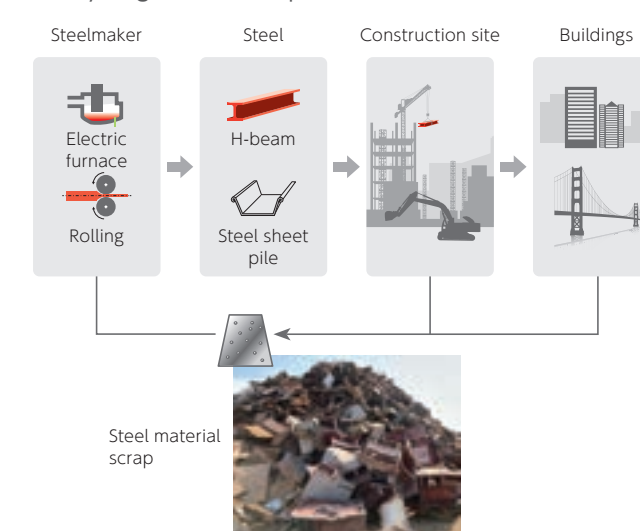
Steel materials that have been used repeatedly at construction sites or generated from the demolition of aging buildings are reused as they are if they can be reused, but those that have deteriorated are disposed of as steel scrap. We process these steel scraps into reusable shapes and deliver them to electric arc furnace manufacturers ("mini mills").

Steel recycled by mini mills are reused as new steel products, and when they age, they become scrap and are recycled again into products.

Steel is a commodity that can be reused many times. We take advantage of this nature of steel and recycle scrap elaborately to help realize a circular society.

The recycling of steel also contributes to the reduction of CO₂ emissions generated in the process of manufacturing new steel.

[Recycling of steel scrap]



Initiatives Related to Business Activities

■ Wind turbine dismantling business

Although wind power is a form of renewable energy, one of the challenges is the dismantling of power generation equipment at the end of its useful life, which is estimated to be about 20 years, and the treatment and recycling of its materials.

We have both functions of demolition and appropriate valuation of scrap. We utilize this knowhow to undertake the dismantling of wind turbine generator facilities and the disposal of the scrap generated from these facilities in a single integrated process.

In dismantling works, we formulate construction plans that emphasize safety and efficiency, and implement on-site construction management by qualified personnel. We also contribute to the recycling of resources by sorting, processing, and otherwise properly treating the scrap gen-

erated before delivering it to steelmakers.

We are also working to reduce environmental impact and energy consumption by conducting research with experts on the disposal of wind turbine blades, which has recently become a social issue, with the goal of achieving recycling.



Dismantling wind turbines

■ Material recycling of aluminum

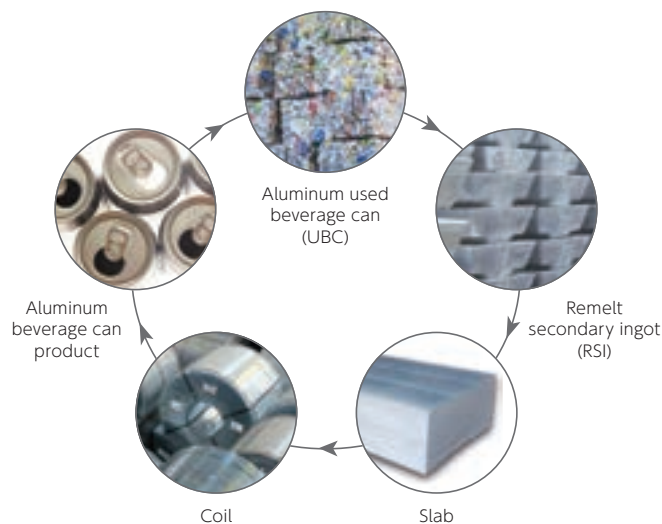
We have long been involved in aluminum recycling as one of the players handling the largest volume of aluminum scrap in Japan.

We remove impurities and other materials from used aluminum cans, melt them down and adjust their composition to create remelt secondary ingots. We supply them to manufacturers to recycle them as aluminum cans. As a result of this process, they can be reused as aluminum

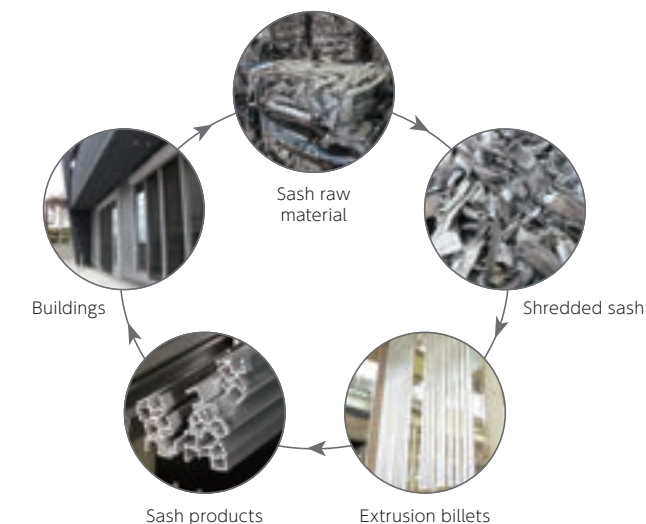
cans. This process of recycling used aluminum cans into aluminum cans is called "Can to Can." We also recycle window frames (aluminum sashes) in the same way to achieve "Sash to Sash."

In this way, we are making a significant contribution to the realization of a sustainable society by recycling aluminum raw materials such as used aluminum cans.

[Can to Can]



[Sash to Sash]



■ Recycling of non-ferrous metals

One of our Group companies, Showa Metal Co., Ltd., is engaged in a complete recycling process of titanium and nickel scrap starting from the collection and quality control of the scrap to the sorting, shipping, and delivery to stainless steel and special metal manufacturers. Working together with Showa Metal, we are engaged in expanding a rare metal scrap processing business that caters to the specific needs of customers as a "global metal recycler."



A cleaning machine for degreasing, washing, and drying of finely broken titanium scrap (Naoetsu Plant, Showa Metal Co., Ltd.)

■ Recycling of stainless steel materials

Our Group leverages toward stable supply of scrap metal mainly through our Group company, Hanwa Metals Co., Ltd., by collecting stainless steel scrap. Stainless steel that has reached the end of its useful life as part of a regular product is collected by Hanwa Metals as scrap metal and checked thoroughly for problems and supplied stably to stainless and special steel mills in and outside Japan as scrap metal.



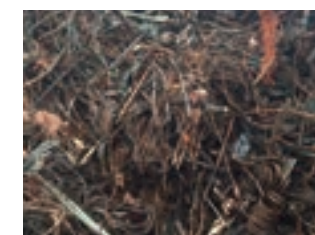
Stainless steel scrap is collected at and delivered from the scrap yard at Hanwa Metals Co., Ltd.

■ Recycling of copper scrap

Copper, which is said to be the first metal that human beings encountered, is used in various fields such as electrical wire, home appliances, automobiles, smartphones and money, and supports our modern lives. Amid higher social demand for carbon neutrality and electrification of vehicles, it is expected that demand for copper will be higher, and copper has become more indispensable for a solution to environmental issues and development of society.

We have developed a network to collect raw materials of copper scrap and given back the raw materials to material makers in the world using the network formed throughout the world.

We handle one of the largest volumes of the material in the world, and contribute to the global environment, economic development and building a sound material-cycle society system.



Birch Cliff



Copper scrap

■ Recycling of E-scrap

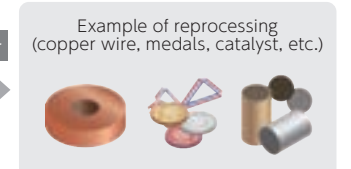
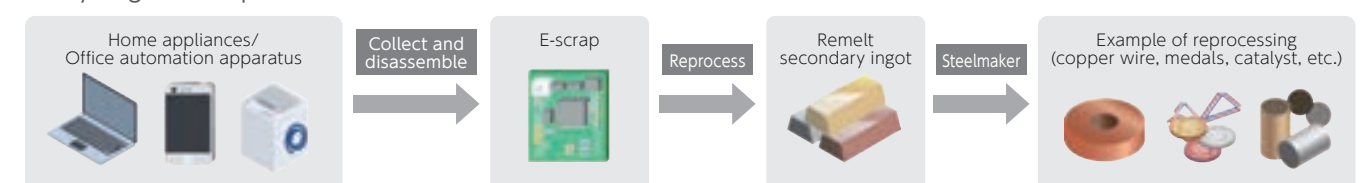
Waste from electrical and electronic devices is called E-waste. Approximately 50 million tons of such waste is generated throughout the world, and the amount is increasing amid the countries' economic development.

E-waste includes multiple recyclable resources that are re-

cycled in various ways by being collected and disassembled.

We are involved in the distribution of gold and silver scrap (E-scrap) such as electronic circuit board scrap, and contribute to the recycling of gold, silver and other precious metals.

[Recycling of E-scrap]



Initiatives Related to Business Activities

Non-ferrous Metal Scrap Business Overseas

We engage in the non-ferrous scrap metal business outside Japan mainly at five overseas locations: HANWA THAILAND CO., LTD., HANWA SINGAPORE (PRIVATE) LTD., PT. HANWA INDONESIA, the LONDON BRANCH OF HANWA CO., LTD., and HANWA AMERICAN CORP. We operate in compliance with the Basel Convention in handling transactions involving import, export and off-shore trade, provide users in Japan and elsewhere with consistent supplies of recycled materials and take steps to reduce environmental loads. In 2016, we established a joint venture with Mitsubishi Materials in the Netherlands that began its operation in 2018. This has further strengthened our business handling pre-



cious metal scrap contained especially in circuit board scrap.

We send our highly-skilled employees to other locations with the mission of expanding our network of suppliers so that we can better ensure quality and consistent supplies of non-ferrous scrap metal. In 2018, we began trade with Russia, the three Baltic nations, and several African nations including Nigeria, Botswana, and Morocco. In recent years, we have been further enhancing our ability to provide Just-In-Time deliveries to factories by successively setting up factories in the ASEAN member countries, as Japanese firms increasingly expand operations overseas.

Stable Supply of Biomass Energy

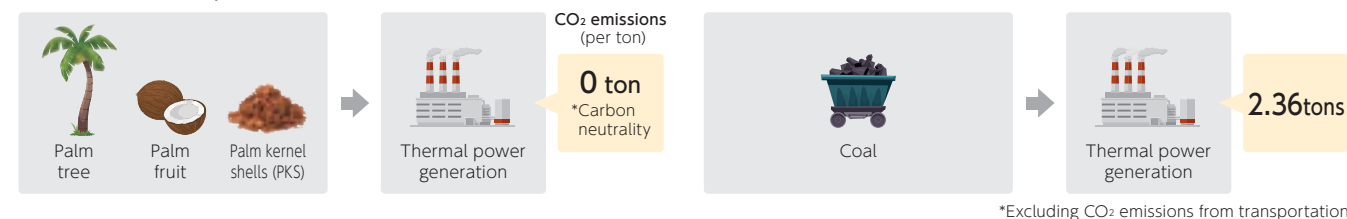


We are engaged in the business of biomass energy that are expected to serve as a renewable energy. Our main products include palm kernel shells (PKS) and wood-based biomass energy such as wood pellets. For PKS, we are the largest importer in Japan in terms of handling volume.

PKS are the shells that cover the kernels of oil palm fruit seeds, and a by-product of palm oil production from oil palms. They have been discarded as waste, but recently drawn attention as biomass energy because of their rich oil content and high calorific value. PKS are produced mainly in the Southeast Asian countries such as Indonesia and Malaysia. We have been importing PKS since 2013 and supplying them to power generating businesses in Japan and South Korea. In 2019, we chartered a vessel for the exclusive use for the transportation of biomass energy as part of our efforts to ensure a sustainable and stable supply of biomass energy.

We have also obtained Roundtable on Sustainable Bio-materials (RSB) certification (a certification system that ensures sustainability in the entire production and distribution of biomass energy) and Green Gold Label (GGL) certification (a certification system that ensures sustainability and traceability of biomass energy) since 2020. In addition, we are providing a service to support the acquisition of certification by leveraging our knowhow. The services we offer include preparing documents necessary for applications and internal audits on behalf of our clients, providing education on the standards required for each certification, and providing guidance on how to calculate greenhouse gas emissions.

[Reference] Comparisons of CO₂ emissions from PKS and coal



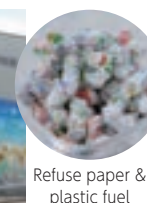
Recycled Fuel RPF



We are also focusing on Refuse Paper & Plastic Fuel (RPF) that has become common as an alternative for fossil fuel for our industrial production. RPF is made mainly from industrial waste such as waste paper and waste plastic. It has many advantages such as less CO₂ emissions (approximately two-thirds of coal) and lower prices. We began handling RPF in 2003 and currently handle more than 100 kt/year. In addition to our nationwide network, we welcomed an RPF producer, Seibu Service Co., Ltd. and Alpha Forme Co., Ltd., in our Group in 2015 to achieve a more stable supply system.

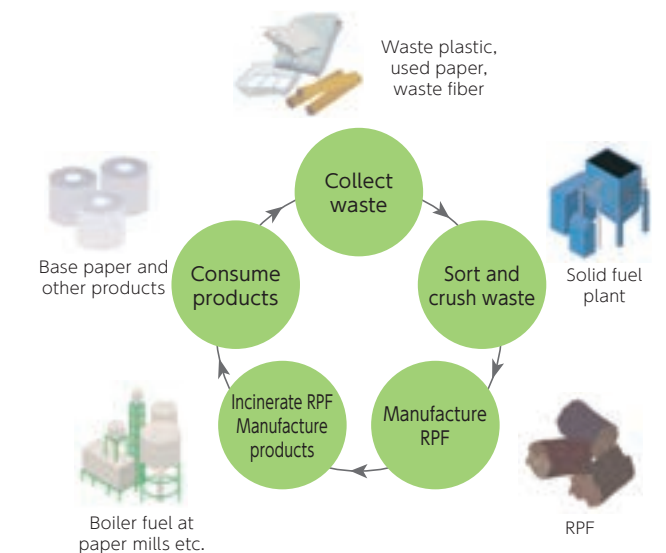


Seibu Service Co., Ltd. (Kobe Plant)



Refuse paper & plastic fuel (RPF) products

[Resource recycling of RPF]



Recycling of Used Paper



We have been selling a wide range of recyclable used paper ranging from old newspapers, cardboard, and other standard paper types to more specialized, high-quality types such as milk cartons and printing paper as raw materials for papermaking to domestic paper mills for approximately 30 years. In recent years, we have also been handling environment-friendly, recyclable packaging materials made from properly managed forests and recycled milk cartons. We are also engaged in exporting used paper to Southeast Asian countries that have been seeing explosive growth.



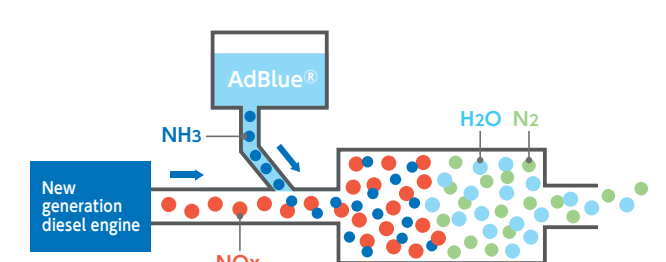
Used office supply paper

Mitigating Air Pollutants by Stable Supply of Urea



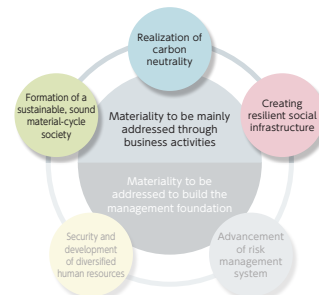
We also focus on handling urea for use in fertilizers, industrial, automotive, shipping, and other applications, as a player handling one of the largest volumes in Japan. AdBlue®, a high-grade urea solution containing urea as its main ingredient, is used as a nitrogen compound (NO_x) reducing additive. It contributes to the prevention of greenhouse gas emissions into the atmosphere by reducing nitrogen compounds emitted by diesel vehicles such as large trucks and buses.

[How AdBlue® works]



AdBlue®, which is injected in the muffler to decompose nitrogen oxides (NO_x) in the exhaust gas into nitrogen (N₂) and water (H₂O), improves the green performance and combustion efficiency of diesel vehicles.

Initiatives Related to Business Activities



Obtaining MSC-CoC and ASC-CoC Certifications for Preservation of Marine Resources

We contribute to initiatives to support sustainable marine resources and fisheries obtaining MSC-CoC and ASC-CoC certifications to make sure the distributed fisheries are MSC- and ASC-certified. Also known as the eco label of ocean, MSC certificate is the proof of marine products fished with consideration for marine resources and eco system. It is given only to natural marine products harvested in methods that meet strict environmental standards. ASC certificate is the proof of sustainable marine products

that were produced at farms that give consideration to environment and society.



MSC certification

* CoC (Chain of Custody) certification proves that the product has been properly managed throughout the manufacturing, processing and distribution processes, that uncertified products are not mixed, and that the labeling is true.

Exploring Environment-friendly Products

As ethical consumption becomes more popular to realize a sustainable world, we focus on exploring environment-friendly products in handling daily necessities. We explore eco-friendly products using renewable materials such as plastic bags made from bio-based raw material, paper straws and kitchen paper made from sugar cane, and sell them to 100-yen shops and other retailers.

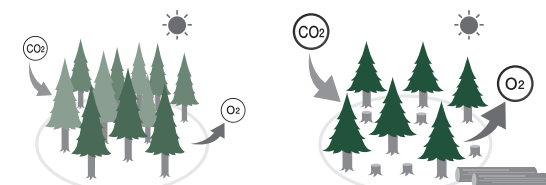


Products made from bio-based raw material

Export of Thinned Lumber

In our lumber business, we began exporting timber from forest thinning in 2006 and presently export about 150,000 m³ of lumber annually to China, Taiwan, and other markets. Timber export helps to lift timber prices by bringing in a more diverse

range of buyers and help to maintain employment, thereby stimulating local economies. In addition, exports protect the land by promoting forest maintenance, which also helps the forest to absorb more CO₂.



* Thinning refers to the proper care and management of forests by cutting down some trees so that sunlight can reach the ground, which enables grasses, shrubs, plants and animals to coexist.

Obtaining Forest Certifications for Forestry Preservation and Product Use

We hold CoC certifications from the Forest Stewardship Council® (FSC®), Programme for the Endorsement of Forest Certification Schemes (PEFC) and Sustainable Green Eco-system Council (SGEC) forest certification systems. SGEC is Japan's own forest certification system and promotes forest conservation and sustainable forest management with the aim of revitalizing forests and forestry. Timber with the CoC certification is guaranteed to be managed such that it

is kept segregated from non-certified material during processing and distribution. With these certifications, we pledge our corporate commitment to further promoting eco-friendly timber production and thereby encouraging sustainable forest management.

SGEC-CoC certificate



Initiatives for Environment

Environmental Management

The basic policy of the Hanwa Environmental Policy is that we strive to realize sustainable development to pass on a rich global environment to the next generation. As the world faces various environmental problems, we contribute to the realization of a sound material-cycle society by tackling issues such as the realization of a recycle-oriented society, the effective use of natural resources and energy, pollution prevention, and biodiversity.

The Environmental Policy

Basic policy

Hanwa Co., Ltd. and our Group companies strive to improve the quality of daily work based on HKQC (Hanwa Knowledge Quality Control), and, as a socially recognized trading company with the motto of "Footwork, Teamwork and Network," will make utmost efforts to realize sustainable development so that future generations will be able to inherit a rich global environment through its business activities.

Guidelines for corporate action and major activities

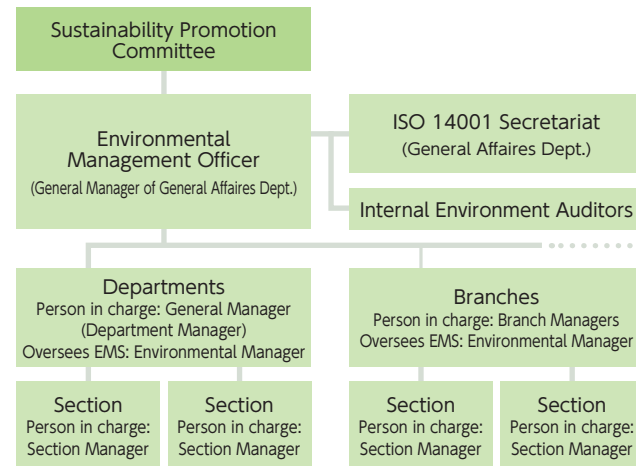
Guidelines for Corporate Action	Goals & Objectives	Major Activities
1. Continuous improvement of the environmental management system (EMS) We will implement and review its environmental goals and objectives targets based on this environmental policy, and operate and continually improve the EMS.	Continuous improvements in the EMS/Use of standards	Implementation of both internal and external audits Briefings on standards for newly appointed environmental managers
2. Compliance with relevant environmental laws and regulations We will comply with relevant environmental international treaties, laws and regulations of Japan and related countries, and other agreements and requirements, etc. of the trade industry which we agree to obey.	Compliance with relevant environmental international treaties, laws and regulations of Japan and countries concerned Strict observance of industry agreements and guidelines	Compliance with the Basel Convention (and its Domestic Laws) Compliance with Act on the Rational Use of Energy Compliance with Waste Management and Public Cleansing Law Participation in the Keidanren, Japan Foreign Trade Council, Inc.'s Voluntary Action Plan on the Environment
3. Contribution to a sustainable recycling system for an economic society By actively engaging in the recycling business etc., we will contribute to the realization of a sustainable recycling system for an economic society.	Promotion of recycling business	Promotion of steel scrap recycling/ Sales of used steel/ Promotion of the recycling of non-ferrous metal materials/ Promotion of the recycling of used paper/ Drafting of proposals for and sales of steel slag
4. The effective use of natural resources and energy We will give careful consideration to the preservation of the global environment and make use of resources and energy effectively.	Involvement in activities related to renewable energy	Promotion of the development of biomass fuels Supply of parts and materials for solar power generation and wind power generation
5. Consideration of the natural environment In addition to always considering the reduction of adverse environment impacts and making every effort to prevent pollution, Hanwa Co., Ltd. recognizes the critical importance of the conservation and sustainable use of biodiversity and will always take the natural environment into consideration.	Reductions in CO ₂ emissions produced by domestic plant and office locations Maritime pollution prevention measures Promotion of sales of anti-pollutant products Careful consideration toward biodiversity	Measures to conserve electricity Maritime pollution prevention at the oil tank facility in Funabashi Sales expansion of high-corrosion-resistant coated steel sheets/Sales expansion of steel pallets Acquired SGEC-CoC certification, expanded handling of related products
6. Promotion of Environmental Awareness We will inform all employees of this policy and actively encourage them to recognize the importance of environmental preservation. This environmental policy will also be made available to the public.	Promotion of environmental awareness activities for employees	Environmental education for newly appointed section managers and environmental managers

Initiatives for Environment

Environmental Management System (EMS)

In October 2022, we integrated the Sustainability Promotion Committee and the Environmental Committee, which was the main organization responsible for environmental management such as ISO. The Sustainability Promotion Committee has established and implemented an Environmental Management System (EMS) based on our Environmental Policy. The environmental management officer appointed by the Sustainability Promotion Committee is responsible for the maintenance and management of the internal EMS. Additionally, we have established the ISO 14001 Secretariat to operate our internal EMS, and as a support organization for the environmental management officer. Internal environment auditors are selected from among persons who have completed the internal auditor training course conducted by the inspection and registration companies and carry out internal audits twice a year. Each department, branch and business location appoints environmental managers who promote EMS-related practical work and internal education.

[Environmental Management System (EMS)]



Implementation and Continuous Improvement of EMS

In order to strengthen environmental governance, the Group conducts internal audits based on the ISO 14001 international standard at the Company and domestic Group companies to confirm the effectiveness of the EMS. In FY2022, we conducted internal environmental audits in 53 departments. Furthermore, our overseas Group companies conduct internal audits based on their own EMS that complies with ISO 14001.

LRQA (Lloyd's Register Quality Assurance Limited) con-

ducted an external audit of 20 departments in FY2022, with a focus on the effectiveness of EMS.

[The number of organizations that have acquired ISO 14001 certification as of March 2023]

Domestic offices 18 locations
Domestic Group companies 4 locations

* Each of our overseas offices and Group companies has established an EMS, and 17 of them have obtained certification.

Promotion of Environmental Education

Upon implementing the EMS, we conduct environmental education seminars every year for newly appointed section managers and environmental managers. In 2022, sessions were conducted in March for new section managers, and in June for new environmental managers. At each session, explanations on the outline of the ISO 14001 standard and environmental management were provided, with a focus on legal compliance, crisis management, effective use of resources, and business improvement.

Consideration for the Natural Environment - reduction of CO₂ emission at domestic business sites

Endeavors as consignor

As a company involved in the distribution of goods, we have been working to reduce the energy volume of transportation since FY2006. Through the cooperation of our Group companies, Hanwa Logistics Tokyo Co., Ltd., Hanwa Logistics Osaka Co., Ltd., and Hanwa Logistics Nagoya Co., Ltd., we work to streamline shipping operations and seek the cooperation of partner forwarding companies.

Endeavors in the office

We have conducted environmental promotion activities and attempts to reduce energy spending and CO₂ emission throughout the office.

- Initiatives taken at the office
 - Implementation of projects to promote reduction in paper usage
 - Reducing the number of business trips through the use of teleconferencing systems
 - Introduction of business casual throughout the year
 - Enrolling in the "Morino Chonai-Kai," and using paper created from thinned wood for internal publications, etc.

Response to Climate Change

Approach to Climate Change Response

Climate change has had various impacts on not only the natural environment such as ecosystems but also people's lives and corporate activities, and the impacts may become deeper in the future. Against this backdrop, we recognize that response to climate change is a significant issue that we need to address, and believe that it is necessary to take responses considering both the "impact

of business activities on climate change" and the "impact of climate change on the Company."

We will promote the reduction of greenhouse gas (GHG) emissions in business activities and initiatives to realize carbon neutral society through businesses and actively engage in minimizing the risks posed by climate change.

Governance Structure

Our Sustainability Promotion Committee is chaired by the Representative Director and President and composed of members selected from administration divisions and sales divisions. Under the direction and supervision of the Board of Directors, the committee examines matters related to climate change and proposes plans to take measures. The Board of Directors then determines responses after having discussions. The activities of the committee are reported to the Board of Directors through the Committee Chairperson when appropriate.

Roles of the management

The management verifies the results of the assessment and management status of climate change-related risks and opportunities that are presented from the Sustainability Promotion Committee or other organizations to the Board of Directors or Management Committee, and directs improvement or review of a business plan as necessary.

Strategy

Our business covers a wide variety of areas, and the risks and opportunities brought by climate change differ depending on businesses. Therefore, we set a basic time frame of up to

2030, and carry out scenario analysis of businesses one after another, starting from those that are highly likely to be affected by climate change according to TCFD recommendations.

Risk Management

For climate change-related risks, the Sustainability Promotion Committee takes the lead in collecting information and identifies and assesses risks under the direction and supervision of the Board of Directors, and manages them after reporting to the Board of Directors. The management manages climate

change-related risks by formulating a management plan and determining investments after examining the identified and assessed risks, and adding measures to minimize risks to daily business activities as necessary.

Climate Change-related Initiatives

Support for TCFD recommendations



We announced support for TCFD recommendations in June 2022. We will sincerely face with climate change, deepen our understanding of opportunities and risks that affect our business and actively strive to disclose initiatives for that.

* TCFD refers to Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) upon the request of G20 to examine how to disclose climate-related information and take responses in financial institutions.

Participation in the GX League



We endorsed the basic concept of the GX League in 2022 and announced its participation in the GX League in 2023. By participating in the GX League, we will promote the reduction of our greenhouse gas emissions and contribute to the realization of a carbon neutral society through the distribution of alternative energy and decarbonized materials.

* The GX League was established as a forum for corporate groups that are actively engaged in GX (Green Transformation) to collaborate with government and academia.

Initiatives for Environment

[Scenario analysis]

We conducted scenario analyses of Energy, Metal Recycling, Food Products, and Lumber businesses, and identified risks and opportunities by identifying the factors of climate change that are considered important in each business.

Scenario	Business	Climate change factor		Assumption	Opportunities/risks and impacts
Transition scenario	Energy	Policies, laws and regulations	Reinforcement of environmental regulations	・Regulations on GHG emissions will lead to fuel conversion. ・The use of renewable energy will become more mandatory.	Opportunity
			Carbon pricing (carbon tax, etc.)	・GHG emissions will be taxed. ・The introduction of an emissions trading system will increase costs imposed at the time of credit purchase and others.	・Increase in revenue opportunities in line with increases in demand for PKS, RPF and other fossil fuel alternatives and new products (impact: large)
		Technology	Development and widespread use of next-generation technology	・Demand for gasoline will decline due to the widespread use of electric vehicles. ・The market of oil products will be smaller as carbon tax becomes more common.	Risk
			Change in energy	・Renewable energy will be introduced further. ・Distributed energy systems will be developed and widespread.	・Decrease in revenue opportunities in line with a decrease in demand for fossil fuel (impact: medium)
	Metal Recycling	Policies, laws and regulations	Reinforcement of environmental regulations	・The use of alternative and renewable materials will become more mandatory. ・There will be more demand for switches from other materials.	Opportunity
			Development and widespread use of next-generation technology	・Demand for batteries and relevant materials will increase due to the transition to hydrogen society and widespread use of electric vehicles, leading to more demand as vehicles become lighter. ・There will be more use of recycled materials and manufacturing yield due to the integration of alloys.	・Increase in revenue opportunities in line with an increase in demand for aluminum which is a light material and highly recyclable (impact: large) ・Increase in revenue opportunities in line with an increase in demand for copper which is required in batteries and whose recycled material can be provided (impact: large)
		Market	More environmental awareness	・Demand for aluminum scrap will increase due to the reassessment of aluminum's recyclability.	Risk
			Change in energy	・There will be more energy shifts in countries refining aluminum ingots. ・The market of services related to ZEB/ZEH and renewable energy will be formed.	・Decrease in revenue opportunities in line with a decrease in demand for aluminum parts that are used in internal combustion vehicles (impact: medium)
	Food Products	Policies, laws and regulations	Carbon tax	・Cost of raw materials and energy will increase.	Opportunity
			Environmental regulations	・Investment costs for non-fluorocarbon refrigerators and freezers will increase.	・Increase in revenue opportunities in line with an increase in demand for environment-friendly products (impact: large) ・Increase in revenue opportunities by creating new businesses through the use of next-generation technologies and collaboration with different industries (impact: medium to large)
		Technology	Development and widespread use of next-generation technology	・Transition to agriculture technology and smart aquaculture will occur. ・Development of renewable materials and biomass-related technology will progress.	Risk
			Changes in consumer behavior and awareness	・Interest in environment-friendly consumption will increase. ・Interest in disaster prevention measures will increase. ・Health demand will increase.	・Increase in procurement costs of fishery and livestock raw materials and products due to imposition of carbon tax and environmental measures (impact: large)
	Lumber	Market	Change in energy	・Changes in demand for fossil fuels will increase the cost of cold storage materials, etc.	・Decrease in revenue opportunities in line with a decrease in demand for natural resources (impact: large)
			Changes in business models	・Business models will change to sharing and upcycling. ・Joint delivery, modal shift, and other initiatives will progress.	
		Policies, laws and regulations	Carbon tax	・Cost of raw materials and energy will increase.	Opportunity
			Environmental regulations and policies	・Insulation and energy conservation standards for housing and other buildings will be raised. ・ZEB and ZEH will become mandatory. ・Policies related to forest protection and carbon sinks will be implemented.	・Increase in revenue opportunities in line with an increase in demand for lumber in housing and other construction (impact: large) ・Increase in revenue opportunities in line with an expansion of wood fuel market (impact: large)
	Common to the entire Company	Market	Changes in consumer behavior and awareness	・Interest in environment-friendly consumption will increase. ・The demand structure will change as preferences change from owning to sharing and preferences for housing.	Risk
			Change in energy	・The use of non-fossil energy sources will expand (and the use of fossil fuels will shrink).	・Procurement costs associated with imposition of carbon tax and environmental measures (impact: large)
		Other market changes and the impact of technological innovation and its spread		・It will be possible to generate carbon credits from forest absorption. ・The ZEB and ZEH markets will expand. ・Demand for housing and other buildings prepared to respond to weather disasters will increase. ・Demand will increase and processes will shift toward low-carbon materials, such as wood that can fix CO ₂ . ・Demand for environment-friendly products (FSC products, plastic-free products, etc.) will increase.	
	Common to the entire Company	Policies, laws and regulations	Carbon pricing (carbon tax, etc.)	・Costs will increase in the entire market as carbon tax becomes more common.	Risk
			Change in energy	・There will be an excessive increase in demand for renewable energy.	・Increase in taxes such as carbon tax (impact: medium) ・Increase in costs in line with soaring electricity and material prices (impact: medium)

Scenario	Business	Climate change factor		Assumption	Opportunities/risks and impacts
Current scenario	Metal Recycling	Rise in average temperature		・There will be more demand for soft drinks and beer.	Opportunity
					・Increase in revenue opportunities in line with an increase in demand for aluminum cans (impact: medium)
	Food Products	Rise in sea level		・Farms, processing plants, and aquaculture ponds in low-lying areas will have difficulty operating.	Opportunity
		Rise in average temperature		・Growing conditions of raw materials will change and productivity will decrease. ・Logistics costs for food products will increase.	・Increase in revenue opportunities due to handling of new marine resources (impact: medium)
		Changes in weather patterns		・Demand for frozen and processed foods will increase. ・Water stress will increase. ・Harvests of agricultural, livestock, and fishery products will decrease and quality will decline. ・Distribution of commercial products will decrease, making it difficult to procure sufficient supplies.	Risk
	Lumber	Intensification of abnormal weather		・Increased probability of supply chain disruptions due to damage to road, rail, and port facilities ・Landslides and fallen trees in forests will increase.	Opportunity
		Rise in sea level		・Demand for capital investment and relocation in flood risk areas will increase.	・Increase in revenue opportunities in line with an increase in demand for strengthening facilities and infrastructure in preparation for disasters and increase in demand for relocations from disaster-prone areas (impact: large)
		Rise in temperature		・Plant growth conditions will change. ・Fires, tree pests, etc. will occur in forests.	
		Combined chronic impacts		・Vegetation and timber procurement areas will change, including deterioration of tree growing conditions. ・Frequency of pests and diseases will change. ・It will be difficult to maintain quality. ・There will be more demand for insulation and shielding effects.	Risk
	Common to the entire Company	Rise in sea level		・There will be more risks of lowered port functions and storm surges (whose impact will not last in the medium term).	Risk
		Increase of abnormal weather		・There will be more risk of disasters such as typhoons. ・Transportation insurance premiums will increase.	・Generation of costs for capital investment for measures against global warming, storm surge and others (impact: medium) ・Increase in costs in line with an increase in electricity use and soaring transportation insurance premium (impact: medium)
		Rise in average temperature		・There will be more risk of workplace accidents when conducting operations outdoors. ・Further capital investment will be required for air conditioners, etc.	・Generation of costs to repair disrupted logistics network and opportunity cost (impact: medium)

About scenario analysis

[Selecting a scenario]

In order to assess the change in the business environment in an objective manner, we carried out an analysis mainly in reference to scenarios presented in World Energy Outlook 2021 and Net Zero by 2050 of IEA (International Energy Agency) and Fifth Assessment Report and Special Report on Global Warming of 1.5° C of IPCC (Intergovernmental Panel on Climate Change).

Scenario classification	Referred scenario name	Details	Temperature rise at the end of this century
Transition scenario	IEA SDS [Sustainable Development Scenario]	Sustainable growth scenario to be able to achieve SDGs that covers the 2°C goal in the Paris Agreement in reference to IEA World Energy Outlook 2021 and other documents	+1.7°C
	IEA NZE [Net Zero Emission Scenario]	Scenario indicating how demand for energy and energy mix should change for the world to achieve net zero emissions by 2050 and limit the temperature rise to within 1.5°C in reference to IEA Net Zero by 2050	+1.5°C
	IPCC RCP 2.6/1.9 [Representative Concentration Pathways]	Scenario with low emissions developed with the target of limiting the future temperature rise to 2°C or lower in reference to IPCC Fifth Assessment Report and Special Report on Global Warming of 1.5°C	+1.6°C/ +1.5°C
Current scenario	IEA STEPS [Stated Policies Scenario]	Scenario reflecting the countries' current policies and targets in reference to IEA World Energy Outlook 2021, Net Zero by 2050 and other documents	+2.6°C
	IPCC RCP 8.5/6.0/4.5 [Representative Concentration Pathways]	Scenario stating that the world's average temperature will rise by roughly 4°C at the end of the 21st century compared to before the Industrial Revolution in reference to IPCC Fifth Assessment Report	+4.3°C/ +2.8°C/ +2.4°C

[Response policy]

We promote the following response to identified risks and opportunities.

We will recognize and analyze risks and opportunities further and enhance responses to increase opportunities and reduce risks.

Business	Opportunity	Risk
Energy	<p>• Increase in revenue opportunities in line with increases in demand for PKS, RPF and other fossil fuel alternatives and new products</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Promotion of waste tire recycling business• Promotion of waste plastic and RPF business• Promotion of PKS and wooden pellet business• Promotion of vessel biofuel business• Promotion of carbonized biomass business• Promotion of ESCO business• Promotion of construction waste material business• Promotion of ammonia business• Participation in the carbon credit market• Others (promotion of business using M&A and others)	<p>• Decrease in revenue opportunities in line with a decrease in demand for fossil fuel</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Active promotion of sales of alternatives• Promotion of business in which selling, general and administrative expenses are reduced through streamlining of operation
Metal Recycling	<p>• Increase in revenue opportunities in line with an increase in demand for aluminum which is a light material and highly recyclable</p> <p>• Increase in revenue opportunities in line with an increase in demand for copper which is required in batteries and whose recycled material can be provided</p> <p>• Increase in revenue opportunities in line with an increase in demand for aluminum cans</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Promotion of strengthening of the ability to procure scrap• Further understanding of customers' needs and promotion of a stable supply of scrap• Promotion of inter-departmental collaboration and sharing of existing facilities• Enhancement of recycling facilities and promotion of strengthening of their functions	<p>• Decrease in revenue opportunities in line with a decrease in demand for aluminum parts that are used in internal combustion vehicles</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Shift to materials for electric vehicles in collaboration with customers
Food Products	<p>• Increase in revenue opportunities in line with an increase in demand for environment-friendly products</p> <p>• Increase in revenue opportunities by creating new businesses through the use of next-generation technologies and collaboration with different industries</p> <p>• Increase in revenue opportunities due to handling of new marine resources</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Promotion of vertically integrated business• Promotion of raw material origin processing• Promotion of onshore aquaculture business• Promotion of microalgae business• Promotion of food tech	<p>• Increase in costs related to procurement and storage of fishery and livestock raw materials and products</p> <p>• Decrease in revenue opportunities in line with a decrease in demand for natural resources</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Secure multiple procurement routes• Promotion of frozen foods and development of new marine resources
Lumber	<p>• Increase in revenue opportunities in line with an increase in demand for lumber in the housing market</p> <p>• Increase in revenue opportunities in line with an expansion of wood fuel market</p> <p>• Increase in revenue opportunities in line with an increase in demand for strengthening facilities and infrastructure in preparation for disasters and increase in demand for relocations from disaster-prone areas</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Expansion of immediate delivery, small-lot and processing functions and product development for housing and other buildings in cooperation with the Steel Business• Securing production of wood structural materials from raw materials and product development• Creation and acquisition of carbon credits	<p>• Increase in procurement costs for logs, lumber products, etc. due to imposition of carbon tax and environmental measures</p> <p>• Increase in costs associated with supply chain restructuring</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Strengthen procurement capabilities of domestic and overseas raw materials with a view to M&A and build a competitive supply chain• Securing suppliers including forest acquisition and forest management
Common to the entire Company	Company-wide opportunities realized in each business	<p>• Increase in taxes such as carbon tax</p> <p>• Increase in costs in line with soaring electricity and material prices</p> <p>• Increase in costs in line with an increase in electricity use and soaring transportation insurance premium</p> <p>• Generation of costs for capital investment for measures against global warming, storm surge and others</p> <p>• Generation of costs to repair disrupted logistics network and opportunity cost</p> <p>< Response policy ></p> <ul style="list-style-type: none">• Promotion of reduction of GHG emissions• Promotion of energy saving• Promotion of periodic review of insurance, etc.• Promotion of measures for buildings against flooding and storms• Identification of products with high procurement risk in the case of disasters and promotion of risk distribution



Materiality to be Addressed to Build the Management Foundation



Security and development of diversified human resources

Relationship with us

Our diverse workforce plays a fundamental role in our business as a trading company. We are working to create an environment in which a diverse workforce can work and grow sustainably, in order to establish a management foundation for sustainable growth of the Company, even if it is affected by future concerns such as a declining population in Japan.

Examples of Related Topics

- Developing human resources
- Securing human resources
- Diversity of human resources
- Internal human rights issues



Advancement of risk management system

Relationship with us

We have made a variety of investments to date, and we believe that risk management is becoming increasingly important due to growing uncertainty. In order for us to continue to grow in the future, we will continue to advance our investment management and other risk management systems.

Examples of Related Topics

- Business risks
- Investment management
- BCP
- Corporate governance



Initiatives for Human Resources

Human Resources Management

Basic Ideas on Human Resources

Jiro Kita, the founder of our company, believes that “trading companies have to cherish its human resource” and has developed businesses believing that “corporate prosperity and the happiness of our employees are two sides of the same coin.” Seventy-seven years have passed since its establishment, but this philosophy still remains as the basis of our Company’s approach to human resources.

Undergoing the changing social environment in the world, arranging personnel systems and welfare systems to create an ideal workplace is crucial to enlarge our business. Our workforce has become more diversified with an increasing number of mid-career employees, employees of

foreign nationality and female career employees. By reflecting the voices of our employees, Hanwa will continually improve working conditions.

With regard to human resources development, we have adopted the keyword “Professional & Global” (= “P&G”). We need people who are eager to enhance their expertise in their respective domains and fully utilize it to play active roles in various fields. In order to cultivate employees who think and act on their own to create business, we have prepared the necessary training and challenging opportunities.

Creating a Worker-friendly Environment

We believe that providing a work environment and terms of employment that are worker-friendly lead to high work performance.

Our employees may submit a self-declaration form once a year so we can understand how satisfied they are with our internal HR systems and confirm their career plans, and more than 80% of employees submitted the form every year. We have also set a “suggestion box” which allows employees to express their requests and opinions to the Personnel Department at any time throughout a year. These initiatives allow us to receive requests and opinions from employees, improve welfare programs, and reform the personnel system to enable flexible work arrangements.

Education of Human Resources

The concept underlying our Human Resources Education is the development of “P&G” resources.

“P” is the acronym of Professional and refers to the ability to solve user’s problems with a high level of expertise and management skill. “G” is for Global. This not only refers to human resources who communicate with the understanding of the uniqueness and the diversity of each region of the world, but also includes human resources who have an open-mind.

Furthermore, we opened our Hanwa Business School (HKBS) corporate university last year, to strengthen our human resources toward the year 2030. We will further sys-

tematize “hard-earned wisdom” and “Hanwa DNA” accumulated to date in developing talent. In addition, we will continue conducting personnel assignment and OJT and OFF-JT effectively. As to the content of lectures at the corporate university program, we will eagerly incorporate various topics, always keeping our eyes on the needs of the field and social trends.

We believe that the continuous improvement by employees themselves will be an extremely important requirement for “P&G” talent in future as well. Employees constantly striving for self-development foster an “organization of continued learning.”

“

A message from the Personnel Executive Officer

Development of ‘Professional & Global’ talent ”

Hideyuki Tsuruta

Executive Officer
In charge of Personnel Dept.,
General Affairs Dept.,
Quality, Safety & Environmental
Control Dept., Sales Accounting Dept.,
Trade Administration Dept.



message

In the Tenth Medium-Term Business Plan, we aim to strengthen our human resources by developing management personnel with both front-line and business management skills, developing global human resources throughout the Group, and strengthening corporate human resources to support stronger governance, with the goal of becoming an organization that continuously and autonomously adapts and evolves in response to environmental changes. To this end, we will further enhance the training content of HKBS, which launched in June 2022, to expand learning opportunities throughout the Group and provide opportunities for personal growth. Specifically, we will increase opportunities for employees to practice their skills through language study abroad, expansion of overseas trainee dispatches, and bi-directional personnel exchanges with domestic and overseas group companies.

We will promote reforms in personnel evaluation and promotion, optimal assignments, and compensation systems as well as human resource development. In order to draw out individual strengths and support challenges, we will redefine job groups to accommodate diversified operations and provide opportunities for highly motivated employees by introducing an open recruitment system and an early promotion system. We will then realize a well-balanced system design and compensation level that appropriately evaluates performance and rewards challenge and achievement. We will accel-

erate the movement to place the right people in the right places more than ever before.

In order for a company to sustainably create new values and innovation, it is indispensable to have a corporate culture in which diverse people and values are respected and everyone can thrive with his/her individuality. In order to attract diverse individuals, we will actively promote the appointment of female managers, promote childcare leave of male employees, expand career and referral hiring, and hire highly specialized personnel. We have introduced a senior personnel system to provide opportunities for employees to continue working after retirement. However, to address the shortage of human resources, we are also considering methods to expand employment opportunities after the age of 65 to further deepen the diversity and inclusion of our human resources.

The three-year-long COVID-19 pandemic has prompted us to significantly review its work styles in the office and work processes. A new ERP system has been introduced in FY2022, further advancing the digitalization and elimination of paper of internal operations. By achieving support for more advanced operations and pursuing a balance between new work styles such as remote work and productivity, we will promote work style reform based on the founder’s philosophy that “corporate prosperity and the happiness of our employees are two sides of the same coin.”

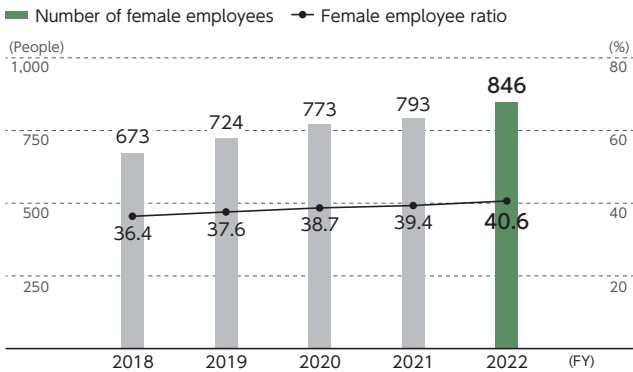
Initiatives for Human Resources

Promotion of Diversity

Promotion of women's participation and career advancement in the workplace

In the action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, the fourth term of which was newly launched in April 2023, we will continue to actively recruit women, increase the number of female employees involved in organizational decision-making, and support for balancing work and life events, thereby actively promoting initiatives for women's participation and advancement.

Number of female employees/Female employee ratio



Employment of people with disabilities

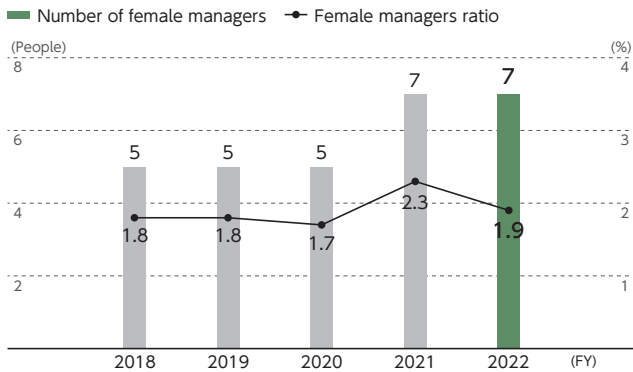
The employment rate of people with disabilities in FY2022 was 2.4%, attaining 0.1% above the statutory employment rate. As of April 2023, we have 39 employees with disabilities. We will continue our recruitment activities to achieve the statutory employment rate, which is set to increase to 2.5% in April 2024 and 2.7% in July 2026.

We are conscious of creating a workplace which allows employees with disabilities to work with a peace of mind for a long period. We provide them with monthly opportunities to receive advice from specialists to address the conditions of the working environment and personal concerns. In addition, in order to provide work styles that suits the characteristics and environment of each person with disabilities, a work-from-home system was in-

●Major Activities

- Keeping the percentage of female career-track employees among new graduates hired at 30% or more
- By April 2026, we will increase the percentage of female managers to 3.7%, with a medium- to long-term target of 10%
- Provision of opportunities to review career plans by offering women empowerment programs

Number of female managers/Female managers ratio



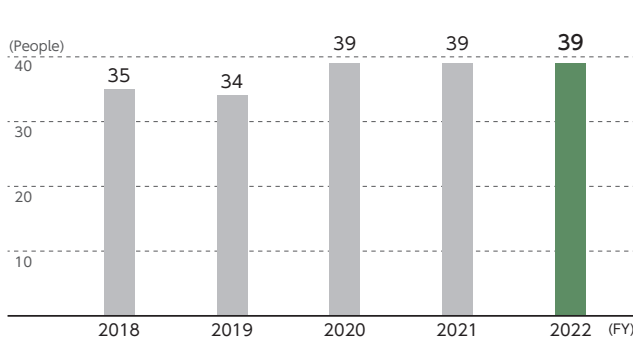
troduced in May 2018, and currently 12 employees are engaged mainly in input work on computers. Based on an understanding of each individual's characteristics, we check in with each other's health conditions every morning to create a worker-friendly environment. Recruitment takes place nationwide in Hokkaido, Tokyo, Osaka, Nara, Wakayama, Kochi, Okayama and Kumamoto contributing to job creation in rural areas. This initiative has been in place since before the spread of COVID-19, attracting attention in the field of HR. We have appeared in several seminars as good instances of work-from-home for persons with disabilities, and cooperated with support schools for hands-on learning.

As part of our efforts to employ people with disabilities, we have partnered with Shoe Shine Cat Co., Ltd. since April 2020 to

●Seminars where we appeared in FY2022

- September 2022 Ministry of Health, Labour and Welfare, "Guidance for Companies for Employment of Persons with Disabilities in Telework"
- December 2022 Ministry of Health, Labour and Welfare, "Practical Seminar for Work Transition Support Office to Understand Training for Employment of Persons with Disabilities Using Telework"
- February 2023 Osaka Prefecture, "Work Experience Training for Students and Parents of Prefectural Support Junior High Schools"
- March 2023 Kagawa Prefecture, "Forum on IT-based Work-from-home Employment for People with Disabilities"

Number of employees with disabilities



hire two shoe shine specialists. We offer their shoe shine services not only to our employees but also to our business partners.

In addition, we are participating as a secretary company in the General Association of Corporate Representatives in Charge of Employment of Persons with Disabilities, which was established in August 2022. The Association aims to improve and develop the employment of people with disabilities, and provides a forum for those in charge of the practical aspects of employment of people with disabilities to share their knowledge and experi-

ence. At regular monthly meetings, we report on the status of each company's initiatives, bring together concerns and issues, and exchange opinions in order to create a social environment in which everyone can play an active role.

We believe that by working both internally and externally to create a social environment in which it is easy for people with disabilities to sustain their businesses, we will contribute to the SDGs, which are based on the principle of "leave no one behind."

Health and Productivity Management

Hanwa views employee health management from a managerial perspective, and the company, employees and Hanwa Health Insurance Society work together to promote the health of the employees and their families. In April 2018, we made the "Hanwa Health and Productivity Management Declaration," and established the Health and Productivity Management Office within the Personnel Department in order to prepare a system to address health and productivity management. In FY2022, we introduced a three major illness compensation system to help employees balance treatment and work. In April of this year, the organization was reorganized into the Health and Productivity Management Section to further promote health management. The Section is staffed with public health nurses, and is actively working to promote the health of employees and their families, visualize issues, and conduct preventive activities.

The Representative Director and President Yoichi Nakagawa became the CHO (Chief Health Officer) in FY 2022 and established the Hanwa Group Health and Safety Policy. We work on

health and productivity management with the goal of "creating an environment where people can work with peace of mind, and promoting an improved working environment, reduced risk of occupational illness, and improved health maintenance as our highest priorities." We promote disease prevention, severity prevention and mental health care, support the cost for smoking cessation outpatient treatment, strictly prohibit smoking outside the designated smoking areas as a way to eliminate the risk of passive smoking, hold health improvement seminars by our public health nurse, and conduct tests to analyze employee's stress conditions. We have also conducted various programs that would help employees manage their health while having fun, such as by organizing walking events in which participants compete for the number of steps on a cell phone application.

Going forward, we will continue to promote measures to promote the creation of an environment where all employees can continue to be healthy, both physically and mentally, and play an active role.

Health and Safety Policy

We established "Hanwa Group Health and Safety Policy" in April 2022 to create an environment where people, the Group's greatest asset, can work with peace of mind. In accordance with this policy, we will continue to work to maintain and improve the health of our employees and create a comfortable working environment.

In addition, we will set the goals listed on the right, and then implement and verify different measures.

●Goals

- Zero fatal accidents due to occupational injuries
- Health checkup rate 100%
- 100% effective operation of occupational health and safety management system at Hanwa and the Group companies
- Continuous educational offerings to improve the occupational health and safety management level and give top priority to regulatory compliance

Hanwa Group Health and Safety Policy

1. We will create an environment where people, the greatest asset of Hanwa and the Group companies, can work with peace of mind, and promote an improved working environment, reduced risk of occupational illness, and improved health maintenance as our highest priorities.
2. We will promote management based on compliance with applicable labor standards and different laws and regulations in domestic and international business.
3. Under the leadership of executives, we will promote an effective occupational health and safety management system and strive to prevent occupational injuries and accidents.
4. We aim to create a good workplace where everyone can develop good communication within each organization and experience a sense of satisfaction and purpose in life.

Initiatives for Human Resources

Hanwa Scholarship Foundation

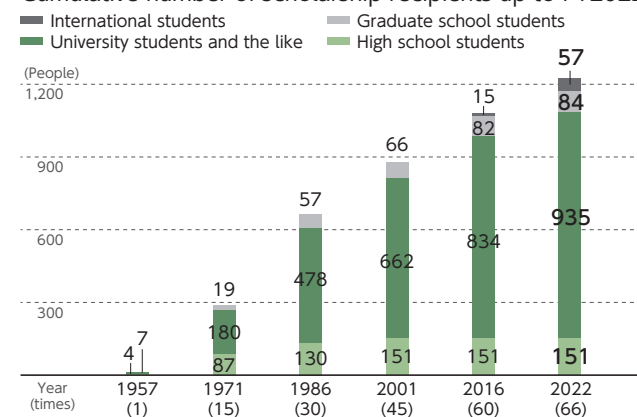
Hanwa Scholarship Foundation was established in April 1957 to commemorate the 10th anniversary of the foundation of Hanwa Co., Ltd. Jiro Kita, our founder and the first director of the foundation, recalling his own tough experience of learning, wished to develop talented human resources for Japanese society by offering scholarships. He established the foundation by investing 10 million yen, when our capital was only 0.1 billion yen. Having celebrated its 65th anniversary in April 2022, the foundation has provided support to more than 1,200 scholarship recipients to date.

The foundation started a grant-type scholarship of 1 million yen per person for studying overseas in FY2015. This is out of our passion in view of the greater pace of globalization to support as many students, with desire and ability, as possible to widen their views through overseas studies, pursue knowledge, and become human resources who can compete with outstanding young people in countries around the world. Furthermore, we also extended the payments of grant-type scholarships to domestic scholarship recipients from FY2021, with the aim of creating a system suitable for the needs of the times.

While Japan has become a financially affluent society,

there has been heated discussions about education reform on matters such as the population decline due to low birthrate, increasing economic disparities, deterioration of social morality, and declining education levels. Hanwa Scholarship Foundation continues to develop its business by utilizing its unique characteristics as a private-sector scholarship foundation, so that young people who will lead the next generation can play a more active role in society.

Cumulative number of scholarship recipients up to FY2022



and 57 were students from overseas. Many past scholarship recipients remain active in a wide range of fields, including not only the industrial world but also academia, government service, the legal and medical profession.

Initiatives for Human Rights

We have set forth “Formation of a sustainable, sound material-cycle society” and “Security and development of diversified human resources” in our materiality, and we are

Human Rights policy

As a company operating in various countries around the world, the Group considers respect for human rights as one of the foundations of our business, and formulated our Human Rights Policy in June 2022, incorporating the opinions of third parties. We will clarify this concept in this policy and strive to fulfill our responsibilities as a company.

Human rights due diligence

In proceeding with the human rights due diligence, we first conducted a human rights risk analysis as follows.

Main contents of the Hanwa Group Human Rights Policy

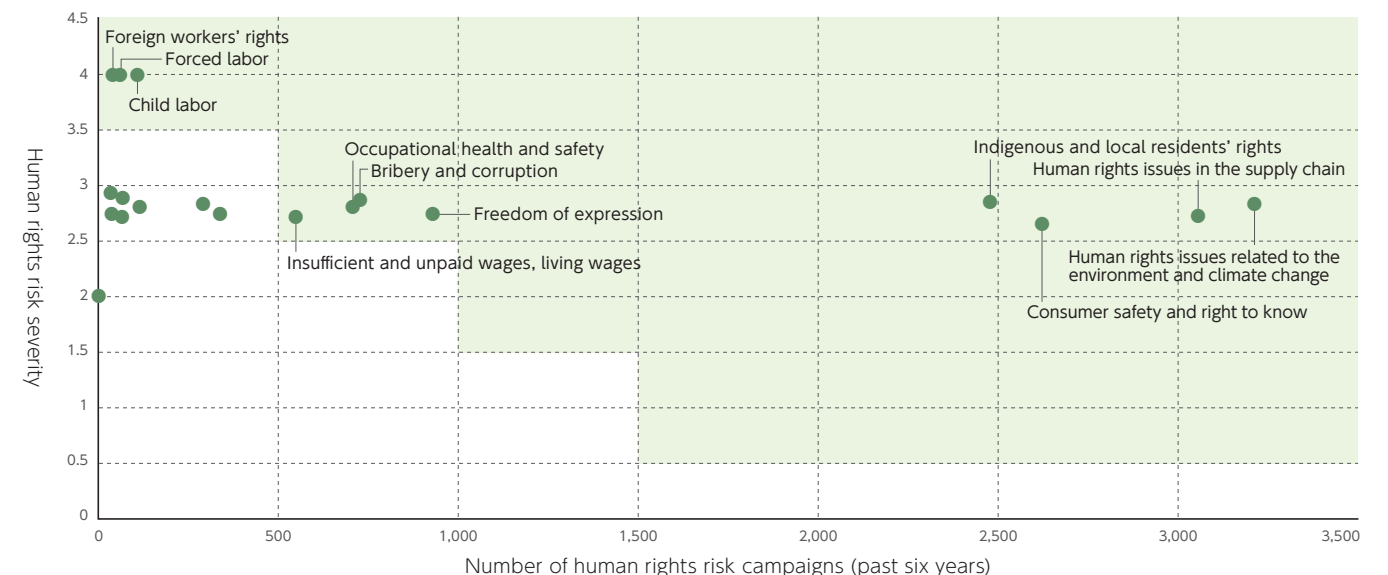
1. Scope of application
2. Support for international norms and principles regarding human rights
3. Human rights due diligence
4. Remedy
5. Dialogue and discussion
6. Education and enlightenment
7. Report

[Human rights risk analysis]

In analyzing human rights risks, we used two approaches based on the past six years of NGO campaign results.

(1) Approach from general information

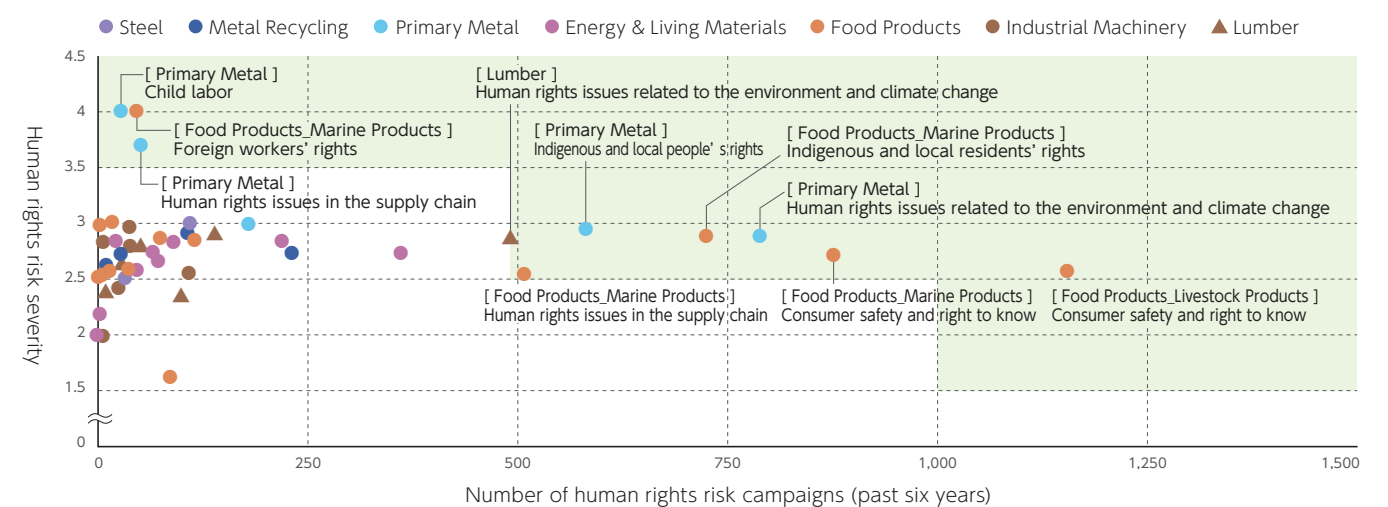
The NGO campaign results include content related to a variety of commercial products. The following chart shows an analysis of the “human rights risk severity” and “number of human rights risk campaigns” for general campaign content regardless of commercial products, by the type of human rights that the campaign is promoting. Going forward, we will periodically analyze human rights risks to understand the details of human rights risks that we should pay attention to and utilize them in our various policies.



* The human rights risk analysis is based on the results of a third-party research organization analyzing and evaluating the performance of campaigns for human rights issues identified by human rights organizations and NGOs around the world.

(2) Approach from product-specific information

Of the NGO campaign results pertaining to the campaign content of product-specific information (e.g., campaigns related to food production sites), the following chart shows an analysis of “human rights risk severity” and “number of human rights risk campaigns” by the type of such human rights promoted by the campaign and by our business.



(3) Summary of human rights risk analysis results

From (1) above, we identified “forced labor,” “child labor,” “insufficient and unpaid wages, living wages” and others as human rights issues that require more attention in the overall supply chain. From (2) above, we identified “Primary Metal,” “Food Products,” and “Lumber” as businesses that should be given particular attention with regard to human rights issues. Going forward, we will formulate procurement policies and approach business partners in light of the results of our human rights risk analysis.

Employee Messages



Yuri Kono
Tokyo Head Office
Section Manager,
Accounting Sect.2,
Accounting Dept.

Creating a climate for women's success

I joined the current Metal Recycling Dept. as a general office worker, was converted to a career-track employee in my third year, and was transferred to a Group company in my fourth year. Thereafter, after being assigned to several administrative divisions and company-sponsored MBA study abroad, I was assigned to the Accounting Dept. in 2019 and have been a manager since 2021. Because I am not particularly late in becoming a manager among my peers, I feel that there was no significant gender difference in my overall evaluation of my experience or in the personnel system I have enjoyed.

However, this is not the only reason why I can say that the Company provides an environment in which women can play an active role. I believe that the true "climate" is a sense of security in the organization that one does not have to sacrifice one's mental and physical health or family, and a culture in which everyone can proudly say that work as a manager is genuinely enjoyable. Although there is no gender difference in these respects, the former is a particularly major factor for women, and I look forward to further measures in this regard from the Company. As for myself, I am going to start where I can and seek to embody the latter, "manager work is enjoyable," on a daily basis.



Yoshitada Nakamura
Tokyo Head Office
Business Improvement Sect.,
Information System Dept.

Encouragement on male childcare leave

I have taken childcare leave on two occasions. The first was for a one-year period from April 2015 to March 2016, and the second was for a three-month period from July to September 2021. For the first leave, there was no precedent of a male employee taking long-term childcare leave at the Company, and I was very anxious and worried. When I discussed my childcare leave with the director in charge on the grounds that it was a very important time in my wife's career development and that I wanted to take care of our child, he provided me the opportunity with good grace.

During the childcare period, watching the growth of my children right before my eyes was the best time of my life that I would not trade for anything, and I will treasure it for the rest of my life. In addition, I was also actively involved in what is now known as reskilling. I had discussions with ministers and Japanese parliament members about social contributions centered on childcare, and was able to hone my planning skills through childcare policy proposals to local governments, which greatly helped me in my subsequent career development.

After the childcare leave, I returned to the Information System Dept. With only sales experience, I received support from many people and was able to balance work and childcare under working conditions that did not allow overtime or business trips.

What I have realized through raising my children is that life is fleeting and it is important to prioritize things. It has become much clearer to me about what to prioritize, what to outsource, what to regularize, and what to give up in order to make time for family, work, and myself. The way I take care of our children and do housework also improved my operations at work. I encourage you to take a long-term childcare leave in consideration of your career development, especially in this era of 100-year life expectancy!



Zhang Yichi
Tokyo Head Office
Global Business Planning
Sect.,
Corporate Planning Dept.

I want to be a cultural bridge in a global company

When people think of Japanese companies, words such as seniority and hierarchical relationships inevitably come to mind, but I do not feel such a culture at all in the Company. In my personal life, I have a very good relationship with my supervisors and colleagues, including having fun dinners with executives and barbecues at my supervisor's house. In addition, there is a culture in which in-charge staff can feel free to discuss the ideas they formulated with their supervisors at work. It is not uncommon for an idea to become a project, or for a new business to emerge from the synergistic effects of interaction with other departments. I feel that I blend in so naturally that I forget that I am a foreign national.

My goal is to be a bridge between two cultures in the Company, which operates globally. Having had experience from the Legal & Credit Dept. to the Corporate Planning Dept., my career path is different from a general "trading company employee." However, I find it very rewarding to be able to quickly identify business risks and provide appropriate advice leveraging the knowledge and language of my home country of China. I believe that I will be able to contribute to the global expansion of the Company utilizing my unique insight from living in Japan, where the culture is different from those of my home country, by continuing to learn local business practices more quickly even when dealing with third countries.

message

Risk Management

Basic Stance

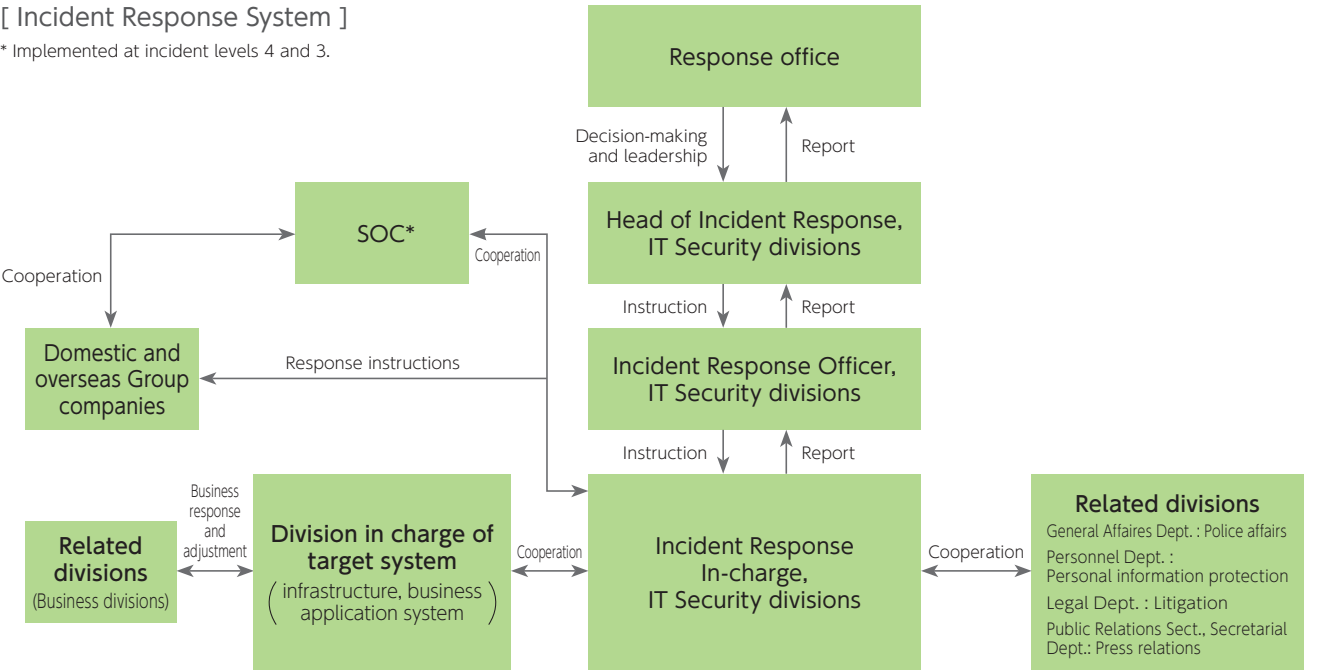
As the Group operates a wide range of businesses around the world, it is exposed to a variety of risks. In order to prevent the occurrence of risks and to reduce the risks that occur, we have chosen departments to respond to each of these risks and developed various regulations and manuals.

Information Security

We have established the Information Management Regulations, etc. and an Information Security Policy to ensure an adequate level of information security of the Group and the appropriate management of company-owned information. We have built a system to prepare for attacks by unauthorized external access or computer virus intrusion, and regularly conduct education and training within the Group. In the event of an incident, we will respond in accordance with our manual and work to minimize damage to the entire Group.

[Incident Response System]

* Implemented at incident levels 4 and 3.



* SOC--Security Operation Center

Personal Information Protection Policy

We regard the appropriate management of personal information as part of its corporate social responsibility, and for purpose of preventing the leakage or unauthorized use of personal information, we have established the Information Management Regulations and the Personal Information Protection Manual and has thoroughly conducted education to the officers and employees.

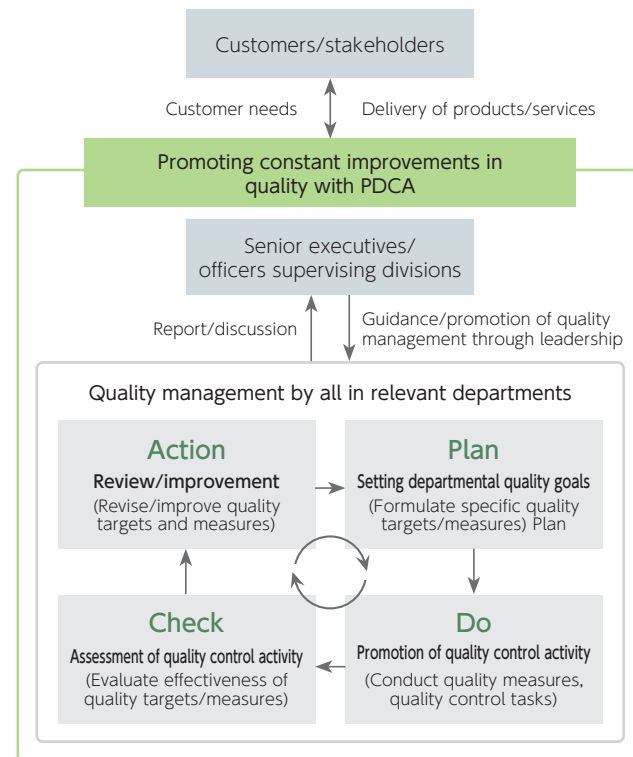
Crisis Management Measures

We have established the Crisis Management Manual to prepare against serious crisis that could cause serious damage to our assets and the implementation of operations, as well as damage to officers and employees of our domestic and overseas companies and the Group companies as well as the safety of their families. In addition, all departments of we have established the Business Continuity Plan (BCP) Manual for Large Scale Disasters and have set up a business continuity plan in the event of a major disaster. In the event of a crisis, we work to minimize the damage, ensure the safety of our officers and employees and their families, and establish a system necessary for the continuation and early resumption of core businesses.

Quality Control and Health & Safety Management

In recent years, the social impact of quality defects has been increasing, requiring companies, including trading companies, to pay more attention to quality management. We have established the Quality, Safety & Environment Control Department, and in April 2021, we established the Quality Control Rules to strengthen the quality control system to also include group companies. We have set goals of avoiding quality risks while we pursue satisfying customer needs, as well as constantly raising the level of quality management. To achieve these goals, relevant departments refer to the Quality Management System to raise the level of quality control while all persons involved steadily implement the PDCA cycle according to the business characteristics of each department. In addition, we have established the Safety and Health Management Rules (Construction and Manufacturing Businesses) to prevent occupational and public accidents at our construction and manufacturing businesses, and strive to thoroughly ensure compliance and avoid associated risks to us.

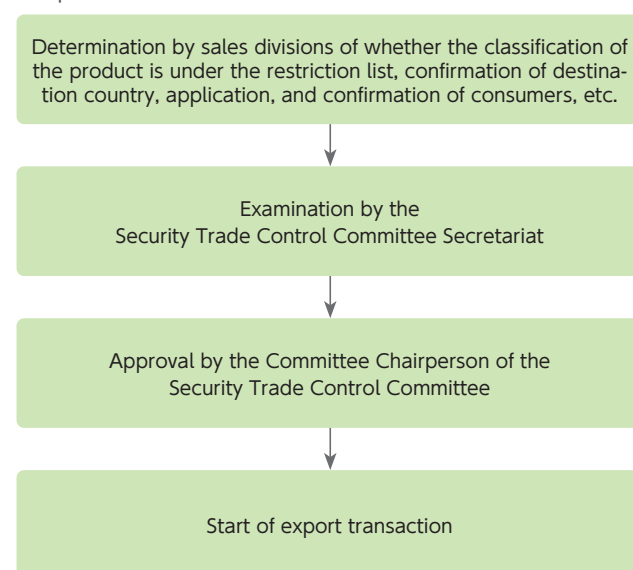
[Quality Management System Structure]



Security Trade Control

From the perspective of maintaining peace and security in the international community, we are thoroughly committed to compliance with the Foreign Exchange and Foreign Trade Act and appropriate trade control, in order to prevent the flow of arms and military-usable cargo and technology to nations involved in the development of weapons of mass destruction and conventional weapons, as well as terrorists. As part of our efforts, we have established the Security Trade Control Rules and established the Security Trade Control Committee which is chaired by the executive officer of the administrative divisions, to conduct company-wide management and internal education, thereby ensuring the appropriate and smooth implementation of operations related to security trade control. Procedures for export transactions are stipulated in the Security Trade Control Rules. The chairperson of the committee approves the transaction after double checks and examinations by the sales divisions and the committee's Secretariat for classification, destination country, intended use, and end-user confirmation. In order to maintain peace and security in the international community, we will continue to make efforts to disseminate the security trade control within us and to improve and enhance our trade control system.

[Export control flow]



HKQC Initiatives

Understanding HKQC

HKQC (Hanwa Knowledge Quality Control) is a program unique to the Hanwa Group. It aims to improve the quality of our operations by using the Group's accumulated collective wisdom for more thorough risk analysis and process control, and to pass the wisdom of the Group down and develop it further.

As part of HKQC initiatives, we prepared business process flow charts for each department to identify potential risks, and describe control methods for those risks on HKQC sheets to make risks more visible and share control methods.

HKQC initiatives are implemented based on the following concepts:

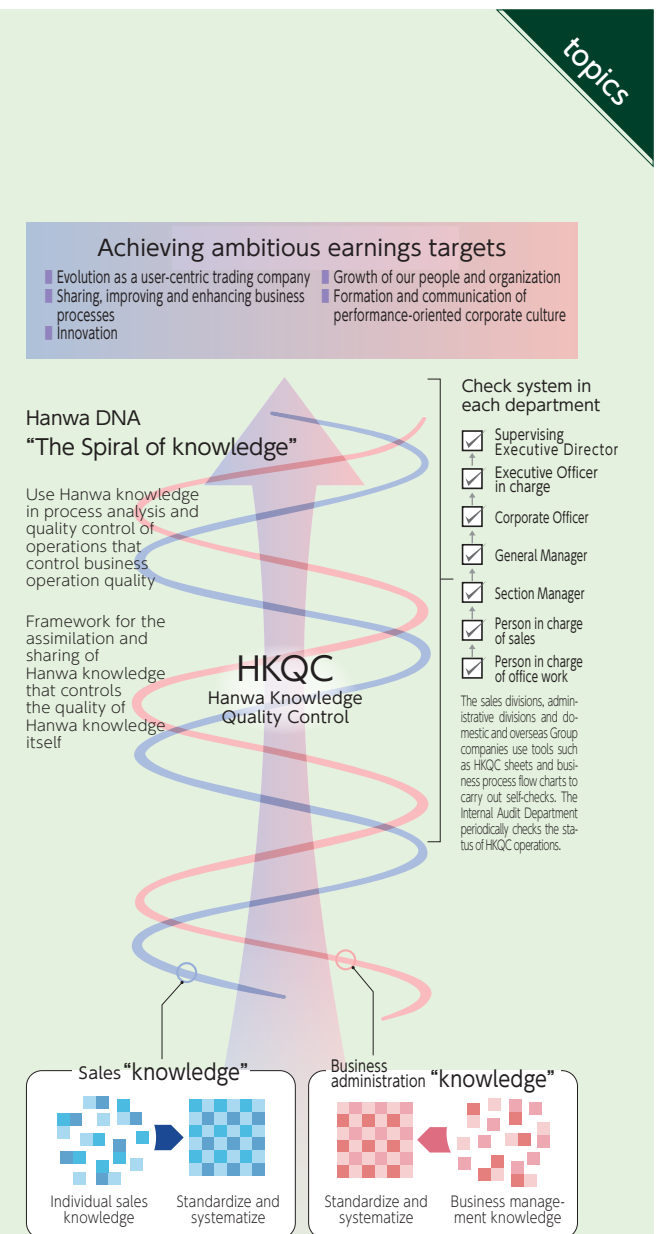
- ✓ They are daily operation improvement activities done autonomously by all employees in the organization
- ✓ They are activities to improve the quality of our operations, which in turn improves corporate value
- ✓ They are activities that not only comply with laws, regulations and rules, but also take into account social demands such as CSR, ESG and SDGs.

They are positioned as internal control activities in the Group themselves.

Initiatives

HKQC Events were held each year from 2016 to 2020, which were utilized not only to improve work processes, but also as a venue to pass down the Group culture, including the HKQC spirit.

In FY2020, we reviewed the employee performance evaluation system and introduced a goal management system for HKQC. At the beginning of the fiscal year, HKQC organizational goals are set at the department level, and then these organizational goals are broken down into individual goals to create a mechanism to raise each employee's



awareness of HKQC activities.

Furthermore, from FY2021 onward, an HKQC Promotion Meeting is held at the department level with all members participating to ensure that the PDCA cycle regarding HKQC goals function effectively. The meeting is held at the end of the fiscal year as part of initiatives to improve the effectiveness of HKQC activities to discuss the setting of HKQC goals for the next fiscal year (A: action) after confirming and analyzing the status of achievement of HKQC goals for the current fiscal year (C: check).

Corporate Governance

Basic Policy of Corporate Governance

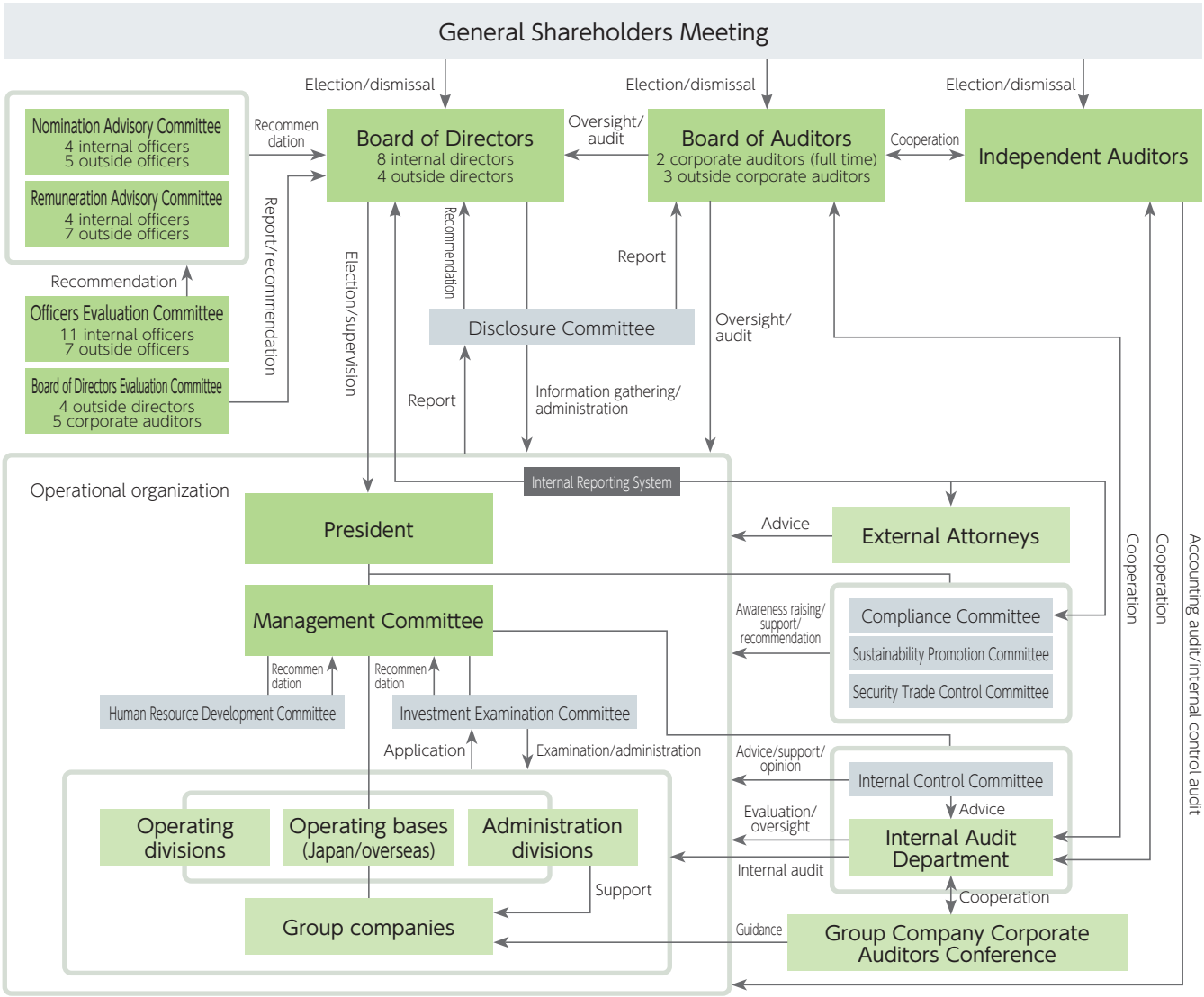
Basic approach to corporate governance
We aim to fulfill our social responsibilities as a good corporate citizen so that we can gain and retain respect from our stakeholders and be recognized as a valuable enterprise. We work to establish a high degree of transparency in management systems to ensure full legal

and regulatory compliance and respect for social norms. In addition, to coexist with the Earth and society and to develop sustainably, we have established the Sustainability Promotion Committee and promoted management initiatives with a focus on sustainability.

Corporate governance structure
We have adopted a corporate auditors' system. We have expanded our business over the years across a wide range of business fields, while making optimal use of the high level of expertise we can offer as a "distribution specialist." Business matters of significance are discussed and decided at the Board of Directors meeting by our internal directors, who understand thoroughly our operations, and outside directors, who have a wide range of experience and a high

degree of insight. We believe that the model we have adopted, in which corporate auditors (including outside corporate auditors) perform an audit and inspection, is the most appropriate for our company. In addition, we introduced an executive officer system to establish a system that enables more detail-oriented business operations and to promote quicker and more efficient decision-making.

[Corporate Governance Structure]



Directors and the Board of Directors

Composition of the Board of Directors
The Board of Directors consists of eight internal directors and four outside directors. In addition to the chairman and president, who have representation rights, we have four directors in charge of the Steel business, one in charge of the Food Products, Energy & Living Materials businesses,

and one in charge of administration divisions. Based on their wealth of knowledge and experience, they oversee their respective business administration and business execution. The term of office of each director is one year to respond flexibly to changes in the business environment.

Roles of outside directors
Outside directors are expected to act as representatives for stakeholders, including shareholders. They are expected to evaluate and consider business decisions as well as the ap-

propriateness of the execution of business from an objective point of view. Therefore, candidates with competence and experience suitable for this demanding position are selected.

Functions of the Board of Directors
In principle, a meeting is held once a month, and in addition to the matters stipulated in laws and regulations and the Articles of Incorporation, plan and formulate important management operations

for the Group. Moreover, the Board of Directors receives reports on business execution from each director and is responsible for overseeing the execution of duties by the directors of the Group.

Reasons for appointment of outside directors and their attendance

Name	Independent Officer	Reason for appointment	Attendance in FY2022
Ryuji Hori	○	He has expertise and extensive knowledge in legal affairs, cultivated through his many years of experience mainly in risk management at a general trading company, along with his experience as a university professor. He was appointed for the position of Outside Director because we expect that he can provide advice on our management decisions and supervision towards our business execution from a general and multilateral perspective.	Board of Directors 17 out of 17 meetings
Tatsuya Tejima	○	He has extensive knowledge and business experience cultivated through many years of his career as an executive of a non-ferrous metal smelting company. He was appointed for the position of Outside Director because we expect that with his noble character and deep insight, he can provide advice on our management decisions and supervision towards our business execution from a practical and multilateral perspective especially in finance and investment.	Board of Directors 17 out of 17 meetings
Kamezo Nakai	○	He has extensive knowledge and abundant experience cultivated through his many years of corporate management in the securities industry and real estate industry. He was appointed for the position of Outside Director because we expect that he can provide advice on our management decisions and supervision towards our business execution from a practical and multilateral perspective especially in finance and investment.	Board of Directors 17 out of 17 meetings
Reiko Furukawa	○	She has profound insight supported by her many years of varied experience in business, management, audits, etc., at a large corporate group for information systems. She was appointed for the position of Outside Director because we expect that she can provide advice on our management decisions and supervision towards our business execution from a practical and objective perspective, especially in the areas of information systems and internal control.	Board of Directors 14 out of 14 meetings (Assumed office in June 2022)

Corporate Auditors and the Board of Auditors

Composition of the Board of Auditors
It consists of two internal corporate auditors and three outside corporate auditors. Full-time corporate auditors, who are from within the Company, mainly attend the Management Committee to gather information related to the busi-

ness management and explain to outside corporate auditors with their own perspectives to support the understanding of outside corporate auditors. They also hold meetings with management and express their opinions, as necessary.

Functions of the Board of Auditors
The corporate auditors and the Board of Auditors endeavor to make appropriate assessments from an independent and objective standpoint, and in order to do so, they work to monitor us by attending the Management Committee and the Board of Directors, conducting audits of the Group companies, conducting interviews with senior executives and sharing information regularly with the Internal Audit Department and an external independent auditor. In addition, the Board of

Auditors places great importance on preventive audits of misconduct and strives to conduct not only legality audits but also validity audits. We have appointed three outside corporate auditors with a wealth of insights into corporate activities. They conduct appropriate business audits while maintaining their independence from the Board of Directors, express their opinions to the Board of Directors, and make reports at general shareholders' meetings.

Reasons for appointment of outside corporate auditors and their attendance

Name	Independent Officer	Reason for appointment	Attendance in FY2022
Yasuo Naide	○	He was appointed as a corporate auditor because he was judged to be able to utilize his extensive practical experience with heavy equipment manufacturers and his broad knowledge and experience gained through corporate management.	Board of Directors 17 out of 17 meetings Board of Auditors 12 out of 12 meetings
Katsunori Okubo	○	He has expertise and extensive knowledge cultivated through his many years of business experience at a financial institution along with his considerable international experience. He was appointed as a corporate auditor because we believe that he can audit our management from a global perspective.	Board of Directors 17 out of 17 meetings Board of Auditors 12 out of 12 meetings
Hideyuki Takahashi	○	He has expertise in finance cultivated through his many years of business experience at a financial institution along with his considerable experience in management and audit. He was appointed as a corporate auditor because we believe that he can appropriately audit and supervise our Board of Directors by leveraging his knowledge and experience.	Board of Directors 17 out of 17 meetings Board of Auditors 12 out of 12 meetings

Independence Standards for Outside Officers

When an outside officer (outside director and outside corporate auditor) of the Company does not fall under any of the following cases, he or she is judged independent from the Company.

- (1) A major shareholder of the Company (meaning a shareholder who holds either directly or indirectly 10% or more of the total voting rights of the Company at the end of the most recent fiscal year), or an executing person thereof.
- (2) A person belonging to or an executing person of a company of which the Company is a major shareholder (holding 10% or more of the total voting rights of the Company at the end of the most recent fiscal year).
- (3) A major business partner of the Company (whose annual transactions with the Company exceed 2% of the consolidated net sales of the Company during the most recent fiscal year), or an executing person thereof.
- (4) A major lender to the Company (whose outstanding loans to the Company at the end of the most recent fiscal year exceeds 2% of the consolidated total net assets of the Company), or an executing person thereof.
- (5) A representative or an employee who belongs to the audit corporation that is the accounting auditor of the Company
- (6) A consultant, legal professional, certified public accountant, tax accountant, or other person providing a specialist service who received ¥10 million or more of monetary consideration nor other properties per year from the Company other than officer compensation in the most recent

- fiscal year (referring to a person belonging to the organization if the one who received the relevant property is an organization such as a corporation or association.)
- (7) A person who received the annual total of ¥10 million or more of donations or aid funds from the Company in the most recent fiscal year (referring to an executing person who belongs to the organization if the one who received the relevant donations or aid funds is an organization such as a corporation or association.)
- (8) A person who falls under any of (1) to (7) above in the past three years.
- (9) A person whose close relative falls under any of (1) to (8) above.

Notes: 1. An executing person refers to an executive director, executive officer, corporate officer, or staff executing business of an entity.
2. A close relative means a relative within the second degree of kinship.

Even if a person falls under any of the above criteria, such person may be elected as a candidate for independent outside officer if the person satisfies the requirements of an outside director or an outside corporate auditor under the Companies Act, has specialization and experience necessary in view of the Company's current situations and his/her knowledge and viewpoint are judged to be beneficial to the Company's management, on the condition that the Company provides explanations to shareholders of the reasons for its judgment and the fact that the person satisfies the requirements of an independent outside officer.

Advisory Committees to the Board of Directors

In order to maintain the independence and objectivity of the Board of Directors, we have established advisory bodies to the Board of Directors, namely, Officers

Evaluation Committee, Nomination Advisory Committee, and Remuneration Advisory Committee, in which outside directors and outside corporate auditors participate.

Roles of the committees

Officers Evaluation Committee	Nomination Advisory Committee	Remuneration Advisory Committee
It is chaired by the President, and consists of members that include outside directors and outside corporate auditors. It meets at least twice a year to conduct a comprehensive evaluation of each of the officers based on the evaluation of commitment set by each of them at the beginning of the fiscal year, as well as the results of peer evaluations conducted among officers. The results of the comprehensive evaluation are provided to the Nomination Advisory Committee and Remuneration Advisory Committee.	It is chaired by an outside director, and more than half of its members consist of outside directors and outside corporate auditors. Based on the results of officer evaluations and employee performance evaluations, it considers the composition of officers for the next fiscal year, prepares a draft, and recommends it to the Board of Directors.	It is chaired by the President, and more than half of its members consist of outside directors and outside corporate auditors. Based on the results of officer evaluations, it prepares a draft of the basic remuneration for the next fiscal year, while also drafting a calculation rule for the performance-linked remuneration, which is a bonus for officers, and recommends the draft to the Board of Directors.

Committee members

Title	Name	Officers Evaluation Committee	Nomination Advisory Committee	Remuneration Advisory Committee
Representative Director, Chairman	Yasumichi Kato	○	○	○
Representative Director, President	Yoichi Nakagawa	Committee Chairperson	○	Committee Chairperson
Director, Senior Managing Executive Officer	Hidemi Nagashima	○	—	—
Director, Senior Managing Executive Officer	Yasuharu Kurata	○	—	—
Director, Senior Managing Executive Officer	Yasushi Hatanaka	○	—	—
Director, Senior Managing Executive Officer	Yoichi Sasayama	○	—	—
Outside Director	Ryuji Hori	○	Committee Chairperson	○
Outside Director	Tatsuya Tejima	○	○	○
Outside Director	Kamezo Nakai	○	○	○

Title	Name	Officers Evaluation Committee	Nomination Advisory Committee	Remuneration Advisory Committee
Outside Director	Reiko Furukawa	○	○	○
Director, Executive Officer	Hisashi Honda	○	○	○
Corporate Auditor (full-time)	Hideo Kawanishi	○	○	○
Corporate Auditor (full-time)	Yoshimasa Ikeda	○	—	—
Outside Corporate Auditor	Yasuo Naide	○	○	○
Outside Corporate Auditor	Katsunori Okubo	○	—	○
Outside Corporate Auditor	Hideyuki Takahashi	○	—	○
Senior Managing Executive Officer	Hiromasa Yamamoto	○	—	—
Executive Officer (in charge of Personnel Dept.)	Hideyuki Tsuruta	○	—	—

Evaluation of the Effectiveness of the Board of Directors

Since FY2019, we have been analyzing and evaluating the effectiveness of our Board of Directors to further improve its functions. The summary and results of the most recent effectiveness evaluation of the Board of Directors are as follows.

Our Board of Directors will continue its efforts toward maintaining and improving its effectiveness, strengthen its functions, and sustainably improve corporate value.

Evaluation method	The Board of Directors Evaluation Committee, which consists of all corporate auditors and all outside directors, conducted an anonymous questionnaire survey of all directors and corporate auditors, and based on the results of the survey and analysis, the Board of Directors deliberated on the effectiveness of themselves and made the final decision on the evaluation. From this evaluation, the committee has changed its structure to be chaired by an outside director.
Questionnaire content	1) Operation of the Board of Directors 2) Advancing the governance function of the Board of Directors 3) Voluntary advisory committees related to the appointments and evaluations of directors and executive officers
Evaluation result	It was confirmed that the Board of Directors appropriately discusses factors and viewpoints that directors and corporate auditors should emphasize in decision-making and supervision concerning basic management policy, business strategy and important business execution. And the Board of Directors Evaluation Committee evaluated that the effectiveness of the Board of Directors is ensured. In addition, as an approach to the issues recognized in the previous effectiveness evaluation, we reviewed the criteria for proposals by the Board of Directors and improved the deliberation process of the Investment Examination Committee. On the other hand, from the viewpoint of further enhancing the effectiveness, the following recommendations were made by the Board of Directors Evaluation Committee. (i) Establishment of a system to secure time for understanding of and deliberation on highly important matters (ii) Volume reduction, structural review, and streamlining explanations of materials (iii) Further review of the criteria for submitting proposals (iv) Change in the operation of matters to be reported Along with the above recommendations, the Board of Directors also discussed the advancement of its governance function, and decided to promote initiatives to improve governance through the further utilization of voluntary committee organizations, including the appointment of an outside director as the chairperson of the Nomination Advisory Committee.

Executive Remuneration System

Our Directors' remuneration is determined within the limits of the amount approved at the General Shareholders Meeting. The basic policy of the system is to ensure that it functions sufficiently as an incentive for the sustainable improvement of corporate value and that it is at an appropriate level based on the responsibilities of each position. Specifically, the remuneration of executive directors consists of monetary basic remuneration, performance-linked remuneration, and non-monetary shares. Outside directors, who are responsible for supervisory functions, are paid only the basic remuneration in consideration of their duties. In determining the ratio of remuneration for executive directors by type,

the Remuneration Advisory Committee reviews the ratio of basic remuneration, performance-linked remuneration, and restricted shares, in consideration of the level of remuneration based on the benchmarks of companies in the same scale of business, related industries, and business categories as us. The Board of Directors determines the individual remuneration of directors taking into consideration the report of the Remuneration Advisory Committee.

Corporate auditors' remuneration is determined by the Board of Auditors' discussion within the limits of the amount approved at the General Shareholders Meeting.

Content of remuneration

Cash	Basic remuneration (Fixed)	It is determined with an emphasis on the attitude toward medium- and long-term issues aimed at sustainable growth and the results of their efforts.
	Perfomanced-linked remuneration (Variable)	It reflects the amount of ordinary income for the fiscal year, as it is positioned as remuneration for the responsibility of the performance results for each fiscal year that the management team has accomplished as a whole.
Non-cash	Restricted shares (introduced in FY2023)	A fixed amount or number for each position of executive directors is paid with the aim of granting an incentive for the enhancement of corporate value in the medium- to long-term.

Amount of officer remuneration (FY2022 results)

Officer classification	Total (Millions of yen)	Total by type (Millions of yen)		Number of eligible officers
		Basic remuneration	Performance-linked remuneration	
Directors (excluding outside directors)	520	383	137	9
Corporate auditors (excluding outside corporate auditors)	51	51	—	2
Outside officers	73	73	—	8

Management Committee

It mainly consists of officers at the level of managing executive officer or higher and corporate auditors (full-time), and meets twice a month as a rule. It submits important issues related to the management decisions of the Group

to the Board of Directors as agenda items, and, as the highest body for business execution, executes business in accordance with the management policy determined by the Board of Directors.

Internal Control

Internal control system

In order to improve corporate value through the appropriate and efficient implementation of business activities in compliance with laws and regulations and the Articles of Incorporation, the Board of Directors has established a basic policy related to the development and operation of an internal control system as the entire Group including its subsidiaries. We are working on the steady improvement and enhancement of internal control, after confirming the status of the operation.

Strengthening of the internal control system

We have established various committees related to internal control, as seen below, to enhance and improve the internal control system of the entire Group.

Various internal control-related committees

Internal Control Committee	It consisting of managerial staff who are general managers or higher. In addition to providing advice and support to the Internal Audit Department in verifying the effectiveness evaluation of the Group's internal control and expressing opinions on "Internal Control Evaluation Report" and "Internal Control Report," which are prepared by the Internal Audit Department, It reviews various issues in the internal control of the Group and reports the results to the Management Committee.
Compliance Committee	It is chaired by an executive officer from the administrative divisions and is comprised of managerial staff who are general managers or higher. It raises awareness of and comprehensively manages issues concerning compliance with laws and regulations across the Group.
Security Trade Control Committee	It is chaired by an executive officer from the administrative divisions and is comprised of managerial staff who are section managers or higher in the administrative divisions and sales divisions. In order to appropriately and smoothly implement operations related to security trade control, it conducts company-wide management as well as plans and formulates internal education plans.
Investment Examination Committee	It is composed of managerial staff who are section managers or higher and is chaired by an executive officer or a corporate officer. It examines new business projects and investment and lending projects and provides opinions to the Management Committee and the Board of Directors.
Sustainability Promotion Committee	It is composed of managerial staff who are general managers or higher and the presidents of the Group companies and is chaired by the President. It plans, formulates, guides and manages company-wide initiatives necessary for the Group to coexist with the Earth and society and to develop sustainably.
Disclosure Committee	It is composed of managerial staff who are general managers or higher and is chaired by the person in charge of information management. By conducting timely and appropriate disclosure of management-related information, it aims to promote the understanding of all stakeholders, including shareholders, investors, and local communities.

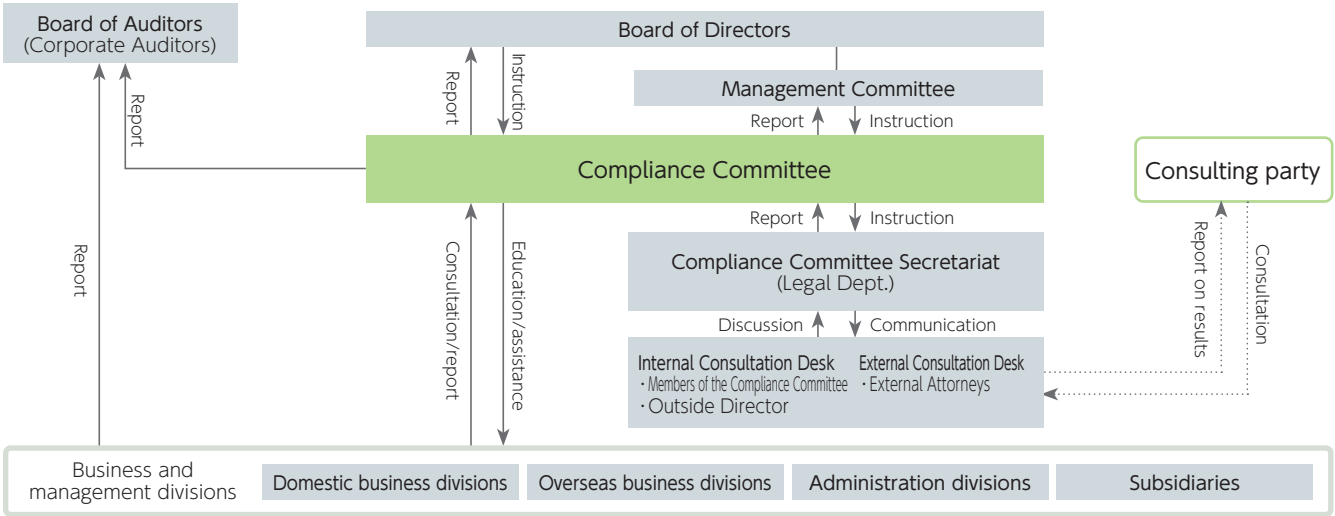
Compliance

In recent years, society is paying rigorous attention to corporate injustices, and news about corporate scandals have been emerging one after another. We are committed to ensuring that all officers and employees thoroughly adhere to compliance in their daily business activities, and to creating a corporate culture that is open to the public and with high ethical standards.

Basic stance

In order to embody the Corporate Ethics and Corporate Ethics Code of Conduct formulated based on the Company's creed, we promote legitimate and fair corporate activities through various initiatives.

[Organization Chart of the Internal Compliance System]



Initiatives to ensure compliance

(1) Education of officers and employees

Since April 2006, we have created a compliance manual as a guideline to be observed by all officers and employees, and it has been prepared in various languages for all officers and employees of the Group around the world. This manual has been revised as necessary in line with changes in the environment and revisions in the law, and the fifth edition was issued in April 2019. In addition, the Compliance Committee, whose members consist of managerial staff who are general managers or higher in the administrative divisions, is held regularly. The administrative divisions such as the Personnel Department and the Legal Department work together to improve the compliance awareness of each individual employee by conducting training for new employees and managers.

(2) Strengthening of the organization

We started its operation of HKQC (Hanwa Knowledge Quality Control) in 2015 and is working to further bolster management of a wide range of risks, including violations of laws and regulations related to our business operations.

(3) Responding to social change

In April 2018, we established the "Hanwa Health and Productivity Management Declaration" and the Representative Director and President himself became the CHO (Chief Health Officer), establishing the Health and Productivity Management Section within the Personnel

Department. This initiative shows our commitment to promoting the health of each and every one of the officers and employees, a basic foundation of a trading company, and its aim to create a worker-friendly environment for all officers and employees. It is also an initiative responding to the enforcement of laws related to work style reform. In this way, if there are any revisions to laws and regulations related to corporate activities, we will promptly respond to such revisions and ensure compliance with them.

(4) Consultation Desk

We have established multiple internal consultation desks to enable all officers and employees of the Group to freely consult and report on compliance issues, as well as an external consultation desk supported by law firms. We have also established dedicated consultation desks for various types of harassment and so forth, which are making headlines in recent times. By establishing a number of consultation desks that are independent from the management, all Group officers and employees can feel free to consult on any matter without having to take it all on themselves. In addition, information and consultation contact points for external parties, including business partners, are provided on the Company's website.

By enhancing these consultation points and establishing the Internal Whistleblowing Rules in June 2022 regarding consultation on fraudulent acts and appropriate treatment of whistleblowing, we work to identify and resolve problems at an early stage.

Our Management Team

(As of June 23, 2023) *Number of shares (as of March 31, 2023)

Director



Yasumichi Kato
Representative Director, Chairman
*28,709 shares

April 1978 Joined the Company
April 2009 Appointed Corporate Officer In charge of Osaka HQ Steel Plates, Structural Steel Sheets and Steel Sheets Sales
June 2010 Appointed Director
April 2021 Appointed Representative Director, Executive Vice President
April 2022 Appointed Representative Director, Vice Chairman
April 2023 Appointed Representative Director, Chairman (current position)



Yoichi Nakagawa
Representative Director, President
*8,104 shares

April 1986 Joined the Company
April 2013 Appointed Corporate Officer In charge of Accounting and Affiliated Enterprises, and General Manager of Accounting Dept. and Affiliated Enterprises Dept.
June 2015 Appointed Director, Executive Officer
April 2017 Appointed Director, Senior Managing Executive Officer
April 2022 Appointed Representative Director, President (current position)



Hidemi Nagashima
Director, Senior Managing Executive Officer
*17,384 shares

April 1983 Joined the Company
April 2011 Appointed Corporate Officer In charge of Tokyo HQ Steel Plates, Steel Sheets Sales, Structural Steel Sheets Dept. 1, Structural Steel Sheets Dept. 2, and Hokkaido Branch Office
June 2015 Appointed Director, Executive Officer
April 2017 Appointed Director, Senior Managing Executive Officer (current position)



Yasuharu Kurata
Director, Senior Managing Executive Officer
*2,808 shares

April 1982 Joined the Company
April 2011 Appointed Corporate Officer General Manager of Asian Region (ASEAN, India, Middle East)
In charge of Departments excluding Steel and Machinery and Chairman of HANWA SINGAPORE (PRIVATE) LTD.
June 2016 Appointed Director, Managing Executive Officer
April 2017 Appointed Director, Senior Managing Executive Officer (current position)



Yasushi Hatanaka
Director, Senior Managing Executive Officer
*7,530 shares

April 1983 Joined the Company
August 2012 Appointed Corporate Officer In charge of Osaka HQ Steel Sheets Dept. 1, Steel Sheets Dept. 2, Steel Sheets Dept. 3 and Steel Processing Project Promote Team, Assistant to Director in charge of Tokyo HQ Steel Sheet International and General Manager of Osaka HQ Steel Sheets Dept. 3
June 2014 Appointed Director, Executive Officer
April 2019 Appointed Director, Senior Managing Executive Officer (current position)



Yoichi Sasayama
Director, Senior Managing Executive Officer
*2,755 shares

April 1984 Joined the Company
April 2012 Appointed Corporate Officer In charge of Tokyo HQ Steel Sheets, and General Manager of Steel Sheets Dept.
June 2017 Appointed Director, Managing Executive Officer
April 2021 Appointed Director, Senior Managing Executive Officer (current position)



Keiji Matsubara
Director, Managing Executive Officer
*7,651 shares

April 1983 Joined the Company
April 2014 Appointed Corporate Officer General Representative for East China Region, Chairman and President of HANWA TRADING (SHANGHAI) CO., LTD., and in charge of Wire Products & Special Steel Titanium for Asian Region
June 2020 Appointed Director, Managing Executive Officer (current position)



Hisashi Honda
Director, Executive Officer
*1,429 shares

March 1991 Joined the Company
April 2021 Appointed Corporate Officer In charge of Information System Dept., Sales Accounting Dept., Trade Administration Dept., General Manager of Sales Accounting Dept. and Trade Administration Dept.
June 2023 Appointed Director, Executive Officer (current position)

Outside Director



Ryuji Hori Independent Officer
Outside Director *1,814 shares

April 1966 Joined Iwai Sangyo Company Ltd. (currently Sojitz Corporation)
June 1996 Appointed Director of Nissho Iwai Corporation (currently Sojitz Corporation)
June 2000 Appointed Executive Director of Nissho Iwai Corporation
June 2002 Appointed Senior Managing Executive Officer of Nissho Iwai Corporation (Retired from the position in March 2003)
April 2003 Professor, School of Law, Waseda University
April 2004 Professor, Waseda Law School, Waseda University (Retired from the position in March 2014)
June 2005 Appointed Audit & Supervisory Board Member (External Auditor) of Tokuyama Corporation (Retired from the position in June 2017)
June 2011 Appointed Outside Director of Riskmonster. com (current position)
June 2012 Appointed Outside Director of T&D Holdings, Inc. (Retired from the position in June 2018)
April 2013 Managing Director and Principal of Waseda Osaka Gakuen (Retired from the position in December 2018)
April 2014 Advisor of TMI Associates (current position)
Professor Emeritus Waseda University (current position)
June 2014 Appointed Director of the Company (current position)
May 2016 Appointed Outside Director of NISHIKI Co., LTD. (Retired from the position in May 2020)
June 2018 Appointed Outside Corporate Auditor of Lotte Co., Ltd. (current position)
December 2019 Appointed Representative Director and President of TMI Ventures Co., Ltd. (current position)



Tatsuya Tejima Independent Officer
Outside Director *3,851 shares

April 1969 Joined Toho Zinc Co., Ltd.
June 1999 Appointed Director of Toho Zinc Co., Ltd.
June 2000 Appointed Executive Officer of Toho Zinc Co., Ltd.
January 2002 Appointed Managing Executive Officer of Toho Zinc Co., Ltd.
June 2002 Appointed Managing Director and Managing Executive Officer of Toho Zinc Co., Ltd.
June 2003 Appointed Representative Director and Managing Director, and Managing Executive Officer of Toho Zinc Co., Ltd.
June 2005 Appointed Representative Director and Senior Managing Executive Officer of Toho Zinc Co., Ltd.
June 2006 Appointed Representative Director and President, and COO of Toho Zinc Co., Ltd.
June 2008 Appointed Representative Director and President of Toho Zinc Co., Ltd. (Retired from the position in June 2017)
June 2017 Appointed Advisor of Toho Zinc Co., Ltd. (current position)
Appointed Outside Director of Furukawa Co., Ltd. (current position)
June 2018 Appointed Director of the Company (current position)



Kamezo Nakai Independent Officer
Outside Director *3,169 shares

April 1974 Joined Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)
June 1995 Appointed Director of Nomura Securities Co., Ltd.
April 1999 Appointed Managing Director of Nomura Securities Co., Ltd.
April 2003 Appointed Director and Senior Managing Executive Officer of Nomura Asset Management Co., Ltd.
June 2003 Appointed Senior Managing Executive Officer of Nomura Asset Management Co., Ltd.
Executive Managing Director of Nomura Holdings, Inc. (Retired from the position in March 2006)
April 2008 Appointed Advisor of Nomura Asset Management Co., Ltd. (Retired from the position in March 2009)
June 2009 Appointed Director and President (Representative Director) of Nomura Land and Building Co., Ltd. (Retired from the position in March 2012)
June 2011 Appointed Director and President (Representative Director) of Nomura Real Estate Holdings, Inc.
February 2012 Appointed Director and Executive Officer of Nomura Real Estate Development Co., Ltd.
April 2012 Appointed Director and President (Representative Director), Chief Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012 Appointed Director and President (Representative Director) and Chief Executive Officer of Nomura Real Estate Holdings, Inc.
April 2015 Appointed Chairman of the Board of Directors (Representative Director) of Nomura Real Estate Development Co., Ltd.
June 2015 Appointed Chairman of the Board of Directors (Representative Director) of Nomura Real Estate Holdings, Inc. (Retired from the position in June 2017)
April 2017 Appointed Director of



Reiko Furukawa Independent Officer
Outside Director *125 shares

April 1981 Joined Nippon Univac Kaisha, Ltd. (currently BIPROGY Inc.)
April 2007 Appointed General Manager of Industries Development Department of Nihon Unisys Excelutions, Ltd. (currently UEL Corporation)
April 2009 Appointed Executive Officer of Nihon Unisys Excelutions, Ltd.
April 2011 Appointed General Manager of Outsourcing Planning Department of UNIADEX, Ltd.
April 2014 Appointed General Manager of Quality Assurance Department of UNIADEX, Ltd.
July 2017 Appointed Full-time Auditor of UNIADEX, Ltd. (Retired from the position in June 2021)
June 2022 Appointed Director of the Company (current position)
Appointed Audit & Supervisory Board Member (External) of NHK Spring Co., Ltd. (current position)

Nomura Real Estate Development Co., Ltd. (Retired from the position in June 2017)
June 2017 Appointed Senior Advisor of Nomura Real Estate Development Co., Ltd. (Retired from the position in September 2020)
Appointed Outside Director of DSB Co., Ltd. (Retired from the position in March 2021)
November 2018 Appointed Outside Director of BIC CAMERA INC. (Retired from the position in November 2020)
June 2019 Appointed Director of the Company (current position)
December 2020 Appointed Representative Director of Kinmiraisekkei Co., Ltd. (Retired from the position in May 2023)
April 2021 Appointed Advisor of DSB Co., Ltd. (Retired from the position in March 2022)
June 2022 Appointed Outside Director of TAIHEI Engineering Co., Ltd. (current position)

Our Management Team

(As of June 23, 2023) *Number of shares (as of March 31, 2023)

Corporate Auditors



Hideo Kawanishi

Corporate Auditor (full-time)
*24,827 shares

April 1973 Joined the Company
April 2005 Appointed Corporate Officer In charge of Osaka HQ Steel Plates, Steel Sheets Sales and Structural Steel Sheets
June 2005 Appointed Director
June 2017 Appointed Corporate Auditor (full-time) (current position)



Yoshimasa Ikeda

Corporate Auditor (full-time)
*5,357 shares

April 1984 Joined the Company
April 2015 Appointed Corporate Officer In charge of Legal & Credit Dept. and General Manager of Osaka HQ Legal & Credit Dept.
June 2023 Appointed Corporate Auditor (full-time) (current position)



Yasuo Naide Independent Officer

Outside Corporate Auditor
*48,200 shares

April 1971 Joined Sumitomo Heavy Industries, Ltd.
June 2001 Appointed Senior Vice President of Sumitomo Heavy Industries, Ltd.
June 2003 Appointed Executive Vice President of Sumitomo Heavy Industries, Ltd. (Retired from the position in March 2007)
December 2006 Appointed Representative Director and President of Sumitomo Heavy Industries Environment

April 2010 Appointed Representative Director and President of Sumitomo Heavy Industries Business Associates, Ltd. (Retired from the position in March 2012)
June 2012 Appointed Corporate Auditor of the Company (current position)



Katsunori Okubo Independent Officer

Outside Corporate Auditor
*4,629 shares

April 1978 Joined Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation (SMBC))
April 2006 Appointed Executive Officer of SMBC
April 2010 Appointed Managing Executive Officer of SMBC (Retired from the position in April 2013)
May 2013 Appointed Deputy President of Mizuho Financial Group, Inc. (Retired from the position in August 2018)
June 2014 Appointed Corporate Auditor of the Company (current position)



Hideyuki Takahashi Independent Officer

Outside Corporate Auditor
*110 shares

April 1980 Joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)
April 2012 Appointed Managing Executive Officer of Mizuho Financial Group, Inc.
June 2012 Appointed Executive Managing Director of Mizuho Financial Group, Inc.
April 2013 Appointed Deputy President of Mizuho Financial Group, Inc.
April 2014 Appointed Member of the Board of Directors of Mizuho Financial Group, Inc.

(Vice Chairman of the Board of Directors) (Retired from the position in June 2017)
June 2017 Appointed President and CEO of Mizuho Research Institute Ltd. (Retired from the position in June 2019)
June 2019 Appointed Chairman of the Kyoritsu Co., Ltd. (Retired from the position in June 2021)
June 2020 Appointed Outside Director of Sunshine City Corporation (current position)
June 2020 Appointed Outside Audit & Supervisory Board Member of

WOWOW INC. (Retired from the position in June 2022)
June 2021 Appointed Corporate Auditor of the Company (current position)
June 2021 Appointed Senior Advisor of the Kyoritsu Co., Ltd. (Retired from the position in June 2022)
June 2022 Appointed Outside Director (Audit and Supervisory Committee Member) of WOWOW INC. (current position)
June 2023 Appointed Outside Director of Aozora Bank, Ltd. (current position)

Executive Officers

President

Yoichi Nakagawa

Senior Managing Executive Officers

Hidemi Nagashima

General Manager of Nagoya Branch Office

Yasuharu Kurata

In charge of Energy Division, Food Division, Life Living Materials Division, New Business Development Office, Metal Recycling Division, Primary Metal Division

Yasushi Hatanaka

Senior General Manager of Osaka Head Office In charge of Osaka HQ Steel Bars & Construction Materials Division, Osaka HQ Steel Plates & Sheets Division, Steel Processing Project Promote, Kyushu Branch Office, Chugoku Branch Office, Hokuriku Branch Office

Yoichi Sasayama

In charge of Tokyo HQ Steel Plates & Sheets Division, Niigata Branch Office, Lumber & Plywood Division

Hiromasa Yamamoto

General Representative for Asia

Managing Executive Officers

Keiji Matsubara

In charge of Tokyo HQ Steel Plates Dept., Machinery Division, Wire Products & Special Steel Division of all offices, East Asia

Chiro Ideriha

General Representative for Americas and President of HANWA AMERICAN CORP.

Ryuichi Takaba

In charge of Metal Recycling Division, Primary Metal Division, Europe and Africa

Yoshifumi Miyano

In charge of Energy Division, Food Division, Life Living Materials Division, New Business Development Office

Shigeto Minamimura

In charge of Tokyo HQ Steel Bars & Construction Materials Division, Steel Structure Marketing Division of all offices, Ferrous Raw Materials Division of all offices, Thermal-insulation Construction Division, Design Sales Division, Hokkaido Branch Office, Tohoku Branch Office

Executive Officers

Hisashi Honda

In charge of Administration Division

Hideo Kobayashi

In charge of Osaka HQ Structural Steel Sheets Dept. 1, Dept. 2, Steel Sheets Sales Dept., Steel Plates Dept., Stainless Steel & Aluminum Sheet Dept., Western Japan Steel Sheets Division

Toshihiro Kawaguchi

Deputy General Manager of Nagoya Branch Office

Shoji Shirasawa

In charge of Metal Recycling Division

Yukiaki Takada

In charge of Asia for Steel Division and Machinery Division and Chairman of PT. HANWA INDONESIA

Takeshi Amano

In charge of Primary Metal Division

Masahiko Fujitsuka

General Representative for China

Hideaki Takemura

In charge of Osaka HQ Steel Bars & Construction Materials Dept., Western Japan Steel Bars & Construction Materials Division, Osaka HQ Ferrous Raw Materials Division, Hokuriku Branch Office

Kenji Naito

In charge of Wire Products & Special Steel Division of all offices and Machinery Division

Yoshinari Kouketsu

In charge of Steel Structure Marketing Division of all offices, Tokyo HQ Ferrous Raw Materials Division, Thermal-insulation Construction Dept., Design Sales Dept.

Syougo Ozaki

In charge of Tokyo HQ Steel Sheets Division, Structural Steel Sheets Division, Steel Processing Project Promote Division

Kouichi Kishimoto

In charge of Energy Division, Food Division, Life Living Materials Division, New Business Development Office

Hideyuki Tsuruta

In charge of Personnel Division, General Affairs Division, Quality Safety and Environmental Control Division, Sales Accounting Division, Trade Administration Division

Yasuhiko Watanabe

In charge of Corporate Planning Division, Legal Division, Credit Division, Sustainability Promotion Office

Skill Matrix

Name	Position	Corporate Management	Sales/Business Strategy	Overseas experience	Finance/Accounting	Legal affairs/Risk Management	Human Resources/Labor affairs	IT/Digital
Yasumichi Kato	Representative Director, Chairman	●	●					
Yoichi Nakagawa	Representative Director, President	●		●	●	●	●	
Hidemi Nagashima	Director, Senior Managing Executive Officer	●	●					
Yasuharu Kurata	Director, Senior Managing Executive Officer	●	●	●				
Yasushi Hatanaka	Director, Senior Managing Executive Officer	●	●	●				
Yoichi Sasayama	Director, Senior Managing Executive Officer	●	●	●				
Ryuji Hori	Outside Director	●	●			●	●	
Tatsuya Tejima	Outside Director	●	●		●	●	●	
Kamezo Nakai	Outside Director	●	●		●	●	●	●
Reiko Furukawa	Outside Director	●				●		●
Keiji Matsubara	Director, Managing Executive Officer	●	●	●				
Hisashi Honda	Director, Executive Officer	●	●		●		●	●
Hideo Kawanishi	Corporate Auditor (full-time)	●	●					
Yoshimasa Ikeda	Corporate Auditor (full-time)	●				●		●
Yasuo Naide	Outside Corporate Auditor	●	●	●				
Katsunori Okubo	Outside Corporate Auditor	●	●	●	●			
Hideyuki Takahashi	Outside Corporate Auditor	●			●	●		●

* "Sales/Business Strategy" means skills or experiences related to the Company's business.

Outside Directors' Messages

Expect further leaps and bounds under the new organizational structure

Ryuji Hori Outside Director



Hanwa has established the Nomination Advisory Committee as a voluntary advisory body, chaired by me and consisting of the Chairman, President, directors in charge of administration divisions, outside directors, full-time corporate auditors, and outside corporate auditors. The Committee deliberates the appointment of officers and reports its deliberations to the Board of Directors, which decides the candidates, who are then appointed by a resolution at the Ordinary General Shareholders Meeting.

The top management structure consisting of three representative directors, namely Chairman Furukawa, Vice Chairman Kato, and President Nakagawa, which started on April 1, 2022, was replaced by a new top management structure consisting of two representative directors, namely Chairman Kato and President Nakagawa on April 1, 2023, following the retirement of Chairman Furukawa, who made significant contributions to Hanwa over many years, and his appointment as an Advisor. All these appointments were deliberated by the members of the Nomination Advisory Committee and approved by the Board of Directors.

Under the new management structure, as President Nakagawa engages in offensive and defensive management as a leader, I believe that Chairman Kato will support President Nakagawa using his personal connections and sales skills built up over many years while working in the steel industry.

Hanwa is currently trying to move from being a specialized trading company to a general trading company. Hanwa's sales are thought to be second only to those of a general trading company in terms of size. I hope that under President Nakagawa's management, all employees will band together with a discerning eye for the future based on Hanwa's "SOKOKA" strategy, and make even greater strides and increase sales both in Japan and overseas. I am very much looking forward to the launch of various projects under thorough risk management, and to seeing Hanwa further enhance its assets, and build the foundation of Hanwa, which deserves to be a general trading company in both name and reality.

Offensive and defensive governance to drive growth

Kamezo Nakai Outside Director



Hanwa's Board of Directors is made up of four outside directors and three outside corporate auditors with diverse experience and a wealth of knowledge. The Board of Directors engages in lively and highly balanced discussions from a variety of perspectives on topics such as business investment and risk management.

The Board of Directors' role is to conduct strict checks of risk management while simultaneously pushing Hanwa to take on dynamic and major challenges with the aim of moving toward a new stage. It is essential to activate the Board of Directors from a governance perspective. To this end, it is important to make effective use of outside officers, and for outside directors and outside corporate auditors to work together to make their presence felt. I believe that the system being put in place for this will serve as the foundation for Hanwa's future development.

Hanwa started out as a trading company specializing in steel. Today, it has transformed into a creative general trading company that invests and runs its own businesses. Risk management is the biggest challenge associated with the transformation of a business model. In other words, the foundation of a company's survival is to sustainably grow its business while scrupulously strengthening its defenses. Offense and defense are always two important cogs in the wheel. Hanwa excels at sales and so it has very strong offensive capabilities. Meanwhile, Hanwa must transform itself into a well-balanced structure by enhancing its defenses such as its risk management, financial discipline, and financial strategy, in order to leverage its offensive capabilities.

In order for Hanwa to continue to grow sustainably even in the face of unexpected risk events, it needs to establish a governance structure that encourages a corporate culture, which wholeheartedly accepts reality and is not afraid to change. We would like to support Hanwa not only in its governance efforts as a defense, but also in its stance in addressing social issues using its unique business model and actively taking on new businesses and new domains. To this end, the role of the Board of Directors is to make decisions on the optimal allocation of management resources with an awareness of the cost of capital and the balance between shareholder returns and investment for growth. The Board of Directors must be able to focus on making such decisions. Going forward, I will continue to monitor Hanwa's business activities from a governance perspective and work with the executive side to achieve sustainable growth toward the creation of medium- and long-term corporate value.

Formulation of the Tenth Medium-Term Business Plan

Tatsuya Tejima Outside Director



I believe that companies should attach importance to the future of their businesses and mitigating risks when formulating business plans.

Hanwa is expanding into ASEAN countries in search of an even greater means of survival for its steel business, which is now considered a mature industry in Japan. Hanwa was among the first in the renewable energy sector to launch an import business for biomass fuels, which has contributed to our revenue by ensuring a sustainable and stable supply of fuel. To prepare for the EV era, Hanwa is working to determine the future potential of the business and establish sales channels by investing in resources such as nickel, cobalt, and lithium, which are raw materials for lithium-ion batteries.

The Board of Directors discussed mainly (1) improving shareholder returns, (2) evaluating the adequacy of revenue plans, (3) managing risks such as geopolitical risks in China and ASEAN countries, and (4) enhancing Hanwa's financial base amidst increasing demands for funds. All of these issues, including measures and targets, have been incorporated into the Tenth Medium-Term Business Plan. In particular, we held lively exchanges of opinions on enhancing Hanwa's financial base. We decided to achieve the stated financial indicators by carefully selecting investees through thorough examination of their business growth potential and efficiency, and by regularly evaluating the state of their business, rather than relying on transitory asset sales.

Hanwa was founded as a trading company specializing in steel, and has continued to expand the scale and scope of its business in recent years beyond that framework. As a result, there is a strong demand for funds, and business risks are also increasing. As an outside director, I would like to closely monitor the incidence of risks that are difficult to envisage and progress in improving the Company's financial structure. Meanwhile, I will strive to push the executive team and employees hard, when necessary, so as to avoid creating a negative atmosphere within the Company and lose the positive attitude and spirit of challenge that are peculiar to Hanwa's employees.

Sustainability initiatives at Hanwa

Reiko Furukawa Outside Director



Hanwa's Board of Directors discuss a variety of sustainability-related topics. We kicked off FY2022 by discussing Hanwa's basic sustainability policy, after which we discussed issues such as TCFD disclosures and endorsement, the formulation of a human rights policy, promotion of diversity, and participation in the GX League. Outside directors actively make comments at meetings. Agenda items are discussed while incorporating diverse viewpoints, and resolutions are made based on a lively exchange of opinions having fully understood the essence of the issues.

Hanwa considers human capital and climate change to be priority issues in its sustainability agenda, and is promoting strategic measures to address these issues in particular.

Human capital was discussed extensively each time it appeared on the agenda, and I sensed that directors have an active interest in the issue and are eager to resolve it. In general, the following five elements are required for human capital management.

- 1.Real-time understanding of human resource portfolios
- 2.Diversity and inclusion
- 3.Reskilling
- 4.Employee engagement
- 5.Diversity of work styles

As a manager, it is important to position human capital management as a corporate growth strategy, indicate a clear determination to employees, and work with employees to develop these elements and promote reforms. Diversity and inclusion requires a shift in perspective to greatly respect and appreciate not only the presence of people with different attributes, but also the diversity of values and behavior patterns. Hanwa is promoting human capital management through a range of measures, and we will continue to closely monitor and support such promotional activities.

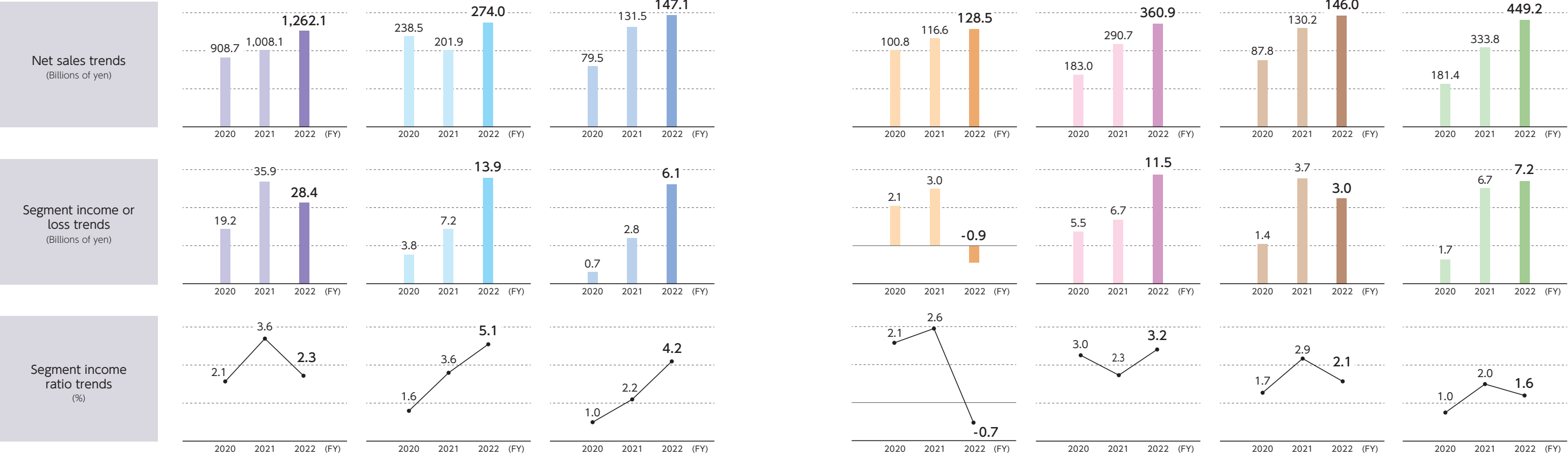
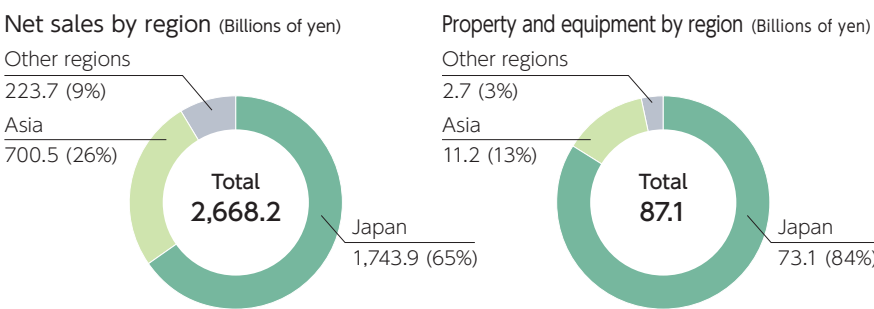
In terms of climate change, Hanwa is developing businesses that contribute to the realization of a renewable energy society, such as our recycling, EV battery materials, and biomass energy businesses. These initiatives are also important agenda items for the Board of Directors and are discussed on an ongoing basis.

In the future, since Hanwa has many Group companies, it will be necessary to grasp the environmental impact of the entire corporate group, set reduction targets, and promote business aiming for carbon neutrality.

There is a saying, "If you can't measure it, you can't improve it." I am aware that monitoring information on sustainability promotion is the basis for such reforms. I will continue to support Hanwa's initiatives to promote sustainability, always keeping in mind the current situation, where we are aiming for, and what we should do to achieve the goals.

Expanding and Deepening Market Positions in Many Sectors

We have established a firm position in the industry as a trading company dealing with a wide range of products, including steel, primary metal, metal recycling, food products, energy & living materials, lumber, and machinery. As a socially recognized trading company, we are expanding our business fields in response to changes in the times and society to meet the business needs of our customers.



Business composition ratio (FY2022)



* The business composition ratio and net sales by region are based on sales to external customers. * In accordance with the organizational change dated April 1, 2021, the method for classifying business segments has been revised, and portions of the existing "Steel" segment have been included in the "Primary Metal" segment. Additionally, in accordance with the reorganization of subsidiaries implemented in January 2022, portions of the subsidiary business, included in "Overseas Sales Subsidiaries," are included in "Food Products." Note that comparisons with the previous fiscal year are based on the post-change classifying method.

* The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of FY2021. Key financial data from FY2021 onward reflects these accounting standards.



Steel

Steel is our major product, accounting for approximately half of total sales. We sell steel bars, building materials, steel sheets, steel pipes, wire rods and special steel and many other steel products. With this broad lineup, we can meet the requirements of various customers. In addition, we have one of the largest distribution centers in Japan and offer services that take advantage of our inventory and processing capabilities.

● Main products or services

Steel products such as steel bars, steel sheets, special steel, wire rods, steel pipes and steel scrap. Undertaking of construction work, steel processing and storage

● Initiatives for sustainability



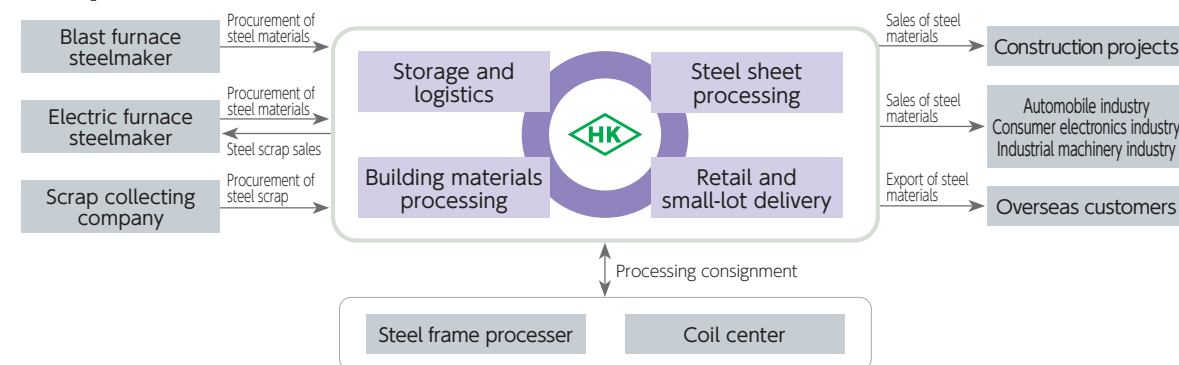
The steel business leverages its sophisticated processing techniques, optimum distribution network, and partnerships around the world, whereby contributing to the establishment of resilient infrastructure in Japan and abroad as well as sustainable development of all industries including electronics, automobile, and shipbuilding. It also contributes to building of a sustainable recycling community through promotion of the steel reusing and recycling business.

Strengths and Characteristics

In the steel business, we are able to deal with a broad range of domestic and overseas steel mills by taking advantage of our characteristics of an independent trading company not affiliated with any steel mills, and also have the advantage of being able to conduct procurement with no constraints of having to procure from a particular group of steel mills. In addition to utilizing one of Japan's leading large-scale distribution centers located in various regions, we are promoting the "SOKOKA" (Just-In-Time delivery, small lot, processing) strategy to cover the entire value chain from upstream to

downstream. We thoroughly adhere to the hands-on approach under user-first principle, accurately grasp user needs, and provide high value-added solutions such as information functions, inventory functions, and processing functions, in addition to steel distribution functions. In addition, under the slogan of "Create another Hanwa in Southeast Asia," we are aiming to expand businesses with overseas users through the utilization of the network of Group companies, alliances with leading local distributors, and joint ventures with Japanese companies.

[Value Chain]



Environment and Challenges Surrounding the Business

While domestic demand remains strong, mainly in the construction industry, there is a high probability that there will be customers who will have difficulty in securing human resources in the medium to long-term, and this will lead to a progression of outsourcing of functions such as processing. As for other companies in the same industry, reorganization is taking place among a group of affiliated companies in response to the restructuring of domestic steel mills. In addition, there is a strong demand for higher functionality yet at lower prices for customers' steel materials, and in the medium to long-term, we believe that it is possible customers switch to other materials depending on the balance between functionality and price. Especially in construction-related products, there is no denying the possibility of shifting to products related to

construction methods that can cope with the shortage of labor.

In such a business environment, in order to respond to the ever diversifying and sophisticated customer needs of the steel business, we believe that there is a need to work to further secure processing manufacturers with functions, diversify our products and services, and develop our business globally by taking advantage of the network of the Group to seek overseas customers and broaden our relationships with overseas steel mills. At the same time, we believe it is necessary to develop human resources that are fully equipped with specialized knowledge and can play an active role in the global market, while at the same time foster efficient and labor-saving operations using AI and robots.

Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

By focusing on actual products and solving user's issues, contribute to sustained development of all industries

Focus businesses

- Japan: Develop from goods business/SOKOKA business to a total solution-type business
- Overseas: Develop local production for local consumption supply chains

In Japan, we plan to expand the "SOKOKA" strategy that we have been promoting mainly in western Japan, and strengthen it in eastern Japan as well. Centered on Hanwa Daisun Co., Ltd., which started operations in October 2022, we will utilize synergies between our bases, including Hanwa Logistics Tokyo Co., Ltd. as well as Tanaka Steel Trading Co., Ltd. which became a consolidated subsidiary in December 2022, to deepen our "SOKOKA" strategy in eastern Japan and strengthen our distribution function. In addition, by upgrading the processing functions of the "SOKOKA" busi-

ness, we aim to establish our position as a parts trading company that handles processed products with high added value. Furthermore, we will form alliances with partner companies for design and construction for steel frame work and heat insulation work, and provide comprehensive solution functions to our customers. We aim to contribute to the development of users' businesses by supplying them with materials in the forms they require by developing our three business areas: "SOKOKA" strategy, components building & trading company, and solution providing company.

Contribute to total cost reduction for users utilizing Hanwa's unique supply chain
By supplying materials in the forms that users require, we contribute to improving their own performance

Basic Strategy for Domestic Steel Business

Base Independent steel trading company

Make optimal procurement proposals from the user's perspective

Phase1 SOKOKA strategy Differentiation by strengthening distribution functions

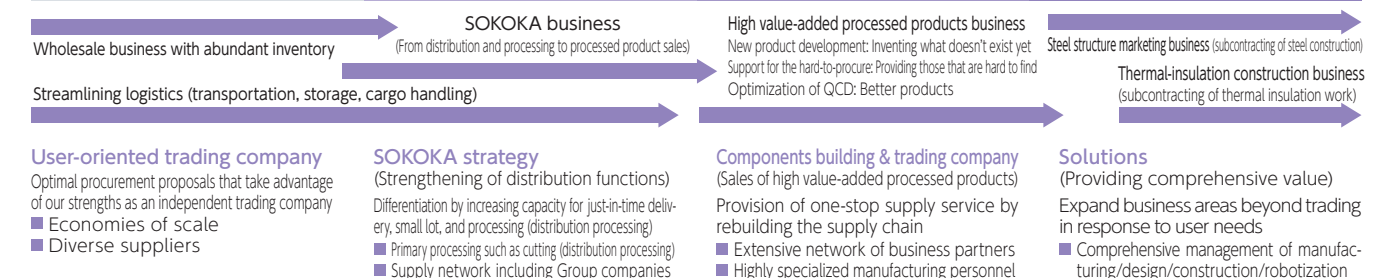
By adding some extra value to materials, aim for differentiation in materials sales and strengthening of competitiveness

Phase2 Components building & trading company

Convert to high-value-added businesses
By further increasing the degree of processing, aim to convert from materials wholesale into a business selling high value-added processed product

Phase3 Solution providing company

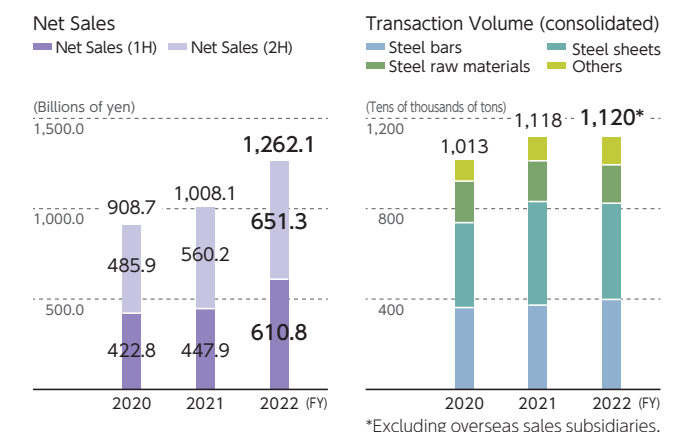
Providing new value beyond the framework of procurement areas
In addition to materials and processing, aim to strengthen comprehensive solution capabilities through alliances with design and construction companies, etc.



FY2022 Results

Net sales **¥1,262.1 billion** Segment income **¥28.4 billion** Segment employees **3,453 people**

In the steel business, steel prices were at a higher level than the previous fiscal year due to the penetration of manufacturing costs into prices, while transaction volumes remained steady mainly in the domestic construction field. Income was pushed down due to a decline in profit margins compared to the previous fiscal year, mainly at some overseas subsidiaries as a result of increased purchasing prices, as well as decreased equity method investment profits from overseas investees. As a result, sales in this business segment increased by 25.2% year-on-year to ¥1,262.130 billion, but segment income decreased by 20.8% year-on-year to ¥28.477 billion.





Primary Metal

In the primary metal business, we are trading such items as nickel, chromium, silicon, and manganese ferroalloys directly with resource countries such as South Africa, Kazakhstan, India, Brazil, Malaysia and Indonesia, as well as with producers in China, which has an overwhelming supply capacity as well as demand.

● Main products or services

Nickel, Chromium, Silicon, Manganese. Ferroalloys, stainless steel materials, precious metals, and precious metal scrap

● Initiatives for sustainability



The primary metal business contributes to the development of the industrial base through stable supply of metal resources to customers around the world. Moreover, it contributes to addressing the reduction of CO₂ emissions and global warming issues by being deeply engaged in distribution of the cathode materials for rechargeable batteries, which are indispensable to expand production of electric vehicles expected to become more popular in the future.

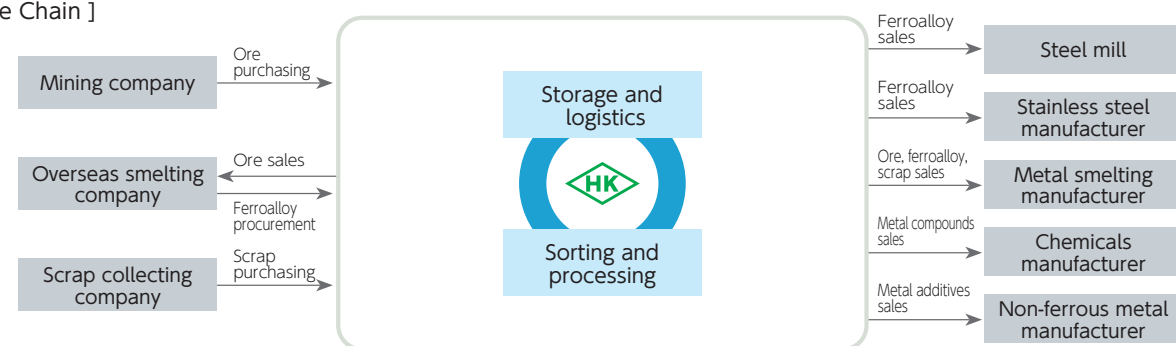
Strengths and Characteristics

In the primary metal business, we boast the largest transaction volume of ferroalloy products, such as ferrochrome and silicon-manganese, among Japanese distributors and we are responsible for the stable supply of raw materials all over the world by taking advantage of our hedging and the inventory functions. We have invested in SAMANCOR, a leading company in the chromium business in South Africa and have acquired exclusive sales rights of ferrochrome for Japan, and have also invested in OM HOLDINGS, supplying ferrosilicon and manganese ferroalloys produced in Sarawak, Malaysia, to customers in and outside Japan.

Regarding nickel, we supply nickel bullion, ferronickel, and

pure nickel for hydrogen production equipment to the stainless steel and special steel industries. In addition, we supply a wide range of products to customers around the world, such as nickel, cobalt and lithium chemical raw materials for the automobile rechargeable battery industry. In addition, since 2014 we have been participating in the Indonesia nickel pig iron project hosted by the Tsingshan Holding Group of China, which boasts the largest production of stainless steel in the world. We are expanding our supply system for stainless steel materials and exporting Japan's high-performance materials and cold-rolled stainless steel materials to the world. We also strive to secure precious metal resources by utilizing not only bullion but also scrap.

[Value Chain]



Environment and Challenges Surrounding the Business

About 70% of the world's reserves of chromium, which is one of the materials our primary metal business is focusing on, is unevenly distributed in South Africa, and of that, about 70% of its ore is owned by SAMANCOR, a company we have invested in. The oligopoly of chromium resources in the world is believed to influence the stainless steel and special steel industries which require chromium resources over the medium to long-term, and these customers are likely to have high expectations for the Company. Also, the manganese business is attracting attention from Japanese blast furnace steel manufacturers, electric furnace steel manufacturers and other companies which manufacture steel products in the ASEAN region since it is free from export tariffs and is politically neutral. As companies are being called for to disclose carbon

footprint information, our business, which manufactures ferroalloys using clean electricity generated by hydroelectric power generation, is being valued around the world for producing green metal.

Since materials handled by the primary metal business are the main and auxiliary raw materials that are essential for production of steel, stainless steel, special steel, non-ferrous metals, and chemicals, we believe that ongoing demand will remain in the medium to long-term. In addition, we recognize that this business, which is based on trading and is characterized by distinctive resource investment, has a unique position in the industry and will continue to have a presence in the industry.

Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

Secure sources of unevenly distributed metal resources around the world with consideration of geopolitical risks, to contribute to the sustained development of industrial foundations

Focus businesses

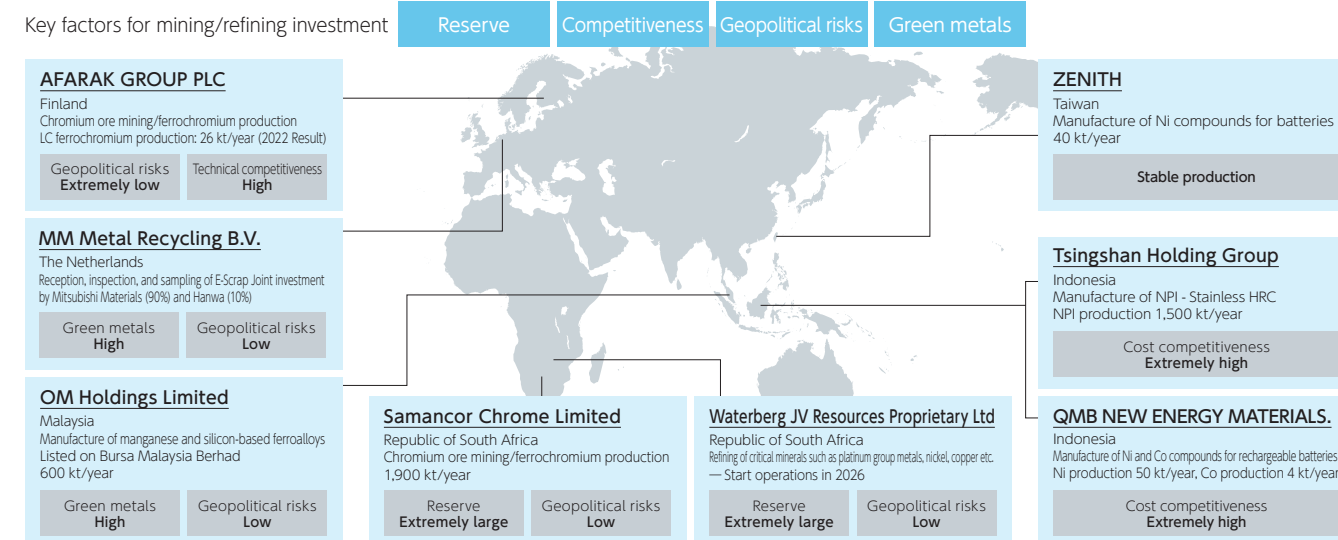
- Enhance sources of metal resources for steel
- Roll out secondary battery materials business
- Secure and supply precious metal resources in a stable manner
- Expansion into the semiconductor industry

In order to provide stable supply to steel manufacturers and non-ferrous metal manufacturers, we will focus on "securing resources through investment" and "inventory and just-in-time delivery functions in demand areas." As projects that have been strategically invested in as "distinctive resource investments" are becoming more profitable, we will continue to invest in mines and refining equipment based on criteria such as reserves, competitiveness, geopolitical risks, and green metals.

Furthermore, with regard to battery materials, the "BATTERY Team" moved its base to Singapore and we reorganized our global structure as the "BATTERY GLOBAL GROUP for ELECTRIFICATION" with the aim of further expanding and deepening the team. We will secure battery resources that exist ubiquitously around the world and strengthen collaboration with customers.

► Please refer to page 20 for details on the BATTERY GLOBAL GROUP for ELECTRIFICATION.

For stable supply to steel manufacturers, non-ferrous metal manufacturers, and other customers.
"Securing resources through investment" and "inventory and just-in-time delivery functions in demand areas"



- Future key measures: ● Support for increasing the value of invested companies ● Stable supply to customers
● Materials business for the semiconductor industry

FY2022 Results

Net sales

¥274.0 billion

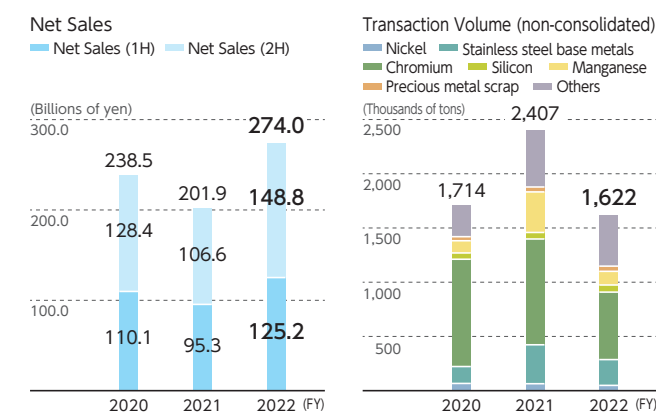
Segment income

¥13.9 billion

Segment employees

67 people

In the primary metal business, although the transaction volume saw a reduction for mainly chromium-based ferroalloys, prices for some products such as nickel remained at relatively high levels. Also, dividend income from strategic investments and share of profit of entities accounted for using equity method from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD. boosted profits. As a result, net sales in this business segment increased by 35.7% year-on-year to ¥274.037 billion, and segment income increased by 92.3% year-on-year to ¥13.934 billion.





Metal Recycling

In the metal recycling business, we are one of the first companies in Japan to establish a recycling business for aluminum, copper, zinc, lead, stainless steel, special metals, and titanium. We have established solid positions in these market sectors, backed by expertise in organizing business activities on a global scale, an advantage that only a trading company can offer. We have processing facilities for the entire Group for aluminum cans, aluminum sash, special metals, and titanium to respond appropriately to users' needs.

● Main products or services

Recycling business for aluminum, copper, zinc, lead, nickel-based special metals, stainless steel, and titanium

● Initiatives for sustainability



Taking advantage of the metal recycling (collecting, separating, and processing) knowhow we have accumulated over many years and our large collection and sales networks both in Japan and overseas, we are contributing to the development of a circular economy. At the same time, in the aluminum recycling business, we are working to address climate change and support carbon neutrality by introducing our own separation and processing facilities.

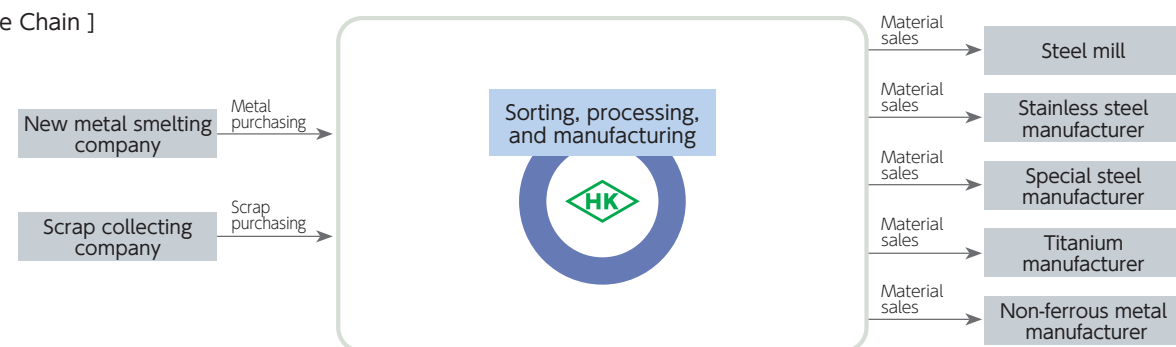
Strengths and Characteristics

In the metal recycling business, we have facilities and functions for processing, sorting, and inspecting scrap within the Group, which allow us to respond to needs of aluminum rolling/extrusion companies and steel mills for deoxidizer application. In the special metal recycling business, we offer recycled materials to stainless steel and special steel manufacturers and rare metal smelting companies, and we also proactively recycle by-products from the smelting process of copper, lead, and zinc.

We operate in compliance with the Basel Convention in handling transactions involving import, export and offshore trade, and provide users in Japan and overseas with a stable supply of recycled materials.

As for human resources development, we carry out business rotation to overseas offices from a young age in order to develop human resources who are familiar with trade practices, competitive globally, and understanding of front-line operations and a global perspective.

[Value Chain]



Environment and Challenges Surrounding the Business

Since November 2020, when China, which had been the world's largest importer of metal scrap, has tightened quality standards substantially, only high-quality metal scrap or low and middle grade scrap that are processed to raise the grade of its quality can be exported to the country, and the supply chain has since changed across the globe.

As the Group has procured scrap from around the world and built a supply network primarily in the East Asia and ASEAN regions, we have quickly addressed not only with changes in the supply and demand balance but also with such tightening of environmental restrictions and revisions in trade rules. We are currently required to take the changes in

the market environment as an opportunity, and to secure a wide range of profit opportunities in Japan as well as overseas.

As the ratio of recycled materials used in products increases at an accelerating pace around the world to ensure sustainability of limited resources and reduction of carbon emissions, demands for metal scrap in Japan, which at one time was under concerns over the shrinking scale of its market, are also rapidly recovering. It is necessary to leverage the Group's comprehensive capabilities in order to improve our technology to sort and process metal scrap and ability to assure quality in every direction.



Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

Pursue recycling transformation to realize a carbon-neutral society

Focus businesses

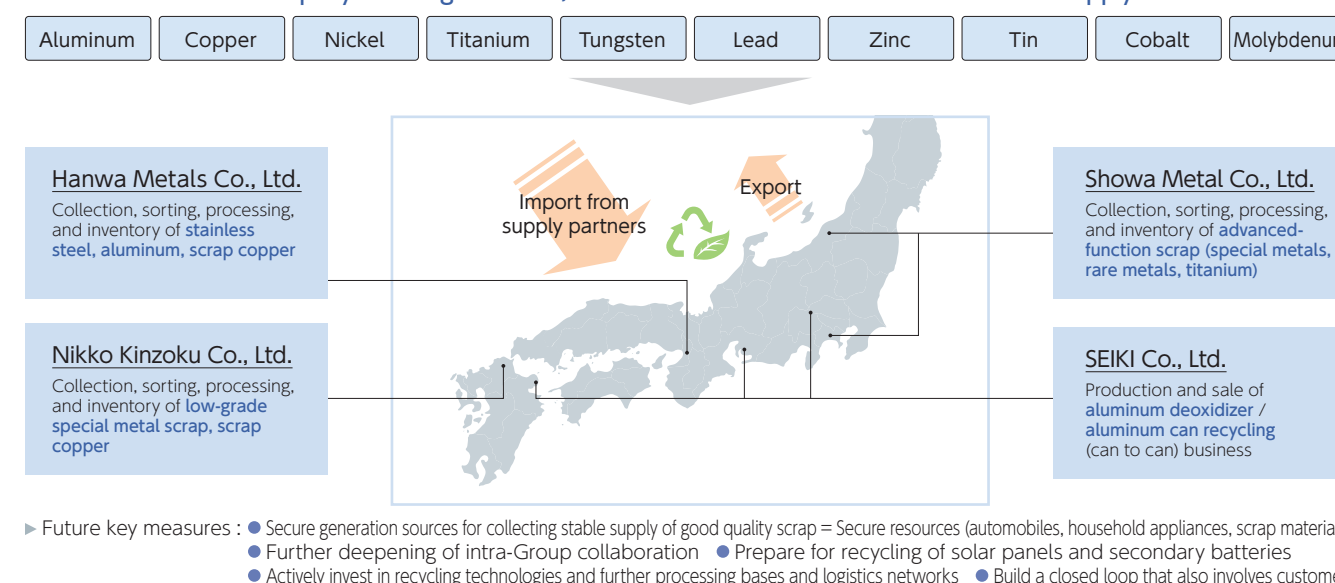
- Delve even deeper into the recycling business (collecting, sorting, processing) for each type of metal
- Secure generation sources and build a closed loop

We will promote recycling transformation aimed at transforming into one of Japan's largest metal recycling businesses centered on existing collection and processing bases. With our subsidiaries that have scrap sorting and processing functions and the Company's trading functions as a base, we will deepen intra-Group collaboration to secure generation sources of stable

and good-quality scrap, hone our recycling technologies while also focusing on strengthening the logistics function. Furthermore, with an eye toward the trend of electrification of vehicles that is accelerating along with the development of businesses contributing to decarbonization, we will also build a closed loop that involves our customers, aiming for better resource recycling.

Promote "recycling transformation" and, transform into one of Japan's largest metal recycling businesses centered on existing collection and processing bases

Based on the Company's trading functions, build collection networks and realize stable supply to customers



FY2022 Results

Net sales

¥147.1 billion

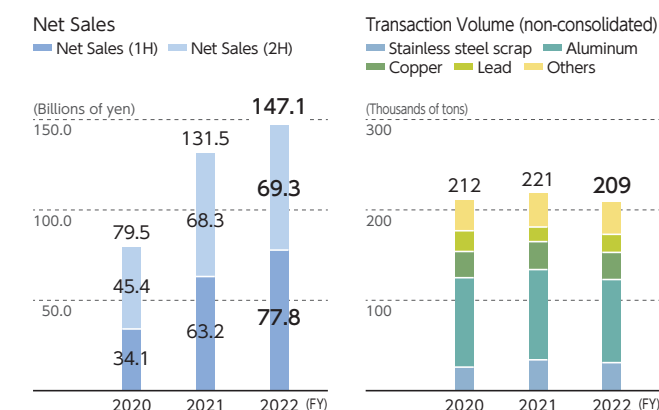
Segment income

¥6.1 billion

Segment employees

264 people

In the metal recycling business, income increased as the purchase cost, which had been rising due to the depreciation of the yen, was reflected in the selling prices as transaction volume of various merchandises continued to be stable, in addition to valuation gains on forward commodity transactions for hedging against the backdrop of plummeting non-ferrous metal prices. As a result, sales in this business segment increased by 11.9% year-on-year to ¥147.191 billion, and segment income increased by 112.8% year-on-year to ¥6.135 billion.





Food Products

In the food products business, we mainly handle marine products and maintain a top-level import share in many items. In recent years, we have been actively working on market development by establishing purchasing bases in Europe and South America, as well as sales companies in the United States and Japan, and deploying a large number of human resources to Group companies in the ASEAN region. In addition, we have strengthened traceability and utilize a thorough quality control system for the products we process at our overseas partner factories.

● Main products or services

Marine products such as salmon, shrimp and crab, and livestock products such as chicken

● Initiatives for sustainability



We fulfill the responsibilities that are required upon handling foodstuff including marine products and contribute to sustainable marine resource circulation. At the same time, we engage in all levels from the upstream (material procurement) to downstream (final product) sectors of the value chains in Japan and overseas to contribute to the economic development of the regions where we are involved in the food industry (production and processing of ingredients) as well as safe and secure food distribution around the world.

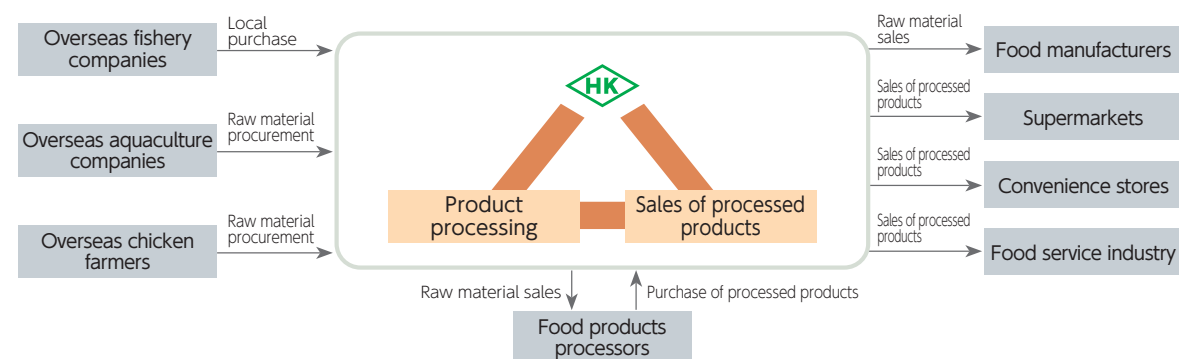
Strengths and Characteristics

In the food products business, we have established sales subsidiaries for the development of domestic end-user markets and are actively promoting the sale of products processed in such places as China, Thailand, and Vietnam, by leveraging our long-cultivated seafood raw material procurement capabilities and overseas processing experience. As the proportion of aquaculture products in the world's marine resources increases, at our local subsidiary established in the Republic of Chile, we are strengthening procurement of

farmed salmon from Chile and chicken meat from Brazil, with the aim of developing suppliers throughout South America.

Our employees, who have advanced product knowledge and are light on their feet, are involved in raw material procurement, local processing, and final product sales. By thoroughly implementing production guidance and quality control through these means, we are supplying safe, secure, and high-quality foods.

[Value Chain]



Environment and Challenges Surrounding the Business

Against the backdrop of the strong growth in overseas demand, Japanese companies now have less say over suppliers. Going forward, if a company does not have a global sales network or the ability to respond to overseas demand, it is expected that procurement will become tougher. In addition, at present, vendors who can approach the end-users still have purchasing power, but in the medium to long-term, it is expected that the entire supply chain will be clustered and systemized by taking advantage of the functions of each company. At other trading companies in the same industry, the internal processing and other operations of each process is progressing within the group, and in the medium to long-term, it is expected that large companies that can expand

globally and secure a large handling volume and have high information collection capacity will become strong. Overseas demand is pushing up purchase prices while domestic demand is continuing to depress selling prices, and in the medium to long-term it is possible that the business may shrink if we only focus on the Japanese market.

In this business environment, the food products business must shift to a global business model so that it can expand sales volume even in markets with soaring demand such as North America, ASEAN countries, and China by strengthening its overseas network, and also shift to a business model based on vertical integration from upstream to downstream to increase the earning power of the entire Group.

Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

Build vertically integrated businesses to contribute to safe and secure food distribution

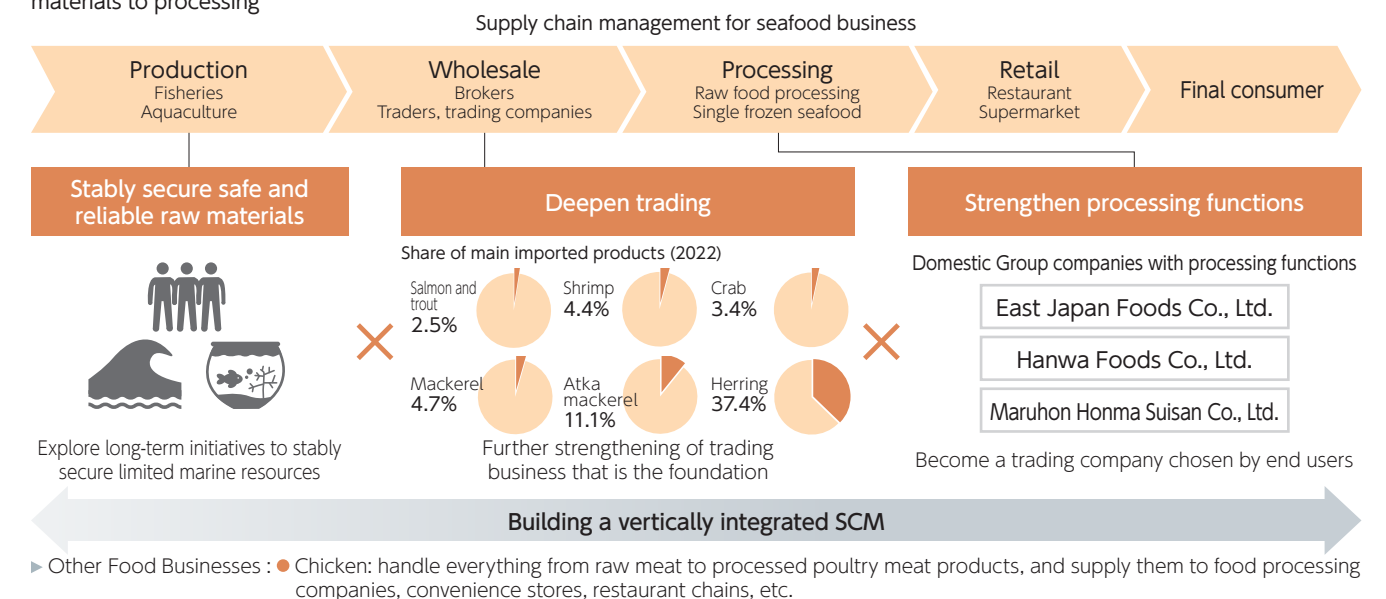
Focus businesses

- Further deepen trading
- Enhance processing functions and enhance businesses targeting retail and restaurants
- Strengthen overseas sales

We aim to become a trading company chosen by end users by building a vertically integrated business model that undertakes all processes from upstream raw materials to downstream processing. In addition to strengthening trading of core products, we will further strengthen collaboration with Group companies that have processing functions such as East Japan Foods, Hanwa Foods, and Maruhon Honma Suisan, and deepen the food version of our "SOKOKA" strategy. Addi-

tionally, as there are challenges in strengthening retail sales, particularly overseas, we recognize that this is an area we will focus on going forward. Furthermore, we are exploring methods to expand into the market not only in the seafood business but also in other food businesses. Currently, we sell processed chicken products to supermarkets and convenience stores. In the future, we would also like to work on livestock products other than chicken, such as cattle and hogs.

To become a trading company chosen by end users by building a vertically integrated business that undertakes all processes from raw materials to processing



FY2022 Results

Net sales

¥128.5 billion

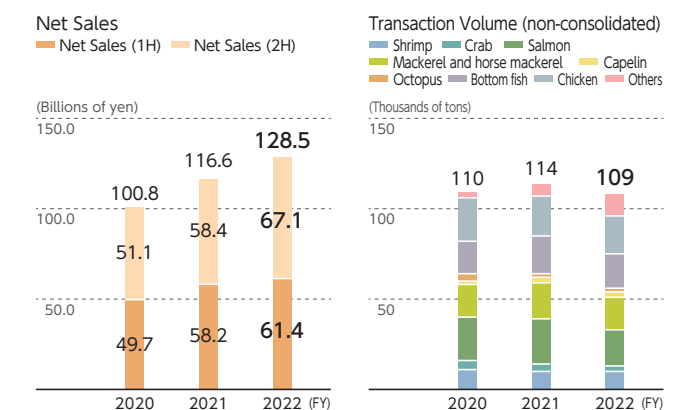
Segment loss

-¥0.9 billion

Segment employees

199 persons

In the food products business, various product prices were at relatively high levels amid rising global demand for marine products. On the other hand, the increase in purchasing costs caused by the depreciation of the yen was not passed on to prices sufficiently, putting downward pressure on profits. In addition, the market price of crabs declined due to import bans on crabs from Russia, mainly in the United States, and a decline in stay-at-home demand, mainly in Europe and the United States. Due to this, we recorded a loss on product valuation, including at consolidated subsidiaries, which also pushed down profits. As a result, sales in this business segment increased by 10.2% year-on-year to ¥128.578 billion, but the segment had a loss of ¥0.960 billion (¥3.024 billion in segment income in the previous fiscal year).





Energy & Living Materials

In the energy business, we supply palm kernel shells (PKS) and wood pellets to biomass power producers. We also handle cut tires and refuse paper and plastic fuel (RPF) for recycled energy. Additionally, we also supply heavy oil and diesel oil for domestic industry. In overseas transactions, we supply marine energy and aqueous urea, and also import chemicals. In the living materials business, we mainly handle imported products from foreign countries such as synthetic resin raw materials and plastic products such as polyethylene plastic shopping bags and garbage bags.

● Main products or services

Biomass energy, recycled energy, petroleum products, chemicals and general living materials

● Initiatives for sustainability



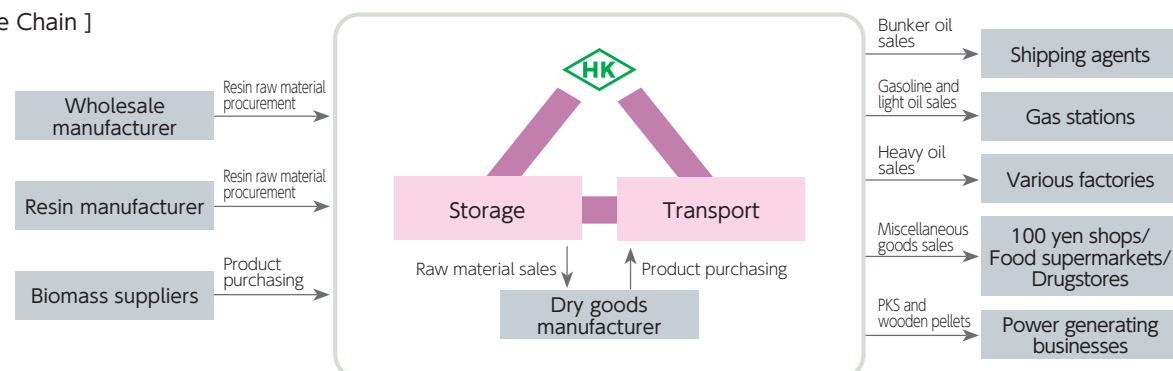
In the energy field, we are working on supply of environmentally friendly energy sources including biomass energy while striving to achieve harmonious coexistence with the community, whereby contributing to solution of energy and environmental issues around the world, development of local societies, and realization of sustainable society. In the living materials field, we are contributing to the development of a circular economy by expanding our handling of bio-based plastic products and biodegradable resin products, and through our waste paper and plastic recycling business.

Strengths and Characteristics

In the energy business, we are making efforts to build a system for supplying environmentally-friendly plant-derived biomass energy (such as PKS and wood pellets), and we also actively handle recycled energy RPF and cut tires. Furthermore, we are meeting customer needs with regard to chemicals, carrying a wide range of products. For domestic business, we do business with approximately 300 customers and have several products which boast top market shares in their industry, such as heavy oil for industrial needs.

In the living materials business, we handle a wide range of products, from raw materials such as resins to finished products (plastic shopping bags and garbage bags), and provide customers with a full range of services, from product development to package design, manufacturing, sales, and delivery. In addition, we have a department dedicated to quality control and provide safe and secure products to our customers.

[Value Chain]



Environment and Challenges Surrounding the Business

As there is strong demand to realize a decarbonized society and shift to environmentally friendly energy, demand for renewable energy is expected to increase, such as biomass energy (PKS and wood pellets, etc.), which we actively handle as alternative fuels to coal, and recycled energy (RPF and cut tires, etc.).

In the energy business, with the market oligopoly of domestic major oil companies continuing, sector peers with less advantageous functions become less profitable, and are thus forced to withdraw from the market, while there is an increased demand from customers for the stable supply of commercial materials including delivery ca-

pability. We believe that responding to these user demands will contribute to our business expansion.

In the living materials business, we purchase mainly from overseas manufacturers such as those in Vietnam and the Philippines, and sell mainly to major retailers in Japan, and distributors are required to have a high level of procurement and quality control capabilities, and inventory distribution functions. In recent years, with the growing trend of plastic-free particularly in developed countries, there is a growing requirement for companies to carry out environmentally-conscious initiatives.

Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

Build environmentally responsible energy supply systems to realize a sustainable society

Focus businesses

- Secure resources related to biomass/recycled energy
- Develop and supply recycling-derived, bio-derived polyethylene products

In the energy business, we will strengthen our handling of biomass energy and recycled energy, with the major theme of providing a stable supply to customers in compliance with a decarbonized society. For PKS, which we have the top domestic share among imported goods, we have expanded our fleet from one to three dedicated vessels in order to expand its stable procurement sources. We will also develop procurement sources and supply networks for white pellets and black pellets, mainly in the ASEAN region. For recycled energy, our Group companies will

play a central role in strengthening our suppliers and expanding our supply chain through M&A, and we will focus on recycling tires, which can also be used as carbon-neutral fuel. We are also handling chemicals such as aqueous urea that prevents greenhouse gases from being emitted into the atmosphere.

In the living materials business, as ethical consumption becomes more widespread, we will focus on proposals for procuring environmentally friendly raw materials and developing environmentally friendly products.

For providing stable supply to customers

Biomass energy

PKS

Further strengthen our stable supply system while maintaining our top domestic share of imported goods handled

White pellets (wood pellets)

Expand Company-funded factories and further provide stable supply (target: 900 kt)

Black pellets (carbonized wood pellets)

Overcome technical hurdles and establish a supply network

Other products

Aqueous urea for ships

Expand transactions of raw materials for fertilizers

Expand import and export of lubricant raw materials and additives

Recycled energy

RPF

Strengthen purchasing centered on Seibu Services Co., Ltd. and expand our supply chain through M&A

Tire recycling

Collecting/sorting/processing tires discarded as industrial waste and turn them into carbon-neutral fuel*

* Recycled tire fuel is certified as carbon-neutral fuel under the Act on Promotion of Global Warming Countermeasures.

One-stop solution for miscellaneous daily goods

Recycled raw materials, bio-based raw materials

Procurement proposals of environmentally friendly raw materials with consideration for SDGs

Product manufacturing by OEM

Product development capabilities that accurately capture user needs

Supply capability

Last mile logistics function and quality control ability

FY2022 Results

Net sales

¥360.9 billion

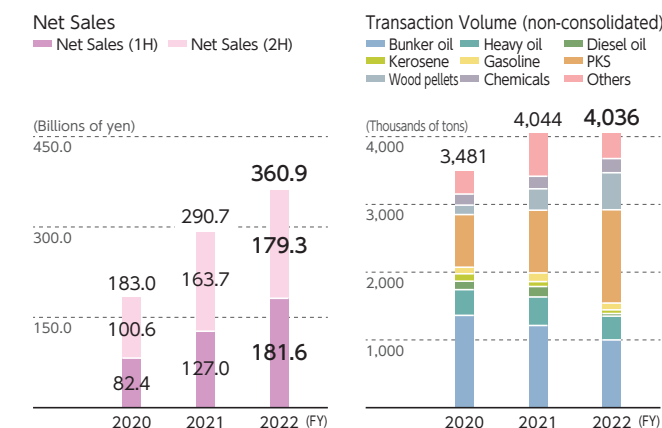
Segment income

¥11.5 billion

Segment employees

231 people

In the energy & living materials business, as a result of high crude oil and petroleum product prices caused by the Ukraine crisis, we expanded profits centered on bunker oil. In addition, both the transaction volume and unit price of palm kernel shells (PKS) and wood pellets rose due to rising international demand, which boosted profits. As a result, sales in this business segment increased by 24.1% year-on-year to ¥360.976 billion, and segment income increased by 70.6% year-on-year to ¥11.574 billion.





Other Business

[Lumber]

In the lumber business, we import fine lumber from around the world and sell them to our customers such as housing companies, building material trading companies, building material manufacturers, lumber processors, and sales agents. We sell the products not only in Japan but are also focusing on offshore trading for construction and building materials in Asia and the Middle East. We are also enhancing our function as a general sales agent of housing components centered on processed lumber products for housing companies.

● Main products or services

Imported and Japanese lumber products and building materials for houses in general

● Initiatives for sustainability



We are responding to lumber demand worldwide by taking advantage of our economy of scale and network in Japan and abroad. We are also focusing on the export of domestic lumber and aim to contribute to sustainable development of the Japanese forestry and preservation of the abundant forests.

[Machinery]

The machinery business has two components: the life & amusement business, which sells amusement machines and performance directions to theme parks; and the industrial machinery business, which sells mainly various types of steel processing machines and various conveyance machines.

● Main products or services

Management and operation of amusement machines, industrial machinery, and amusement facilities.

● Initiatives for sustainability



We contribute to the development of cities where people can continue living by responding to the demands for replacement of deteriorated facilities or upgrading of machinery for energy saving. We are also engaged in introduction of facilities related to renewable energy and recycling, whereby contributing to the realization of a sustainable global environment.

Strengths and Characteristics

[Lumber]

We import and sell competitive lumber by taking advantage of our economy of scale as a top-class lumber importer. In particular, we boast top shares in European lumber, which we import through the Vienna Office. We are also expanding trading of Japanese lumber and have high shares not only in domestic consumption but also in exports to Southeast and other parts of Asia.

The housing materials business has expanded its business scope downstream. The business of processing imported lumber and selling it to housing companies is cost competitive, and we have grown to become a major player among trading companies involved in the business.

Moreover, we sell building materials and steel components together with lumber, and our ability to propose the shortest commercial distribution route from upstream to downstream represents our great strength, which has been highly rated by customers.

[Machinery]

Since the life & amusement business has in-house engineers and supervisors, as well as strong networks with external experts and examination organizations, we provide users with a full range of services from the design of amusement machines to the procurement of materials and construction. In addition, we have established a strong relationship of trust with European and American manufacturers, which are the leading countries of the amusement machinery industry, and, as agents for them, we introduce the latest industry trends to the Japanese market.

In the industrial machinery business, we provide valuable solutions for users' capital investment plans by using our rich information network and engineering functions created by close cooperation with various leading industrial machinery manufacturers. In addition, a value engineering proposal system has been established to make suggestions on the capital investment plans of customers of other divisions of the Company, mainly in the steel sector, so that they can invest in efficient equipment.

Environment and Challenges Surrounding the Business

[Lumber]

As the housing industry, which is the business's main market, is gradually shrinking due to declining birthrate, the competition between housing companies is intensifying. Users are taking an increasingly stringent look at the functions and costs, as a result of which the industry is tending towards eliminating intermediate distribution with fewer functions.

While we already have considerable competitiveness in terms of wood feedstock and processed products, we need to enhance the ability to propose appropriate combination of materials amid fluctuating markets.

At the same time, it is becoming more important to offer products by adding values corresponding to customer needs such as delivery function and construction rather than merely selling products, and we need to further expand the functions we offer.

[Machinery]

In the life & amusement business, we have few competitors in the large-scale amusement park ride field. We also have good relationships with major customers and expect to maintain ongoing business relationships with them in the future. In recent years, we have also been getting more requests from overseas manufacturers to do business in the Japanese market. Going forward, we will look to develop new customers.

In the industrial machinery business, there is a growing need for line sales including material handling in addition to single general-purpose equipment, and proposal sales that bring together multiple suppliers are yielding results. Furthermore, we are actively working on labor saving and automation, which are issues facing the domestic industry in general, and we are working to resolve customer issues through the introduction of automatic cranes and robots including system design support. Going forward, we believe it will be necessary to further strengthen our organizational structure by building a maintenance system to meet diversifying needs, which includes the adoption of overseas manufacturers.



Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision

[Lumber] Deliver consistently all manner of housing materials, from raw materials up, to contribute to the realization of sustainable living
[Machinery] Offer technological innovation to industrial society and fun to people to contribute to the realization of a rich and warm society

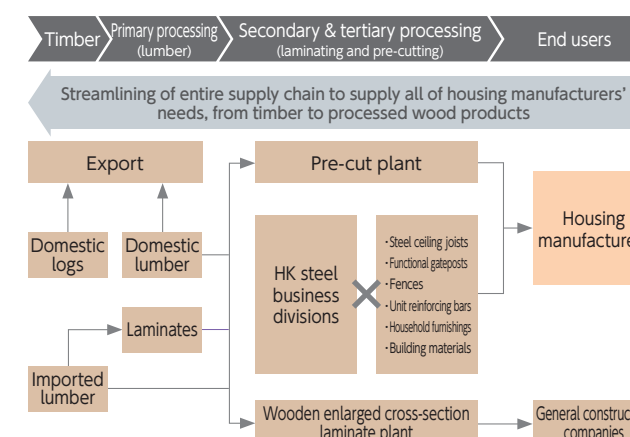
Focus businesses

[Lumber] ● Supply materials to housing manufacturers ● Supply lumber parts to general construction companies
[Machinery] ● Strengthen maintenance structure ● Produce amusement machinery and equipment ● Develop new facilities

In the lumber business, we procure lumber from Japan and overseas, perform primary processing (lumbering) and secondary and tertiary processing (pre-cutting and laminating), and supply our products to housing manufacturers. We also operate our business beyond our segment to build a supply structure for steel products such as fences and gateposts. As we are recently seeing an increase in demand for lumber from major general construction companies since it is a recycling-oriented material, we will also focus on capturing the needs of our customers to supply our products.

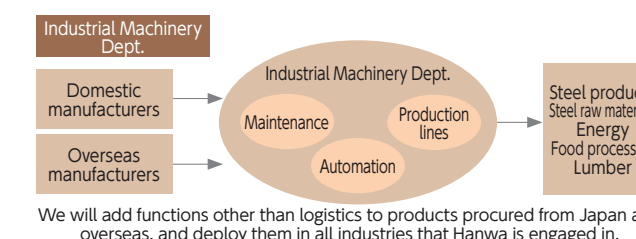
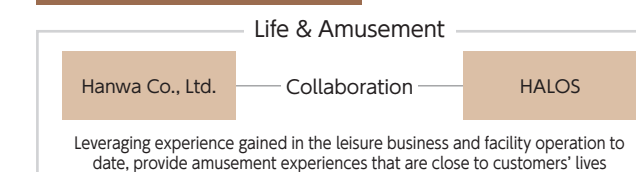
In the machinery business segment, the Leisure Facilities Dept.

[Lumber] Lumber SOKOKA (build supply network that starts with downstream such as housing manufacturers) + Construction



[Machinery]

Life & Amusement Dept./HALOS



FY2022 Results

Net sales

¥146.0 billion

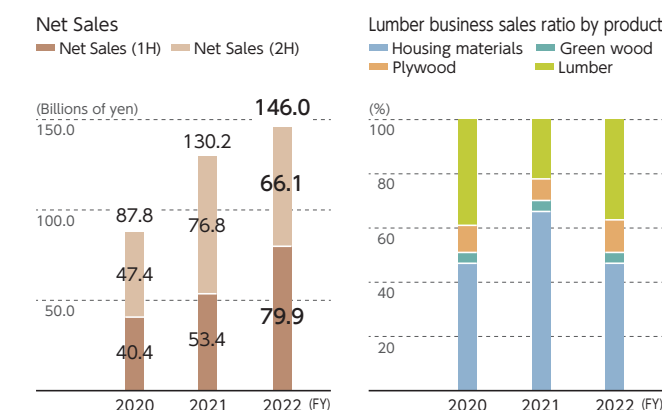
Segment income

¥3.0 billion

Segment employees

231 people

In other businesses, the lumber business segment saw an increase in revenue and a decline in profits. This was attributable to the failure to reflect the rise in purchase costs driven by the depreciation of the yen and other factors to selling prices, despite an increase in sales backed by higher prices of timber due to the phenomenon known as the "wood shock." Conversely, in the machinery business, both revenue and profit increased in the leisure facilities area due to an increase in the number of projects completed compared to the previous fiscal year. As a result, net sales in this business segment increased by 12.1% year-on-year to ¥146.040 billion, and segment income decreased by 17.3% year-on-year to ¥3.083 billion.





Overseas Sales Subsidiaries

● Main products or services

Sale of a wide variety of products, as in Japan, at major overseas bases



Medium- to Long-Term Vision and the Tenth Medium-Term Business Plan Strategies

Vision	Through overseas business expansion with a focus on the Asian region, contribute to the development of regional communities
Focus businesses	<ul style="list-style-type: none"> ● Sell raw materials and semi-finished products to local steelmakers ● Source local products and sell to users ● Further develop businesses other than steel

Under the theme of “Create Another Hanwa in Southeast Asia,” we will further increase the presence of our steel business in the ASEAN region, while also working to demonstrate our presence in the primary metals, food products and energy businesses.

Promote the “Create another Hanwa in Southeast Asia” concept and further increase our presence in the ASEAN region, while also further expanding our global bases

Steel (final products / semi-finished products / scrap)

Through investment in and collaboration with steel manufacturers, expand supply chain in the ASEAN region by supplying semi-finished products such as slab

Food Products

In line with overseas expansion of Japanese chains, supply processed food products to overseas markets

Energy

Secure supply of biofuel, PKS, as well as forest planting and raw materials for wood pellets

Food Products

Start supplying ingredients such as rice and chicken meat for employees of investee manufacturers

Primary Metal

Secure supply of EV battery materials, demand of which is expected to grow rapidly, and strengthen sales of stainless steel products (ASEAN region and Europe)



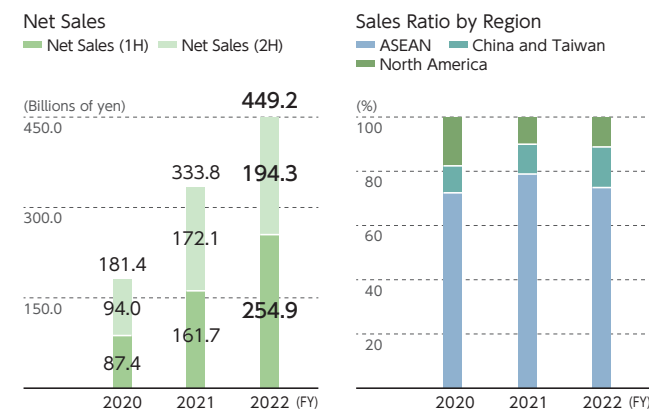
FY2022 Results

Net sales **¥449.2 billion**

Segment income **¥7.2 billion**

Segment employees **591 people**

With regard to overseas sales subsidiaries, our transaction volume of steel products in Indonesia and Singapore made primarily by PT DEXIN STEEL INDONESIA increased, in line with the recovery of economic activities particularly in South-east Asian nations, thereby expanding revenue. As a result, net sales in this business segment increased by 34.5% year-on-year to ¥449.210 billion, and segment income increased by 8.3% year-on-year to ¥7.278 billion.



Major Affiliated Companies

● : Steel ● : Primary Metal ● : Metal Recycling ● : Food Products ● : Energy & Living Materials ● : Other Business ● : Overseas Sales Subsidiaries

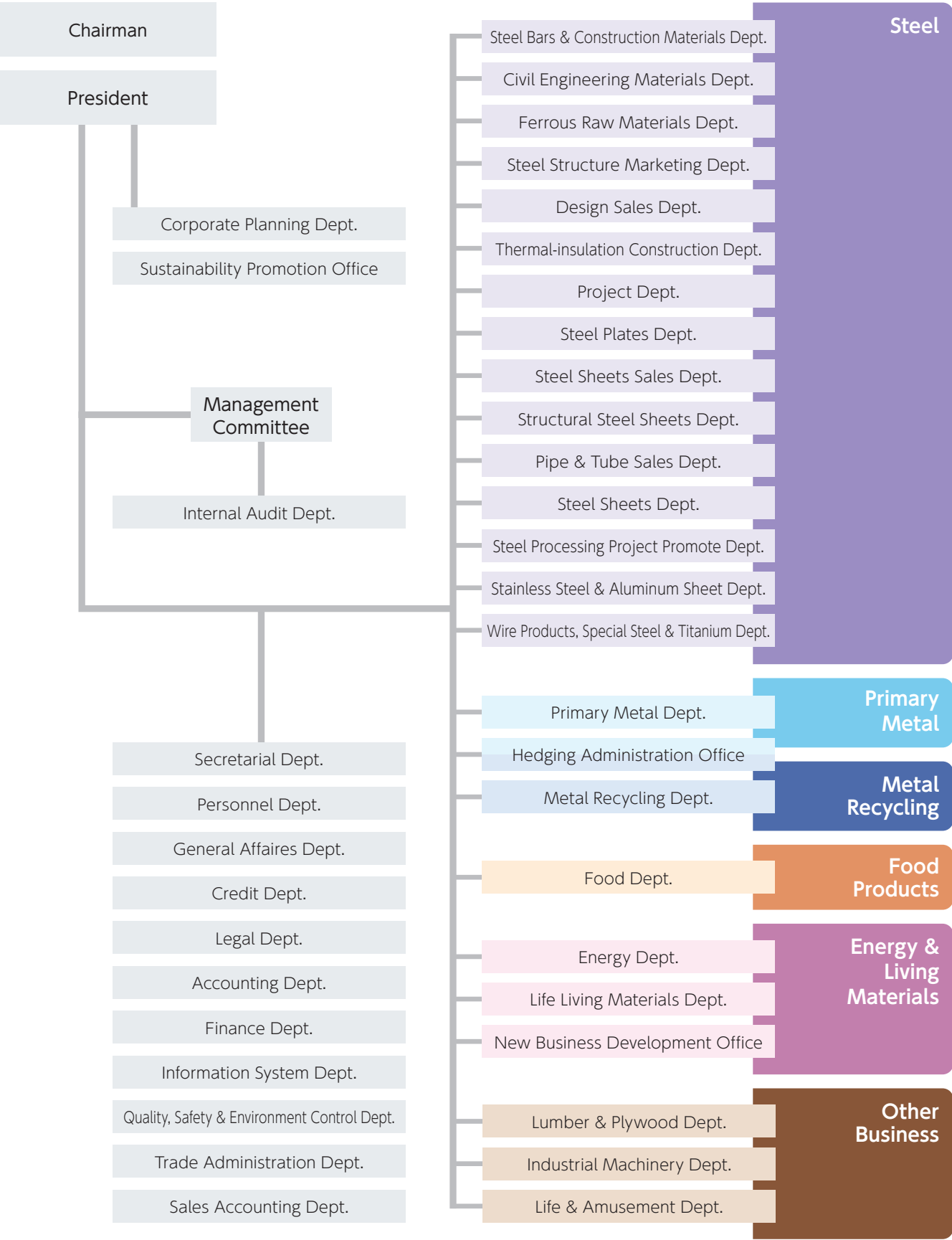
Name	Address	Capital or capital investments	Name	Address	Capital or capital investments
(Consolidated subsidiaries) ● S.K. Engineering Co., Ltd.	Chuo-ku, Tokyo	¥222 million	● PT. HANWA ROYAL METALS	Jawa Timur, Indonesia	US\$ 3,800 thousand
● Hanwa Eco Steel Corporation	Kamagaya, Chiba	¥110 million	● Hanwa Foods Co., Ltd.	Chuo-ku, Tokyo	¥200 million
● Hanwa Logistics Tokyo Co., Ltd.	Narashino, Chiba	¥100 million	● Maruhon Honma Suisan Co., Ltd.	Nishi-ku, Sapporo	¥20 million
● Hanwa Logistics Osaka Co., Ltd.	Sakai-ku, Sakai	¥100 million	● East Japan Foods Co., Ltd.	Ishinomaki, Miyagi	¥75 million
● Hanwa Logistics Nagoya Co., Ltd.	Tobishima-mura, Ama-gun, Aichi	¥100 million	● SEATTLE SHRIMP & SEAFOOD COMPANY, INC.	Washington, U.S.A.	US\$ 10,300 thousand
● Hanwa Steel Service Ltd.	Koka, Shiga	¥100 million	● HANWA CANADA CORP.	Vancouver, Canada	CAN\$ 2,300 thousand
● Daisun Co., Ltd.	Nishi-ku, Osaka	¥100 million	● Toyo Energy Co., Ltd.	Chuo-ku, Osaka	¥120 million
● San Ei Metal Co., Ltd.	Chuo-ku, Osaka	¥100 million	● Seibu Service Co., Ltd.	Yodogawa-ku, Osaka	¥20 million
● Fukuoka Kogyo Co., Ltd.	Tsuyama, Okayama	¥100 million	● Alpha Forme Co., Ltd.	Yodogawa-ku, Osaka	¥3 million
● Tohan Steel Co., Ltd.	Funabashi, Chiba	¥64 million	● HANWA SINGAPORE (PRIVATE)LTD.	Singapore	US\$ 174,527 thousand
● Japanlife Co., Ltd.	Chuo-ku, Tokyo	¥60 million	● HANWA AMERICAN CORP.	New Jersey, U.S.A.	US\$ 40,000 thousand
● Subaru Steel Co., Ltd.	Taisho-ku, Osaka	¥57 million	● HANWA THAILAND CO., LTD.	Bangkok, Thailand	THB 612,200 thousand
● Daikoh Owano Co., Ltd.	Suminoe-ku, Osaka	¥50 million	● HANWA CO., (HONG KONG) LTD	Hong Kong, China	HK\$ 70,000 thousand
● KAMEI Co., Ltd.	Matsuyama, Ehime	¥50 million	● HANWA VIETNAM CO., LTD.	Ho Chi Minh, Vietnam	VND 178,891 million
● Daiko Sangyo Co., Ltd.	Chuo-ku, Osaka	¥35 million	● HANWA TRADING SHANG-HAI CO., LTD.	Shanghai, China	US\$ 2,500 thousand
● Hanwa Daisun Co., Ltd.	Chuo-ku, Tokyo	¥30 million	● TAIWAN HANWA KOGYO CO., LTD	Taipei, Taiwan	NT\$ 15,000 thousand
● IZUMO TEC Co., Ltd.	Chuo-ku, Osaka	¥20 million	● HANWA METALS (THAILAND) CO., LTD.	Rayong, Thailand	THB 458,000 thousand
● Tekken Industry Company	Sakai, Fukui	¥10 million	● PT.HANWA INDONESIA	Jakarta, Indonesia	US\$ 32,100 thousand
● Taiyokozai Co., Ltd.	Chuo-ku, Osaka	¥10 million	● HALOS Corporation*1	Chuo-ku, Tokyo	¥100 million
● Matsuoka Kozai Co., Ltd.	Koka, Shiga	¥10 million	● Hanwa Alpha Business Co., Ltd.*2	Chuo-ku, Tokyo	¥20 million
● Hokuriku Column Co., Ltd.	Imizu, Toyama	¥70 million	● HANWA REINSURANCE CORP.*3	Pohnpei, Micronesia	¥360 million
● Kaneki Co., Ltd.	Kumiyama-cho, Kuse-gun, Kyoto	¥20 million	(Equity-method affiliates)		
● Hirouchi Atsuen Kogyo Co., Ltd.	Jyoto-ku, Osaka	¥100 million	● Ohmi Sangyo Co., Ltd.	Taisho-ku, Osaka	¥100 million
● Tanaka Steel Trading Co., Ltd.	Hanyu, Saitama	¥77 million	● STAINLESS PIPE KOGYO Co., Ltd.	Mihara-ku, Sakai	¥100 million
● SANYO KOUZAI Co., Ltd.	Naka-ku, Hiroshima	¥20 million	● Metaltech Co., Ltd.	Sumida-ku, Tokyo	¥50 million
● HANWA STEEL SERVICE MEXICANA S.A.DE C.V.	Guanajuato, Mexico	MXN 870,547 thousand	● OHMI TECHNO METAL Co. Ltd.	Taisho-ku, Osaka	¥80 million
● PT.HANWA STEEL SERVICE INDONESIA	Bekasi, Indonesia	US\$ 33,000 thousand	● COSMOSTEEL HOLDINGS LTD.	Singapore	S\$ 56,324 thousand
● HANWA STEEL CENTRE (M) SDN.BHD.	Penang, Malaysia	MYR 80,000 thousand	● SOHBI CRAFT POLAND SP. Z O. O.	Lysomice, Poland	PLN 46,404 thousand
● HANWA STEEL SERVICE (THAILAND)CO., LTD.	Chonburi, Thailand	THB 576,000 thousand	● SENDO STEEL PIPE JOINT VENTURE CO., LTD.	Ba Ria Vung Tau, Vietnam	VND 176,201 million
● HANWA STEEL SERVICE (DONGGUAN) CO., LTD.	Dongguan, China	US\$ 15,000 thousand	● SOHBI KOHGEI (PHILS.), INC.	Batangas, Philippines	US\$ 7,772 thousand
● CHANG FU STAINLESS STEEL CENTER (SUZHOU) CO., LTD.	Taicang, China	US\$ 18,000 thousand	● SMC TOAMI LLC.	Ba Ria Vung Tau, Vietnam	VND 65.217 million
● HANWA SMC STEEL SERVICE HA NOI CO., LTD.	Ha Noi, Vietnam	VND 64,369 million	● HANWA FELLOWS ENGINEERING (THAILAND) CO., LTD.	Bangkok, Thailand	THB 6,000 thousand
● RI HONG STAINLESS SHANGHAI CO., LTD.	Shanghai, China	RMB 95,000 thousand	● Suzuki-Sumiden Wire Products Guangzhou Co., Ltd.	Guangzhou, China	US\$ 9,000 thousand
● Japan South Africa Chrome Co. Ltd.	Chuo-ku, Tokyo	¥100 million	● NST SAIGON COIL CENTER CO., LTD.	Binh Duong, Vietnam	VND 54,100 million
● Showa Metal Co., Ltd.	Kawasaki-ku, Kawasaki	¥20 million	● SMC TRADING INVESTMENT JSC.	Ho Chi Minh, Vietnam	VND 736,785 million
● Nikko Kinzoku Co., Ltd.	Moji-ku, Kitakyusyu	¥20 million	● SAMANCOR CHROME HOLDINGS PROPRIETARY LTD.	Johannesburg, South Africa	ZAR 2,555 million
● SEIKI Co., Ltd.	Taketoyo-cho, Chita-gun, Aichi	¥20 million	● Jiangyin Xiao Da Metal Products Manufacturing Co., Ltd.	Jiangyin, China	RMB 28,500 thousand

*1 Management and operation of amusement facilities

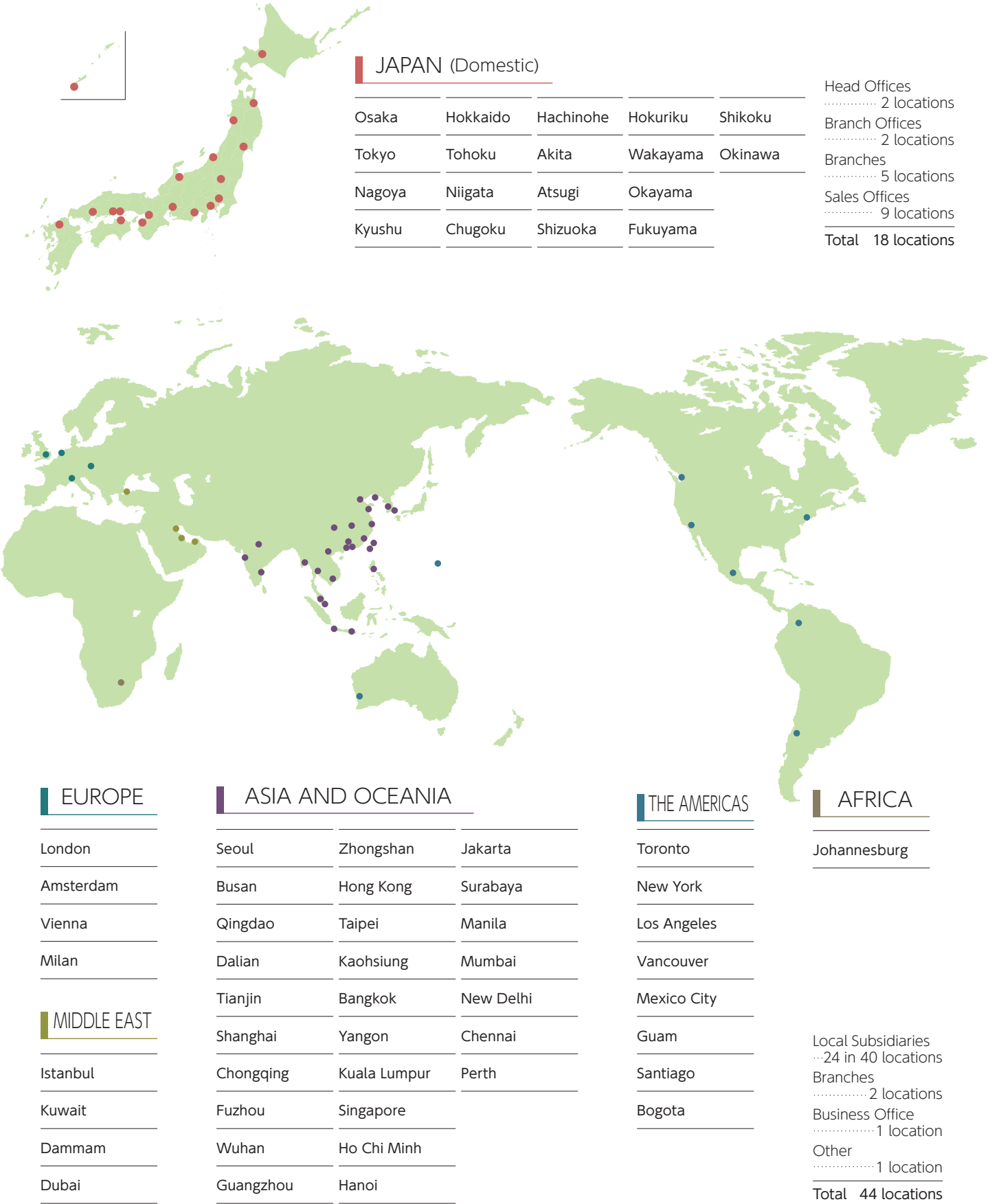
*2 Non-life insurance agency

*3 Captive

Operational Organization Chart



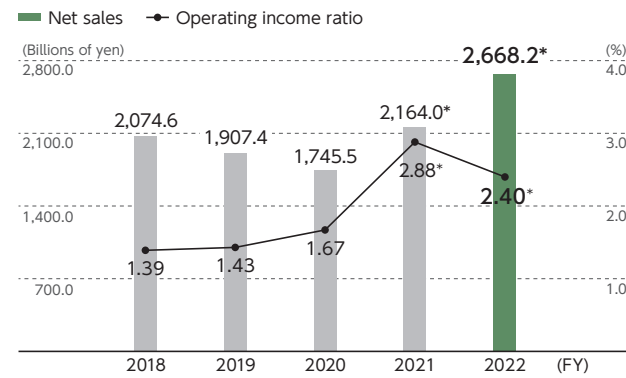
Global Network



Highlights

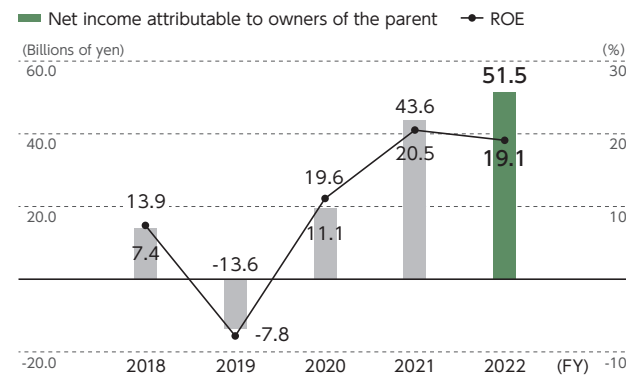
Financial Indicators

Net sales/Operating income ratio

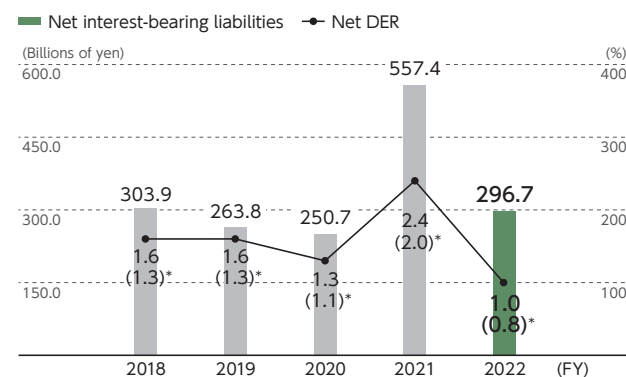


* The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of FY2021. Key financial data from FY2021 onward reflects these accounting standards.

Net income attributable to owners of the parent/ROE

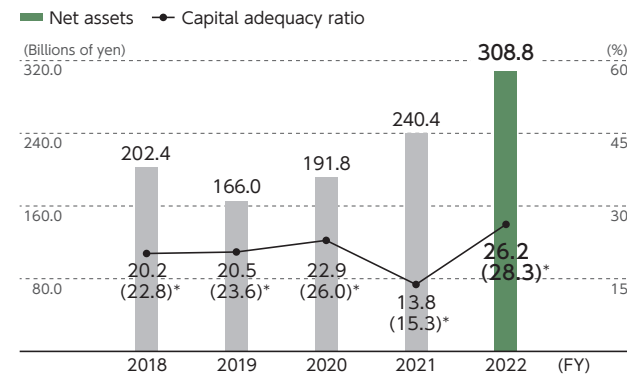


Net interest-bearing liabilities/Net DER



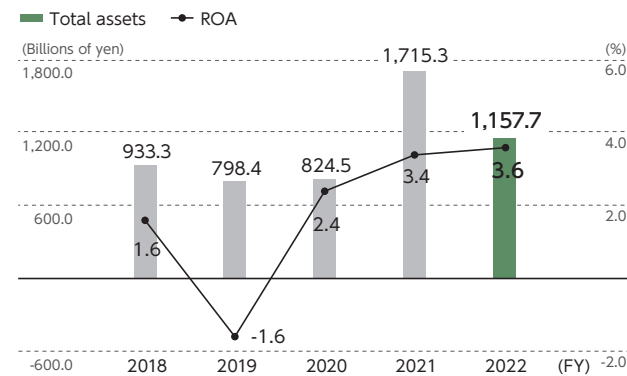
* Calculated by taking into account the equity credit attributes evaluated by ratings institutions (50%) of the ¥50.0 billion subordinated loan (hybrid loan) implemented in March 2019.

Net assets/Capital adequacy ratio

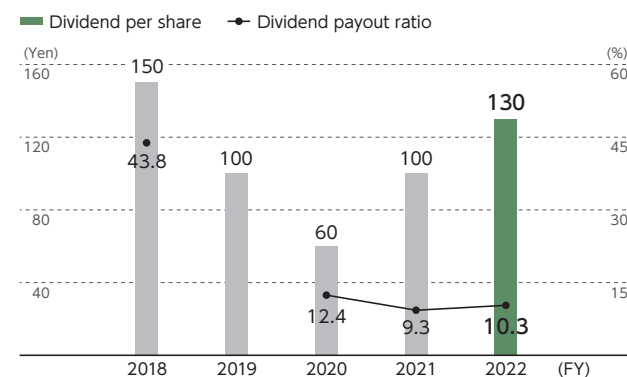


* Calculated by taking into account the equity credit attributes evaluated by ratings institutions (50%) of the ¥50.0 billion subordinated loan (hybrid loan) implemented in March 2019.

Total assets/ROA

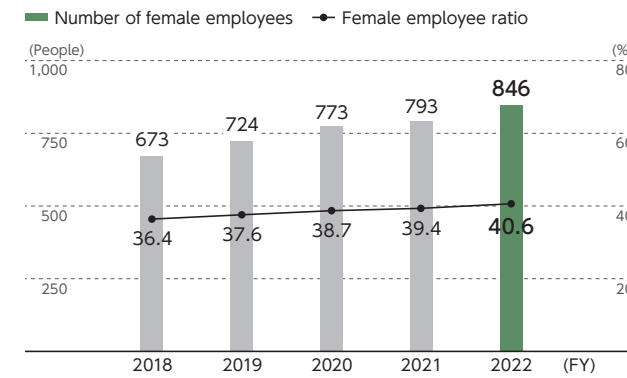


Dividend per share/Dividend payout ratio

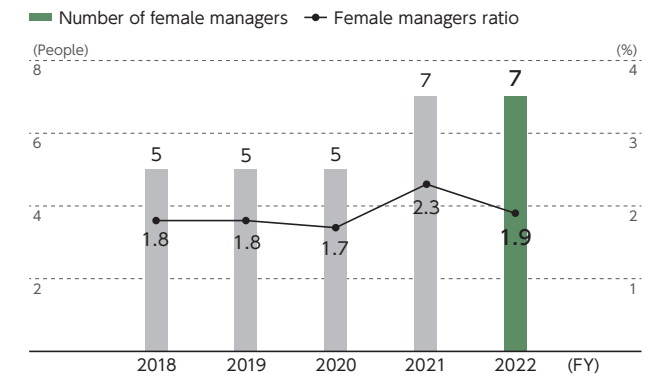


Sustainability Data

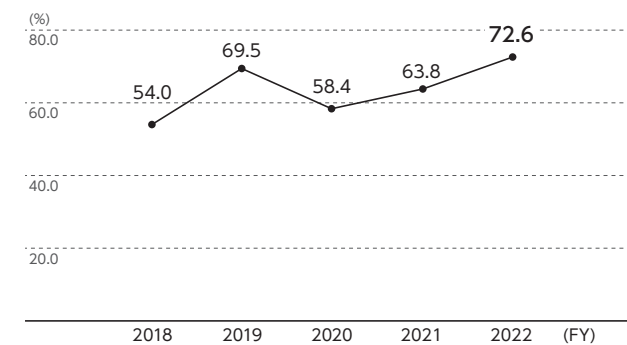
Number of female employees/Female employee ratio



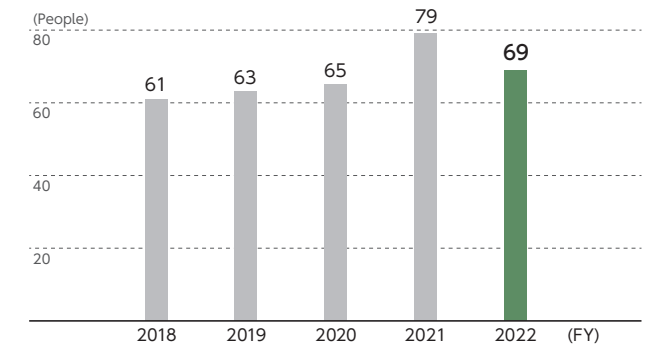
Number of female managers/Female managers ratio



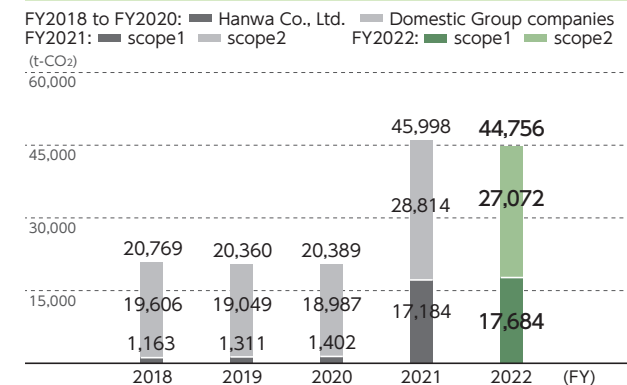
Paid leave acquisition rate



Number of persons taking childcare leave

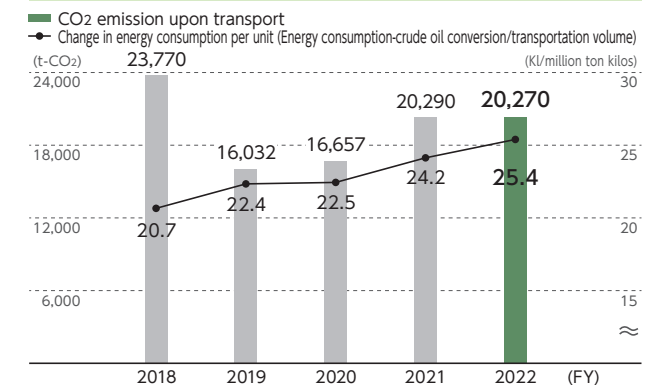


CO2 emission



Note: Up to FY2020, CO₂ emissions at domestic offices are shown. We have changed its method of calculation and CO₂ emission at domestic and overseas consolidated subsidiaries from FY2021 is shown.

Change in CO2 emission upon transport and energy consumption per unit of GDP (gross domestic product)



Note: This covers domestic transportation for which Hanwa is the consignee.

11-Year Financial Summary

For the years ended March 31

	Millions of yen										Thousands of U.S. dollars (*1)	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Results of Operations:												
Net sales	¥ 1,511,324	¥ 1,682,503	¥ 1,737,397	¥ 1,511,800	¥ 1,514,037	¥ 1,791,118	¥ 2,074,600	¥ 1,907,493	¥ 1,745,501	¥ 2,164,049	¥ 2,668,228	\$ 19,982,236
Gross profit	44,762	51,365	55,729	56,559	64,514	72,195	79,222	79,826	79,925	119,008	128,541	962,637
Operating income	12,491	16,252	19,107	18,178	23,426	26,217	28,904	27,330	29,232	62,367	64,105	480,079
Ordinary profit (loss)	8,871	14,698	14,264	15,424	22,907	25,502	23,395	(12,598)	28,821	62,718	64,272	481,330
Net income (loss) attributable to owners of the parent	4,720	7,896	9,086	25,469	16,363	17,354	13,914	(13,674)	19,617	43,617	51,505	385,718
Cash Flows:												
Net cash provided by (used in) operating activities	19,380	343	1,790	53,098	3,959	(19,755)	15,417	74,261	19,004	(280,752)	284,226	2,128,555
Net cash provided by (used in) investing activities	(5,106)	(5,244)	(13,692)	(10,446)	(18,427)	(39,971)	(20,623)	(24,159)	(4,190)	(14,993)	(6,539)	(48,970)
Net cash provided by (used in) financing activities	(16,363)	(4,927)	19,339	(41,751)	15,447	66,435	28,132	(42,314)	(34,223)	406,820	(351,835)	(2,634,876)
Free cash flows (*3)	14,273	(4,901)	(11,902)	42,652	(14,468)	(59,727)	(5,205)	50,102	14,814	(295,745)	277,687	2,079,585
Financial Position at Year-End:												
Total assets	552,908	593,351	651,456	599,694	694,232	860,344	933,307	798,442	824,590	1,715,394	1,157,747	8,670,313
Total net assets	120,674	125,361	142,749	156,139	171,637	203,700	202,459	166,097	191,857	240,497	308,807	2,312,641
Gross interest-bearing liabilities (*4)	236,169	245,906	272,575	237,552	259,670	325,562	363,257	331,107	301,654	722,940	380,982	2,853,156
Net interest-bearing liabilities (*5)	212,883	229,899	248,032	210,437	231,205	289,346	303,949	263,850	250,747	557,489	296,795	2,222,684
Per share data: (*2)												
	Yen										U.S. dollars (*1)	
Net income (loss) attributable to owners of the parent	22.78	38.11	43.85	122.92	80.18	427.04	342.41	(336.51)	482.74	1,073.34	1,267.44	9.491
Net assets attributable to owners of the parent	570.50	591.68	682.46	747.40	838.70	4,621.96	4,632.55	4,027.01	4,656.17	5,834.98	7,459.39	55.863
Cash dividends	12.00	12.00	15.00	18.00	19.00	85.00 (*9)	150.00	100.00	60.00	100.00	130.00	0.973
Key financial ratios:												
	%											
Return on assets (ROA) (*6)	0.8	1.4	1.5	4.1	2.5	2.2	1.6	(1.6)	2.4	3.4	3.6	
Return on equity (ROE) (*7)	4.1	6.6	6.9	17.2	10.1	9.7	7.4	(7.8)	11.1	20.5	19.1	
Capital adequacy ratio	21.4	20.6	21.7	25.8	24.5	21.8	20.2(22.8) (*10)	20.5(23.6) (*10)	22.9(26.0) (*10)	13.8(15.3) (*10)	26.2(28.3) (*10)	
Net DER (*8)	180	188	175	136	136	154	161(131) (*10)	161(127) (*10)	133(105) (*10)	235(203) (*10)	98(83) (*10)	
Payout ratio	52.7	31.5	34.2	14.6	23.7	29.3	43.8	— (*11)	12.4	9.3	10.3	

* 1. The U.S. dollar amounts represent translations, for convenience only, of yen amounts at the rate of ¥133.53=\$1.00.
2. The company consolidated its common shares at a ratio of 5 shares to 1 share on October 1, 2017. Accordingly, per share data (except for cash dividends) are calculated on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year 2018.
3. Free cash flow is defined as net cash provided by (used in) operating activities and net cash provided by (used in) investing activities.
4. Gross interest-bearing liabilities are defined as short-term loans payable, commercial paper, long-term debt, bonds and lease debt.
5. Net interest-bearing liabilities are defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.
6. ROA is calculated by dividing net income (loss) attributable to owners of the parent by the average of total assets at the beginning and end of the fiscal year.
7. ROE is calculated by dividing net income (loss) attributable to owners of the parent by the average of equity attributable to owners of the parent at the beginning and end of the fiscal year.

8. Net DER is calculated by dividing net interest-bearing liabilities by equity attributable to owners of the parent at the end of the fiscal year.
9. Dividends per share of ¥85.00 for the year ended March 31, 2018 consisted of interim dividends of ¥10.00 per share before the consolidation of shares and year-end dividends of ¥75.00 per share after the consolidation.
10. The values in parentheses of the capital adequacy ratio and the net debt/equity ratio (DER) are calculated by taking into account the equity credit attributes evaluated by rating institutions (50%) of the ¥50.0 billion subordinated loan (hybrid loan) implemented in March 2019.
11. The payout ratio has not been presented for those fiscal years in which the Company incurred a net loss attributable to owners of the parent.
12. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) was adopted from the beginning of the consolidated fiscal year ended March 31, 2022. Accordingly, key financial data for the fiscal year ended March 31, 2022 and thereafter are the amounts after the application of such accounting standard.

Consolidated Balance Sheets

As at March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Assets			
Current assets:			
Cash and cash equivalents (Notes 3 and 7)	¥ 84,121	¥ 165,083	\$ 629,978
Receivables:			
Trade notes, accounts receivable and contract assets (Notes 3 and 19):			
Unconsolidated subsidiaries and affiliates	13,941	14,230	104,403
Other	435,038	528,213	3,257,979
Electronically recorded monetary claims (Note 3):			
Unconsolidated subsidiaries and affiliates	15	25	112
Other	55,554	32,986	416,041
Loans:			
Unconsolidated subsidiaries and affiliates	7,014	7,101	52,527
Other	11,500	10,394	86,122
Allowance for doubtful receivables	(1,295)	(1,580)	(9,698)
Inventories (Note 6)	253,964	243,603	1,901,924
Other current assets	68,885	271,991	515,876
Total current assets	928,741	1,272,049	6,955,298
Investments and noncurrent receivables:			
Investment securities (Notes 3, 4 and 7)	79,964	66,897	598,846
Investments in unconsolidated subsidiaries and affiliates (Note 3)	19,643	14,545	147,105
Long-term loans receivable (Note 3):			
Unconsolidated subsidiaries and affiliates	1,015	572	7,601
Other	12,798	11,864	95,843
Other investments and noncurrent receivables	19,012	261,133	142,379
Allowance for doubtful accounts	(2,613)	(1,403)	(19,568)
Total investments and noncurrent receivables	129,820	353,610	972,215
Property and equipment (Note 7):			
Land (Note 12)	36,786	34,677	275,488
Buildings and structures	57,917	54,519	433,737
Other	58,315	47,875	436,718
Accumulated depreciation	(65,902)	(59,183)	(493,537)
Total property and equipment	87,117	77,889	652,415
Other assets:			
Deferred tax assets (Note 8)	1,261	1,288	9,443
Intangible assets (Note 7)	10,807	10,556	80,933
Total other assets	12,069	11,844	90,384
Total	¥ 1,157,747	¥ 1,715,394	\$ 8,670,313

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Liabilities and Net Assets			
Current liabilities:			
Short-term loans payable (Notes 3 and 9)	¥ 61,194	¥ 414,880	\$ 458,279
Commercial paper (Notes 3 and 9)	30,000	40,000	224,668
Long-term debt due within one year (Notes 3, 7 and 9)	31,932	54,104	239,137
Trade notes and accounts payable (Note 3):			
Unconsolidated subsidiaries and affiliates	17,988	2,959	134,711
Other	260,834	385,334	1,953,373
Electronically recorded obligations (Note 3):			
Unconsolidated subsidiaries and affiliates	38	108	284
Other	36,662	33,348	274,560
Accrued bonuses to employees	4,355	4,223	32,614
Provision for product warranties	56	66	419
Income taxes payable	14,822	16,098	111,001
Other current liabilities (Note 19)	101,103	287,492	757,155
Total current liabilities	558,990	1,238,615	4,186,250
Noncurrent liabilities:			
Long-term debt due after one year (Notes 3, 7 and 9)	254,843	210,890	1,908,507
Retirement benefit liability (Note 10)	4,285	4,454	32,090
Deferred tax liabilities (Note 8)	10,888	7,241	81,539
Other noncurrent liabilities	19,932	13,693	149,269
Total noncurrent liabilities	289,949	236,280	2,171,414
Contingent liabilities (Note 11)			
Net assets (Note 12)			
Shareholders' equity:			
Common stock:			
Authorized: 114,000,000 shares in 2023 and 114,000,000 shares in 2022			
Issued: 42,332,640 shares in 2023 and 42,332,640 shares in 2022	45,651	45,651	341,878
Capital surplus	26	26	194
Retained earnings	228,920	180,119	1,714,371
Treasury stock, at cost: 1,695,653 shares in 2023 and 1,695,350 shares in 2022	(3,730)	(3,729)	(27,933)
Total shareholders' equity	270,866	222,066	2,028,502
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities, net of taxes	23,972	16,725	179,525
Deferred gains or losses on hedges, net of taxes	673	(1,000)	5,040
Land revaluation difference, net of taxes (Note 12)	1,975	3,191	14,790
Foreign currency translation adjustment	8,360	(531)	62,607
Remeasurements of defined benefit plans (Note 10)	(2,720)	(3,334)	(20,369)
Total accumulated other comprehensive income	32,260	15,050	241,593
Non-controlling interests	5,680	3,379	42,537
Total net assets	308,807	240,497	2,312,641
Total	¥ 1,157,747	¥ 1,715,394	\$ 8,670,313

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net sales (Note 19)	¥ 2,668,228	¥ 2,164,049	\$ 19,982,236
Cost of sales (Note 6)	2,539,686	2,045,040	19,019,591
Gross profit	128,541	119,008	962,637
Selling, general and administrative expenses	64,435	56,641	482,550
Operating income	64,105	62,367	480,079
Other income (expenses):			
Interest and dividend income	11,144	3,294	83,456
Interest expenses	(9,969)	(4,073)	(74,657)
Share of profit of entities accounted for using the equity method	4,194	3,321	31,408
Foreign exchange gain (loss)	(681)	(1,848)	(5,099)
Gain on sales of property and equipment (Note 13)	14,417	—	107,968
Gain on bargain purchase	722	—	5,407
Gain on sales of investment securities	655	1,449	4,905
Arbitration-related income	268	145	2,007
Loss on valuation of investment securities	—	(1,055)	—
Provision of allowance for doubtful accounts for subsidiaries and affiliates (Note 14)	—	(118)	—
Value added taxes for prior periods (Note 15)	(4,375)	—	(32,764)
Other, net	(4,520)	(343)	(33,850)
Income before income taxes	75,961	63,138	568,868
Income taxes (Note 8):			
Current	24,364	20,160	182,460
Deferred	(1,145)	(1,426)	(8,574)
Total income taxes	23,218	18,733	173,878
Net income	¥ 52,742	¥ 44,405	\$ 394,982
Net income attributable to:			
Owners of the parent	¥ 51,505	¥ 43,617	\$ 385,718
Non-controlling interests	1,237	787	9,263
Other comprehensive income (Note 16):			
Valuation difference on available-for-sale securities, net of taxes	7,246	1,532	54,264
Deferred gains or losses on hedges, net of taxes	1,674	(1,373)	12,536
Foreign currency translation adjustment	8,077	4,109	60,488
Remeasurements of defined benefit plans, net of taxes	625	1,037	4,680
Share of other comprehensive income of entities accounted for using the equity method	970	577	7,264
Total other comprehensive income	18,594	5,883	139,249
Comprehensive income	¥ 71,336	¥ 50,288	\$ 534,232
Comprehensive income attributable to:			
Owners of the parent	¥ 69,878	¥ 49,201	\$ 523,313
Non-controlling interests	1,457	1,087	10,911
			U.S. dollars (Note 1)
	2023	2022	2023
Net income per share	¥ 1,267.44	¥ 1,073.34	\$ 9.49
Cash dividends per share	130.00	100.00	0.97

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and 2022

	Thousands	Millions of yen									
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Land revaluation difference, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Non-controlling interests
Balance at April 1, 2021	42,332	¥ 45,651	¥ —	¥ 137,825	¥ (3,729)	¥ 15,193	¥ 372	¥ 3,191	¥ (4,906)	¥ (4,384)	¥ 2,642
Cumulative effects of changes in accounting policies	—	—	—	1,402	—	—	—	—	—	—	—
Balance at April 1, 2021 after accounting policies changed	42,332	45,651	—	139,228	(3,729)	15,193	372	3,191	(4,906)	(4,384)	2,642
Cash dividends paid	—	—	—	(3,250)	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	223	—	—	—	—	—	—	—
Change in scope of the equity method	—	—	—	133	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	—	—	—
Net income attributable to owners of the parent	—	—	—	43,617	—	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(0)	—	—	—	—	—	—
Purchase of shares of consolidated subsidiaries	—	—	26	—	—	—	—	—	—	—	—
Other changes	—	—	—	167	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	1,531	(1,373)	—	4,375	1,049	737
Balance at March 31, 2022	42,332	45,651	26	180,119	(3,729)	16,725	(1,000)	3,191	(531)	(3,334)	3,379
Balance at April 1, 2022	42,332	45,651	26	180,119	(3,729)	16,725	(1,000)	3,191	(531)	(3,334)	3,379
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Balance at April 1, 2022 after accounting policies changed	42,332	45,651	26	180,119	(3,729)	16,725	(1,000)	3,191	(531)	(3,334)	3,379
Cash dividends paid	—	—	—	(4,063)	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	246	—	—	—	—	—	—	—
Change in scope of the equity method	—	—	—	(103)	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	1,216	—	—	—	—	—	—	—
Net income attributable to owners of the parent	—	—	—	51,505	—	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(1)	—	—	—	—	—	—
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	7,247	1,674	(1,216)	8,891	613	2,300
Balance at March 31, 2023	42,332	¥ 45,651	¥ 26	¥ 228,920	¥ (3,730)	¥ 23,972	¥ 673	¥ 1,975	¥ 8,360	¥ (2,720)	¥ 5,680
	Thousands	Thousands of U.S. dollars (Note 1)									
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Land revaluation difference, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Non-controlling interests
Balance at April 1, 2022	42,332	\$ 341,878	\$ 194	\$ 1,348,902	\$ (27,926)	\$ 125,252	\$ (7,488)	\$ 23,897	\$ (3,976)	\$ (24,968)	\$ 25,305
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Balance at April 1, 2022 after accounting policies changed	42,332	341,878	194	1,348,902	(27,926)	125,252	(7,488)	23,897	(3,976)	(24,968)	25,305
Cash dividends paid	—	—	—	(30,427)	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	1,842	—	—	—	—	—	—	—
Change in scope of the equity method	—	—	—	(771)	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	9,106	—	—	—	—	—	—	—
Net income attributable to owners of the parent	—	—	—	385,718	—	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	(7)	—	—	—	—	—	—
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	54,272	12,536	(9,106)	66,584	4,590	17,224
Balance at March 31, 2023	42,332	\$ 341,878	\$ 194	\$ 1,714,371	\$ (27,933)	\$ 179,525	\$ 5,040	\$ 14,790	\$ 62,607	\$ (20,369)	\$ 42,537

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Income before income taxes	¥ 75,961	¥ 63,138	\$ 568,868
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities:			
Depreciation	7,368	6,123	55,178
Amortization of goodwill	193	392	1,445
Increase (decrease) in allowance for doubtful accounts	805	690	6,028
Interest and dividend income	(11,144)	(3,294)	(83,456)
Interest expenses	9,969	4,073	74,657
Share of loss (profit) of entities accounted for using the equity method	(4,194)	(3,321)	(31,408)
Gain on sales of property and equipment	(14,417)	—	(107,968)
Gain on bargain purchase	(722)	—	(5,407)
Gain on sales of investment securities	(655)	(1,449)	(4,905)
Loss on valuation of investment securities	—	1,055	—
Provision of allowance for doubtful accounts for subsidiaries and affiliates	—	118	—
Arbitration-related income	(268)	(145)	(2,007)
Value added taxes for prior periods	4,375	—	32,764
Decrease (increase) in trade receivables and contract assets	88,701	(173,734)	664,277
Decrease (increase) in inventories	6,714	(111,643)	50,280
Decrease (increase) in accounts receivable-other	198,852	(216,220)	1,489,193
Decrease (increase) in advance payments-trade	8,903	(12,261)	66,674
Increase (decrease) in trade notes and accounts payable	(116,530)	175,780	(872,687)
Increase (decrease) in accounts payable-other	33,282	14,566	249,247
Increase (decrease) in deposits received	(22,774)	27,238	(170,553)
Increase (decrease) in forward exchange contracts (debt)	(16,141)	11,989	(120,879)
Increase (decrease) in commodity forward contract liabilities	(185,918)	181,201	(1,392,331)
Decrease (increase) in long-term guarantee deposits	243,464	(240,054)	1,823,290
Increase (decrease) in retirement benefit liability	706	552	5,287
Other, net	2,876	6,620	21,538
Subtotal	309,407	(268,582)	2,317,134
Cash flows during the year for:			
Interest and dividends received	10,773	3,129	80,678
Interest paid	(9,790)	(4,155)	(73,316)
Income taxes (paid) refund	(26,431)	(11,290)	(197,940)
Arbitration-related income	268	145	2,007
Net cash provided by (used in) operating activities	284,226	(280,752)	2,128,555
Cash flows from investing activities:			
Payments into time deposits	(49)	(50)	(366)
Proceeds from withdrawal of time deposits	401	89	3,003
Purchase of property and equipment	(12,858)	(6,287)	(96,292)
Proceeds from sales of property and equipment	17,566	43	131,550
Purchase of investment securities	(3,413)	(6,054)	(25,559)
Proceeds from sales and redemption of investment securities	1,331	2,368	9,967
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 17)	(7,400)	—	(55,418)
Net decrease (increase) in short-term loans receivable	2,318	(11,730)	17,359
Payments of long-term loans receivable	(3,529)	(239)	(26,428)
Collection of long-term loans receivable	125	10,135	936
Other, net	(1,031)	(3,266)	(7,721)
Net cash provided by (used in) investing activities	(6,539)	(14,993)	(48,970)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(357,803)	371,112	(2,679,570)
Net increase (decrease) in commercial paper	(10,000)	40,000	(74,889)
Proceeds from long-term debt and issuance of bonds	70,541	41,005	528,278
Repayments of long-term debt and redemption of bonds	(49,186)	(40,847)	(368,351)
Dividends paid	(4,067)	(3,255)	(30,457)
Dividends paid to non-controlling interests	(309)	(133)	(2,314)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(100)	—
Other, net	(1,010)	(961)	(7,563)
Net cash provided by (used in) financing activities	(351,835)	406,820	(2,634,876)
Effect of exchange rate changes on cash and cash equivalents	(7,279)	1,265	(54,512)
Net increase (decrease) in cash and cash equivalents	(81,427)	112,339	(609,803)
Cash and cash equivalents at the beginning of the year	165,083	50,892	1,236,298
Increase in cash and cash equivalents from newly consolidated subsidiaries	464	1,842	3,474
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	9	—
Cash and cash equivalents at the end of the year	¥ 84,121	¥ 165,083	\$ 629,978

See accompanying Notes to Consolidated Financial Statements.

Corporate Data and Stock Information

(As of March 31, 2023)

Corporate Data

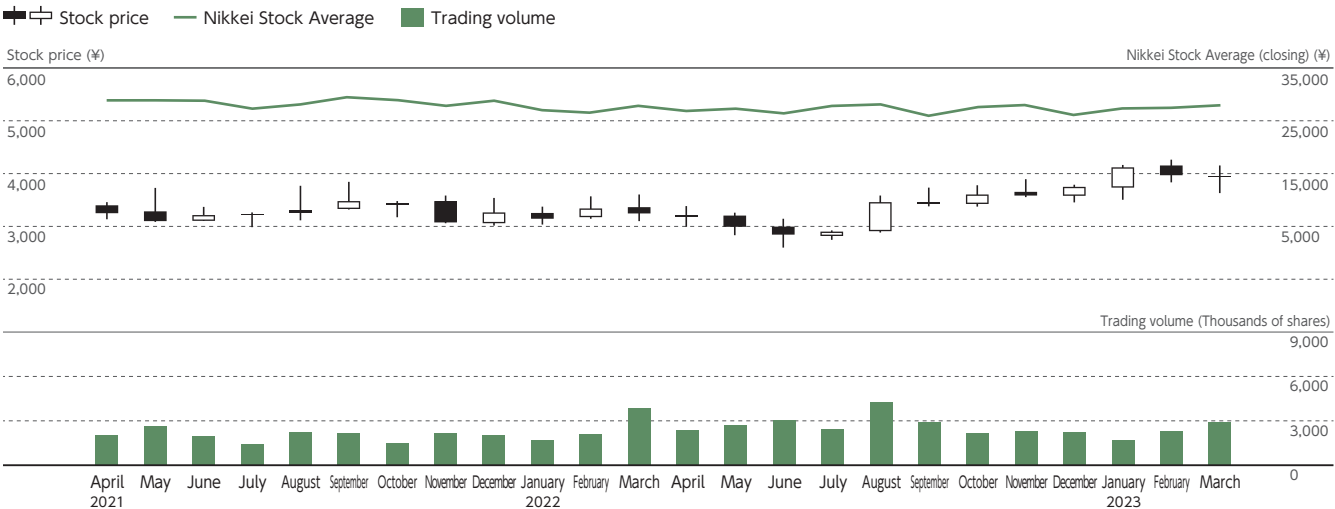
Company name	Hanwa Co., Ltd.
Established	April 1, 1947
Capital	¥45,651 million
Fiscal year	April 1 to March 31 of the following year
Number of employees	1,562 (Consolidated: 5,442)
Tokyo Head Office	Ginza Shochiku Square Bldg., 1-13-1, Tsukiji, Chuo-ku, Tokyo 104-8429, Japan
Osaka Head Office	HK Yodoyabashi Garden Avenue Bldg., 4-3-9, Fushimi-machi, Chuo-ku, Osaka 541-8585, Japan

Principal Shareholders

Name of shareholders	Number of shares (Thousands)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,178	12.74
Hanwa Clients' Stock Investment Association	2,200	5.42
JP MORGAN CHASE BANK 385632	1,968	4.84
Custody Bank of Japan, Ltd. (Trust Account)	1,921	4.73
Sumitomo Mitsui Banking Corporation	1,526	3.76
Hanwa Employees' Stock Investment Association	1,073	2.64
GOVERNMENT OF NORWAY	710	1.75
THE BANK OF NEW YORK MELLON 140044	658	1.62
DFA INTL SMALL CAP VALUE PORTFOLIO	655	1.61
NIPPON STEEL CORPORATION	600	1.48

Note: The Company holds 1,695,653 shares of treasury stock, which is excluded from the principal shareholders listed above.

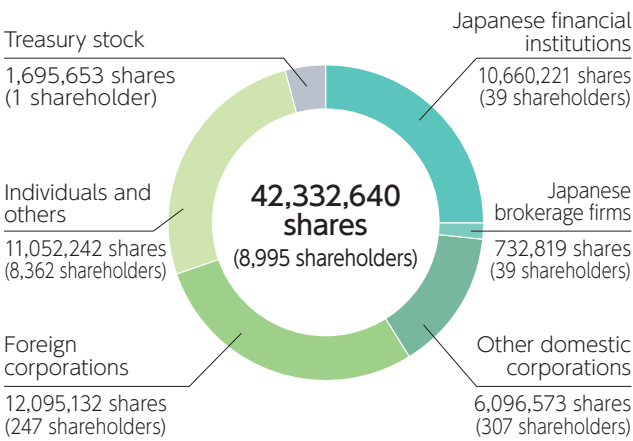
Stock Price Range and Trading Volume (April 2021 to March 2023)



Stock Information

General Shareholders Meeting	June every year
Administrator of shareholder registry and account management institution for special accounts	1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Mailing address	2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan Securities Agency Department, Sumitomo Mitsui Trust Bank, Limited
Telephone number	0120-782-031 (Toll-free)
Unit share	100 shares
Number of shareholders	8,995 shareholders
Authorized shares	114,000,000 shares
Issued and outstanding shares	42,332,640 shares
Domestic stock exchange listings	The Prime Market of the Tokyo Stock Exchange
Securities code	8078

Breakdown by Type of Shareholder



Editorial Policy

Editorial Policy

The Company has been publishing integrated reports since fiscal 2019 so that our stakeholders can deepen their understanding of our medium- to long-term value creation. Through this report, we aim to further enhance our corporate value by deepening dialogue with our stakeholders.

Scope of report

The Company and its Group companies

Period covered

Fiscal 2022 (April 1, 2022 to March 31, 2023)
Some of the activities, prior to or after the period covered, are also included.

Issued

September 2023

Cautionary statement regarding forward-looking information

This report contains forward-looking information including future results of the Company. Such information reflects the Company’s analysis based on information currently available to the Company and actual results may differ from these forecasts due to various factors, including economic trends and the surrounding business environment.

Reference guidelines

“International Integrated Reporting Framework” published by the IFRS Foundation

“Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation 2.0” published by Ministry of Economy, Trade and Industry

Contact

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