Financial Results for the Second Quarter ended September 30, 2023

(Japan GAAP)

November 8, 2023

Company name:	HANWA Co.,	Ltd.	Listed stock exchange: Tokyo
Stock exchange code:	8078		(URL https://www.hanwa.cojp)
Representative:	Yoichi Nakagawa	President	
Enquiries:	Hisashi Honda	Director, Executive Officer	Phone +81-3-3544-2000
Scheduled date of issue of auc	dited financial stater	ments: November 8, 2023	

Scheduled date of payout of dividend: November 30, 2023

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Second Quarter ended September 30, 2023 (April 1, 2023 to September 30, 2023) (1) **O** and a l'alate all an anatherization of the

(1) Consolidated oper	ating results	(Percentage indicate	e a char	ge from the previou	s year)		
	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
For the 2nd Quarter	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
ended September 30, 2023	1,201,276	(10.3)	26,339	(36.3)	27,444	(48.2)	19,076	(48.7)
ended September 30, 2022	1,338,965	36.6	41,374	36.0	52,958	73.0	37,189	77.1
Note: Comprehensive in	ncome For the	Fiscal	Year ended Septe	ember 3	30, 2023 29,989	9 millio	on yen (47.6)	%

For the Fiscal Year ended September 30, 2022 57,236 million yen 109.9 %

	Net income per share	Net income per share(diluted)
For the 2nd Quarter	(yen)	(yen)
ended September 30, 2023	469.32	-
ended September 30, 2022	915.15	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of September 30, 2023	1,183,200	336,014	28.0	8,132.89
As of March 31, 2023	1,157,747	308,807	26.2	7,459.39
Note: Shareholders' equity	As of Septemb	ber 30, 2023 330,751 mi	illion yen	

As of March 31, 2023

303,127 million yen

2. Cash dividends

		Cash o	dividends per	^r share	
	1st Quarter	2nd Quarter	3rd Quarter	Year−end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2023	—	50.00	—	80.00	130.00
Year ended March 31, 2024	_	85.00			
Year ending March 31, 2024 (estimated)			_	85.00	170.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

			(Perce	entage indicate a change	from the previous year
\sim	Net sales	Operating income	Ordinary income	Profit attributable to	Net income
	iver sales	Operating income	Ordinary income	owners of the parent	per share
	(Millions of yen) (%)	(Millions of yen)(%)	(Millions of yen) (%)	(Millions of yen) (%)	(yen)
Annual	2,700,000 1.2	60,000 (6.4)	50,000 (22.2)	36,000 (30.1)	885.89

* The above forecasts reflect assumptions and prospects based on the information currently available. They are subject to various risks and uncertainties that could cause actual results to differ materially from this information.

《Consolidated Balance Sheets》

Consolidated Balance Sheets》	(Amounts less than one mill	ion ven are rounded down)
		s of ven
	March 31, 2023	September 30, 2023
Assets;		
Current assets;		
Cash and deposits	84,187	77,490
Trade notes, accounts receivable and contract assets	448,980	453,051
Electronically recorded monetary claims	55,570	103,557
Inventories	253,964	254,054
Others	87,333	53,930
Allowance for doubtful receivables	(1,295)	(1,678)
Total current assets	928,741	940,405
Fixed assets;		
Property and equipment;		
Land	36,786	38,039
Others	50,330	52,860
Total property and equipment	87,117	90,900
Intangible assets	10,807	10,423
Investments and other assets;	~~~~~	101010
Investment securities	99,608	104,240
Others	34,088 (2,613)	39,961 (2,721)
Allowance for doubtful receivables		(2,731)
Total investments and other assets	131,082	<u>141,470</u> 242,794
Total fixed assets Total assets	<u> </u>	1,183,200
	1,157,747	1,163,200
Liabilities;		
Current liabilities;	070 000	000 500
Trade notes and accounts payable	278,823	308,536
Electronically record obligations	36,701	39,908
Short-term loans payable	83,127 30,000	91,940 40,000
Commercial paper Current portion of bonds payable	10,000	40,000
Income taxes payable	14,822	7,708
Accrued bonuses	4,355	3,624
Provision for product warranties	4,000	124
Others	101,103	50,049
Total current liabilities	558,990	541,892
Long-term liabilities;		
Bonds payable	30,000	50,000
Long-term loans payable	224,843	213,054
Retirement benefits liabilities	4,285	4,323
Others	30,820	37,915
Total long-term liabilities	289,949	305,293
Total liabilities	848,940	847,185
Net assets;		
Shareholders' equity;		1= A= 4
Common stock	45,651	45,651
Capital surplus	26	1,301
Retained earnings	228,920	245,067
Treasury stock	<u>(3,730)</u> 270,866	(3,661)
Total shareholders' equity	270,800	288,357
Accumulated other comprehensive income; Net unrealized holding gains on securities	23,972	26,662
Deferred hedge profit and loss	23,972	2,337
Land revaluation difference	1,975	2,337 1,975
Foreign currency translation adjustments	8,360	13,942
Remeasurements of defined benefit plans	(2,720)	(2,523
Total accumulated other comprehensive income	32,260	42,393
Non-controlling interests	5,680	5,263
Total net assets	308,807	336,014
Total liabilities and net assets	1,157,747	1,183,200

Financial Results for the Second Quarter ended September 30, 2023

«Consolidated Statements of Income and Comprehensive Income» (Amounts less than one million yen are rounded down)

	Million	s of ven
	2nd Quarter ended September 30, 2022	2nd Quarter ended September 30, 2023
Net sales	1,338,965	1,201,276
Cost of sales	1,267,834	1,140,980
Gross profit	71,131	60,295
Selling, general and administrative expenses	29,756	33,955
Operating income	41,374	26,339
Other income;		
Interest income	1,875	2,734
Dividend income	6,421	1,759
Equity in earnings of affiliates	7,141	2,080
Foreign exchange gain	1,763	2,000
Others	1,076	903
Total other income	18,278	7,477
Other expenses;	10,270	/,4//
Interest expenses	4,503	4,408
Foreign exchange loss	4,000	100
Others	2,190	1,864
Total other expenses	6,693	6,373
Ordinary income	52,958	27,444
Extraordinary income; Gain on sale of investment securities	541	
Arbitration related income	259	_
Total extraordinary income	800	
Extraordinary loss;	000	
Loss on devaluation of investment securities	251	623
Value added taxes for prior periods	57	
Total extraordinary loss	309	623
Income before income taxes and non-controlling interests	53,450	26,821
Income taxes	14,096	7,147
Net income	39,353	19,673
Net income attributable to		
Owners of the parent	37,189	19,076
Non-controlling interests	2,164	596
Other comprehensive income	_,	
Net unrealized holding gains on securities	3,692	2,606
Deferred hedge profit and loss	2,019	1,663
Foreign currency translation adjustments	10,103	4,941
Remeasurements of defined benefit plans	326	218
Share of other comprehensive income of associates accounted for	r	
using equity method	1,741	885
Total other comprehensive income	17,882	10,316
Comprehensive income	57,236	29,989
Comprehensive income attributable to		
Comprehensive income accributable to		
Owners of the parent	54,513	29,209

(Amounts less than one million yen are rounded down) <u>Millions of yen</u>

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Increase/decrease) in retirement benefits 476 Other, net 23947 (2, Sub total 122,903 1 Interest and dividends received 7,956 3, Interest paid (4,438) (3, Increase (paid) refund (16,566) (15,566) Net cash provided by (used in) operating activities 110,114 (15,573) Net cash provided by (used in) operating activities 369 9 Payment for time deposits 369 9 Payment for purchase of property and equipment 425 3661) (16) Proceeds from sale of property and equipment 425 3661) (2) Increase in long-term loans receivable, net (258) (2) (16) Increase in long-term loans receivable, net (258) (2) (10 Increase in long-term loans receivable 51 5, (5) (16) Increase (decrease) in short-term loans, net (130,745) (5, (16) Increase(decrease) in commercial paper, net 30,000 10, (10,000) (10,000) (10	Increase(decrease) in accounts payable-other	9,369	(32,709
Other, net 23.947 (2, Sub total 122.903 122.903 Interest and dividends received 7,956 3, Income taxes (paid) refund (14,566) (15, Arbitration related income 259 10,114 (15,566) Net cash provided by (used in) operating activities 110,114 (15,566) (16) Payment for time deposits (16) 10,114 (15,573) (6, Payment for purchase of property and equipment (2,573) (6, 10,114 (16, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (6, 2,573) (1, 1,64, 2, 2, 2, 2, 3, 2, 2, 3, 2, 3, 2, 3, 2, 3, 2, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3,	Increase(decrease) in deposits received	(24,963)	(12,811
Sub total 122.903 Interest and dividends received 7.956 3. Interest paid (4.438) (3. Income taxes (paid) refund (16.566) (15. Net cash provided by (used in) operating activities 110.114 (15. Net cash provided by (used in) operating activities 110.114 (16.) Proceeds from refund of time deposits 369 9 Payment for purchase of property and equipment (5.573) (6.) Proceeds from sale of property and equipment 425 : Payment for acquisition of investment securities (3.961) (1 Proceeds from sale and redemption of investment securities (3.961) (1 Increase in long-term loans receivable, net (258) (0 (Collection of long-term loans receivable, net (301) (1 Net cash provided by (used in) investing activities (3.609) (1, Net cash provided by (used in) investing activities (3.609) (1, Increase (decrease) in short-term loans, net (130.745) (5, Increase(decrease) in short-term loans, net (14.245)	Increase(decrease) in retirement benefits	476	334
Sub total 122.903 Interest and dividends received 7.956 3. Interest paid (4.438) (3. Income taxes (paid) refund (16.566) (15. Net cash provided by (used in) operating activities 110.114 (15. Net cash provided by (used in) operating activities 110.114 (16.) Proceeds from refund of time deposits 369 9 Payment for purchase of property and equipment (5.573) (6.) Proceeds from sale of property and equipment 425 : Payment for acquisition of investment securities (3.961) (1 Proceeds from sale and redemption of investment securities (3.961) (1 Increase in long-term loans receivable, net (258) (0 (Collection of long-term loans receivable, net (301) (1 Net cash provided by (used in) investing activities (3.609) (1, Net cash provided by (used in) investing activities (3.609) (1, Increase (decrease) in short-term loans, net (130.745) (5, Increase(decrease) in short-term loans, net (14.245)	Other, net	23,947	(2,550
Interest and dividends received 7,956 3, Interest paid (4,438) (3, Income taxes (paid) refund (16,566) (15, Arbitration related income 259 Net cash provided by (used in) operating activities 110,114 (15, Cash flows from investing activities; 259 Payment for time deposits 369 Payment for time deposits 369 Payment for acquisition of investment securities (3,961) Proceeds from sale of property and equipment 425 Proceeds from sale of property and equipment (258) Proceeds from sale of property and equipment (258) Proceeds from sale of property and equipment (258) (Increase) decrease in short-term loans receivable, net (258) (Increase) decrease in short-term loans receivable 51 Other, net (130,745) (5, Other, net (130,745) (5, Increase(decrease) in short-term loans, net (130,745) (5, Increase(decrease) in some teres to inconsolidated subsidiaries (2,031) (3, Payment for cash individends (2,031) (3,	Sub total		276
Interest paid (4.438) (3. Income taxes (paid) refund (4.438) (3. Income taxes (paid) refund (4.6566) (15. Arbitration related income 259 Net cash provided by (used in) operating activities (16. Proceeds from refund of time deposits (16. Proceeds from sale of property and equipment (5.573) (6. Proceeds from sale of property and equipment (25.573) (6. Proceeds from sale and redemption of investment securities (3.961) (17. Proceeds from sale and redemption of investment securities (3.961) (17. Increase in long-term loans receivable, net (258) (17. Net cash provided by (used in) investing activities (5.08) (1. Net cash provided by (used in) investing activities (5.08) (1. Net cash provided by (used in) investing activities (5.08) (1. Net cash provided by (used in) investing activities (5.08) (1. Net cash provided by (used in) investing activities (2.08) (1. Net cash provided by (used in) investing activities (2.08) (1. Net cash provided by (used in) investing activities (2.08) (1. Proceeds from issuance of bonds (130.745) (5. Proceeds from issuance of bonds (14.245) (5. Proceeds from issuance of bonds (12.000) (10. Proceeds from issuance of bonds (12.000) (10. Payment for redemption of bonds (2.031) (3. Cash dividends paid to non-controlling interests in consolidated subsidiaries (138) Purchase of investments in subsidiaries resulting in no change in scope of consolidation (12.031) (3. Cash provided by (used in) financing activities (12.533) 10. Fifted of exchange rate changes on cash and cash equivalents (27.736) (6. Cash and cash equivalents at beginning of year (27.736) (6. Cash and cash equivalents from newly consolidated subsidiaries (27.736) (6. Cash and cash equivalents at beginning of year (15.083) 84. Aretase in cash and cash equivalents (27.736) (6. Cash and cash equivalents at beginning of year (15.083) 84. Aretase in cash and cash equivalents (27.736) (6. Cash and cash equivalents from newly consolidated subsidiaries (27.736) (6. Cash and cash equivalents from newly con	Interest and dividends received		3,616
Income taxes (paid) refund (16.666) (15, Arbitration related income 259 (10.114 (15)) (11.114 (15)) (11.114 (15)) (12.114 (15)) (11.114 (15)) (12.114 (15)) (12.114 (15)) (12.114 (15)) (12.114 (15)) (13.114 (15)) (13.114 (15)) (14.114 (15)) (14.114 (15)) (15.114 (15)) (14.114 (15)) (15.114 (15))			(3,851
Arbitration related income 259 Net cash provided by (used in) operating activities 110,114 (15, 25) Payment for new seting activities; (16) Proceeds from refund of time deposits 369 Payment for purchase of property and equipment (5,573) Payment for acquisition of investment securities (3,961) Proceeds from sale of property and equipment 425 Payment for acquisition of investment securities (3,961) (Increase) decrease in short-term loans receivable, net (258) (Increase) decrease in short-term loans receivable (301) Collection of long-term loans receivable 51 Other, net (130,745) Net cash provided by (used in) investing activities (130,745) Collection of long-term loans, net (130,745) Increase(decrease) in short-term loans, net (130,745) Increase(decrease) in commercial paper, net 30,000 Proceeds from issuance of bonds — Payment for redemption of bonds (10,000) <t< td=""><td>•</td><td></td><td>(15,163</td></t<>	•		(15,163
Net cash provided by (used in) operating activities 110,114 (15, Cash flows from investing activities; 369 Payment for time deposits 369 Payment for purchase of property and equipment (5,573) (6, Payment for acquisition of investment securities (3,961) (0, Proceeds from sale of property and equipment 425 (3,961) (0, Payment for acquisition of investment securities (3,961) (0, (16, Proceeds from sale and redemption of investment securities (3,961) (0, (16, (2,86)) (1,16,4) (2,1) Increase in long-term loans receivable (301) (0, (2,86) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (1,16,4) (2,1) (3,16,4) (1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,1,16,4) (2,			(10,100
Dash flows from investing activities; (16) Payment for time deposits 369 Payment for purchase of property and equipment (5,573) (6, Proceeds from sale of property and equipment 425 : Payment for acquisition of investment securities (1,6) (2,573) (6, Proceeds from sale of property and equipment 425 : : Payment for acquisition of investment securities (1,6) 2/; (1,6) Proceeds from sale and redemption of investment securities (1,6) 2/; (1,6) Proceeds from sale and redemption of investment securities (1,6) 2/; (1,6) (Increase in long-term loans receivable (301) (1,6) 2/; (Collection of long-term loans receivable (5,08) (1,1) 1,8,609) (1,1) Net cash provided by (used in) investing activities (1,30,745) (5,5) 1,1 Increases(decrease) in short-term loans, net (1,30,745) (5,5) 5,1 Increase(decrease) in commercial paper, net 30,000 100 10,000 10,000 10,000 10,000 10,000 10,000 10,0000 10,000 10,			(15,122
Payment for purchase of property and equipment (5,573) (6, Proceeds from sale of property and equipment 425 (3,961) (() Proceeds from sale and redemption of investment securities 1,164 2, (() Proceeds from sale and redemption of investment securities 1,164 2, (() ()			(3
Proceeds from sale of property and equipment 425 Payment for acquisition of investment securities (3,961) Proceeds from sale and redemption of investment securities 1,164 2, (Increase) decrease in short-term loans receivable, net (258) (Collection of long-term loans receivable (301) (Collection of long-term loans receivable 51 5, Other, net (508) (1, Net cash provided by (used in) investing activities (130,745) (5, Increase(decrease) in short-term loans, net (130,745) (5, Increase(decrease) in commercial paper, net 30,000 100 Proceeds from long-term debt (14,245) (5, Proceeds from long-term debt (14,245) (5, Proceeds from long-term debt (10,000) (10,000) Proceeds from losunce of bonds - 19, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) Purchase of investments in subsidiaries resulting in no change in scope of consolidation - Other, net (485) (<tr< td=""><td>·</td><td></td><td>(6,938</td></tr<>	·		(6,938
Payment for acquisition of investment securities (3,961) ((Proceeds from sale and redemption of investment securities 1,164 2, (Increase) decrease in short-term loans receivable, net (258) ((Increase) decrease in long-term loans receivable (301) (Collection of long-term loans receivable 51 5, Other, net (508) (1, Net cash provided by (used in) investing activities (130,745) (5, Increase(decrease) in short-term loans, net (130,745) (5, Increase(decrease) in commercial paper, net 30,000 100 Proceeds from long-term debt 5,050 5, Repayments of long-term debt (10,000) (10,000) Proceeds from issuance of bonds - 19, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) - Purchase of investments in subsidiaries resulting in no change in scope of consolidation - - Other, net (485) ((Net cash provided by (used in) financing activities (27,736) (6, <tr< td=""><td></td><td></td><td>259</td></tr<>			259
Proceeds from sale and redemption of investment securities1,1642;(Increase) decrease in short-term loans receivable, net(258)(1Increase in long-term loans receivable(301)(1Collection of long-term loans receivable515,Other, net(508)(1,Net cash provided by (used in) investing activities(8,609)(1,Cash flows from financing activities;(130,745)(5,Increase(decrease) in short-term loans, net(130,745)(5,Increase(decrease) in commercial paper, net30,00010,Proceeds from long-term debt5,0505,Proceeds from issuance of bonds(14,245)(5,Proceeds from issuance of bonds(10,000)(10,Payment for redemption of bonds(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation-Other, net(485)(Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(2,7,736)(6,Cash and cash equivalents(2,7,736)(6,Cash and cash equivalents of year165,08384,norease in cash and cash equivalents464464			(428
(Increase)decrease in short-term loans receivable, net (258) (() Increase in long-term loans receivable (301) () Collection of long-term loans receivable 51 5, Other, net (508) (1, Net cash provided by (used in) investing activities (8,609) (1, Cash flows from financing activities; (130,745) (5, Increase(decrease) in short-term loans, net (130,745) (5, Increase(decrease) in commercial paper, net 30,000 10, Proceeds from long-term debt 5,050 5, Repayments of long-term debt (14,245) (5, Proceeds from issuance of bonds – 19, Payment for redemption of bonds (10,000) (10, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) – Purchase of investments in subsidiaries resulting in no change in scope of consolidation – – Other, net (485) (4 (485) (4 Net cash provided by (used in) financing activities (122,593) 10, (5,			2,009
Increase in long-term loans receivable (301) (Collection of long-term loans receivable 51 5, Other, net (508) (1, Net cash provided by (used in) investing activities (8,609) (1, Cash flows from financing activities; (130,745) (5, Increase(decrease) in short-term loans, net (130,745) (5, Increase(decrease) in commercial paper, net 30,000 10, Proceeds from long-term debt 5,050 5, Repayments of long-term debt (14,245) (5, Proceeds from issuance of bonds - 19, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) - Purchase of investments in subsidiaries resulting in no change in scope of consolidation - - Other, net (485) ((Net cash provided by (used in) financing activities (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (27,736) (6, Net cash equivalents at beginning of year 165,083 84, Cash and cash equ			(959
Collection of long-term loans receivable515,Other, net(508)(1,Net cash provided by (used in) investing activities(8,609)(1,Cash flows from financing activities;(130,745)(5,Increase(decrease) in short-term loans, net(130,745)(5,Increase(decrease) in commercial paper, net30,00010,Proceeds from long-term debt5,0505,Repayments of long-term debt(14,245)(5,Proceeds from issuance of bonds–19,Payment for redemption of bonds(10,000)(10,Payment for cash dividends(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation–Other, net(485)(1Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(27,736)(6,Vet increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents from newly consolidated subsidiaries46484,			(101
Other, net(508)(1,Net cash provided by (used in) investing activities(8,609)(1,Cash flows from financing activities;Increase(decrease) in short-term loans, net(130,745)(5,Increase(decrease) in commercial paper, net30,00010,Proceeds from long-term debt5,0505,Repayments of long-term debt(14,245)(5,Proceeds from issuance of bonds-19,Payment for redemption of bonds(10,000)(10,Payment for cash dividends(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(1122,593)10,Purchase of investments in subsidiaries resulting in no change in scope of consolidationOther, net(485)((Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(27,736)(6,Let increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents at beginning of year165,08384,nerease in cash and cash equivalents from newly consolidated subsidiaries464464			5,382
Net cash provided by (used in) investing activities(8,609)(1,Cash flows from financing activities; Increase(decrease) in short-term loans, net(130,745)(5,Increase(decrease) in commercial paper, net30,00010,Proceeds from long-term debt(14,245)(5,Repayments of long-term debt(14,245)(5,Proceeds from issuance of bonds-19,Payment for redemption of bonds(10,000)(10,Payment for cash dividends(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation-Other, net(485)(0,Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(27,736)(6,Net cash equivalents at beginning of year165,08384,ncrease in cash and cash equivalents from newly consolidated subsidiaries464			(1,180
Cash flows from financing activities; (130,745) (5, 100,000) Increase(decrease) in short-term loans, net (130,745) (5, 100,000) Increase(decrease) in commercial paper, net 30,000 10, 10, 10, 10, 10, 10, 10, 10, 10, 10,			(1,957
Increase(decrease) in short-term loans, net(130,745)(5,Increase(decrease) in commercial paper, net30,00010,Proceeds from long-term debt5,0505,Repayments of long-term debt(14,245)(5,Proceeds from issuance of bonds-19,Payment for redemption of bonds(10,000)(10,Payment for cash dividends(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation-Other, net(485)(Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(27,736)(6,Ash and cash equivalents at beginning of year165,08384,ncrease in cash and cash equivalents from newly consolidated subsidiaries464		(8,003)	(1,887
Increase(decrease) in commercial paper, net30,00010,1Proceeds from long-term debt5,0505,1Repayments of long-term debt(14,245)(5,1Proceeds from issuance of bonds-19,1Payment for redemption of bonds(10,000)(10,000)Payment for cash dividends(2,031)(3,1Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation-Other, net(485)(0,122,593)Net cash provided by (used in) financing activities(122,593)Effect of exchange rate changes on cash and cash equivalents(27,736)Cash and cash equivalents(27,736)Cash and cash equivalents to beginning of year165,083Age in cash and cash equivalents from newly consolidated subsidiaries464		(100 745)	/E 600
Proceeds from long-term debt5,0505,1Repayments of long-term debt(14,245)(5,1)Proceeds from issuance of bonds-19,1Payment for redemption of bonds(10,000)(10,000)Payment for cash dividends(2,031)(3,1)Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)Purchase of investments in subsidiaries resulting in no change in scope of consolidation-Other, net(485)(122,593)Net cash provided by (used in) financing activities(122,593)10,2Effect of exchange rate changes on cash and cash equivalents(27,736)(6,27)Cash and cash equivalents at beginning of year165,08384,ncrease in cash and cash equivalents from newly consolidated subsidiaries4641			(5,603
Repayments of long-term debt(14,245)(5,Proceeds from issuance of bonds-19,Payment for redemption of bonds(10,000)(10,Payment for cash dividends(2,031)(3,Cash dividends paid to non-controlling interests in consolidated subsidiaries(136)-Purchase of investments in subsidiaries resulting in no change in scope of consolidationOther, net(485)(Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(27,736)(6,647)Cash and cash equivalents at beginning of year165,08384,nerease in cash and cash equivalents from newly consolidated subsidiaries4641			10,000
Proceeds from issuance of bonds - 19, Payment for redemption of bonds (10,000) (10, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) - Purchase of investments in subsidiaries resulting in no change in scope of consolidation - - Other, net (485) (485) (485) Net cash provided by (used in) financing activities (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (6,647) (Met increase(decrease) in cash and cash equivalents (27,736) (6, Cash and cash equivalents at beginning of year 165,083 84, Increase in cash and cash equivalents from newly consolidated subsidiaries 464 464			5,000
Payment for redemption of bonds (10,000) (10, Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) (3, Purchase of investments in subsidiaries resulting in no change in scope of consolidation - (485) (485) Other, net (485) (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (27,736) (6, It increase(decrease) in cash and cash equivalents (27,736) (6, Cash and cash equivalents at beginning of year 165,083 84,		(14,245)	(5,276
Payment for cash dividends (2,031) (3, Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) Purchase of investments in subsidiaries resulting in no change in scope of consolidation - Other, net (485) (485) Net cash provided by (used in) financing activities (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (6,647) (Let increase(decrease) in cash and cash equivalents (27,736) (6, Cash and cash equivalents at beginning of year 165,083 84, Increase in cash and cash equivalents from newly consolidated subsidiaries 464 464			19,909
Cash dividends paid to non-controlling interests in consolidated subsidiaries (136) Purchase of investments in subsidiaries resulting in no change in scope of consolidation - Other, net (485) (485) Net cash provided by (used in) financing activities (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (6,647) (Let increase(decrease) in cash and cash equivalents (27,736) (6, Cash and cash equivalents at beginning of year 165,083 84, Increase in cash and cash equivalents from newly consolidated subsidiaries 464 464			(10,000
Purchase of investments in subsidiaries resulting in no change in scope of consolidation - Other, net (485) (485) Net cash provided by (used in) financing activities (122,593) 10, Effect of exchange rate changes on cash and cash equivalents (6,647) (Let increase(decrease) in cash and cash equivalents (27,736) (6, Cash and cash equivalents at beginning of year 165,083 84, Increase in cash and cash equivalents from newly consolidated subsidiaries 464 1			(3,245
Other, net(485)Net cash provided by (used in) financing activities(122,593)Image: the cash provided by (used in) financing activities(122,593)Image: the cash and cash equivalents(6,647)Image: the cash equivalents(27,736)Image: the cash equivalents at beginning of year(165,083)Image: the cash and cash equivalents from newly consolidated subsidiaries464	Cash dividends paid to non-controlling interests in consolidated subsidiaries	(136)	(93
Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(6,647)(Net increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents at beginning of year165,08384,Increase in cash and cash equivalents from newly consolidated subsidiaries464	Purchase of investments in subsidiaries resulting in no change in scope of consolidation	—	(46
Net cash provided by (used in) financing activities(122,593)10,Effect of exchange rate changes on cash and cash equivalents(6,647)(Net increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents at beginning of year165,08384,Increase in cash and cash equivalents from newly consolidated subsidiaries464	Other, net	(485)	(411
Net increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents at beginning of year165,08384,Increase in cash and cash equivalents from newly consolidated subsidiaries464			10,231
Net increase(decrease) in cash and cash equivalents(27,736)(6,Cash and cash equivalents at beginning of year165,08384,Increase in cash and cash equivalents from newly consolidated subsidiaries464	Effect of exchange rate changes on cash and cash equivalents	(6.647)	(135
Cash and cash equivalents at beginning of year165,08384,Increase in cash and cash equivalents from newly consolidated subsidiaries464			(6,983
ncrease in cash and cash equivalents from newly consolidated subsidiaries 464			84,121
			286
	Cash and cash equivalents at end of period	137,811	77,423

HANWA Co.,Ltd.

Financial Results for the Second Quarter ended September 30, 2023

《Segment information》

Segment information by business category for the 2nd Quarter ended September 30, 2022 and 2023, is as follows:

2nd Quarter ended September 30, 2022 Reportable segment											illions of yer
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub− total	Other	Total	Adjustment	Consoli- dated
Net sales											
Customers	595,927	122,476	76,366	61,005	173,989	231,613	1,261,379	77,586	1,338,965	-	1,338,965
Inter-segment	14,885	2,740	1,482	473	7,641	23,384	50,607	2,375	52,982	(52,982)	_
Total	610,813	125,216	77,848	61,478	181,631	254,998	1,311,986	79,961	1,391,948	(52,982)	1,338,965
Segment income(loss)	17,968	12,576	5,421	(225)	6,663	5,431	47,835	2,282	50,117	2,840	52,958

2nd Quarter ended September 30, 2023

nd Quarter ended September 30, 2023 Millions of y									illions of yen		
			Rep	ortable se							
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub− total	Other	Total	Adjustment	Consoli– dated
Net sales											
Customers	614,596	107,790	56,854	61,045	146,962	156,491	1,143,740	57,536	1,201,276	-	1,201,276
Inter-segment	13,975	2,974	1,331	290	3,350	13,822	35,745	4,168	39,914	(39,914)	—
Total	628,571	110,764	58,185	61,336	150,313	170,314	1,179,486	61,704	1,241,190	(39,914)	1,201,276
Segment income(loss)	13,354	7,070	824	(122)	1,458	4,485	27,070	1,863	28,934	(1,489)	27,444

Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section and machinery section.

2. Adjustments for segment income or loss include inter-segment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.

3. Segment income or loss is adjusted between ordinary income or loss on the consolidated statements of income and comprehensive income.

Highlights of Consolidated Financial Results for the 2nd Quarter of FY2023

Financial Position

(Current assets)

Total assets

Outline of Financial Results for the 2nd Quarter of FY2023

• During the 2nd quarter of fiscal year, net sales decreased by 10% YoY, to 1,201.2 billion yen, because prices of the products represented by steel, non-ferrous metal and crude oil were at lower levels on a year-on-year comparison and demand for steel and scrap decreased. Operating income decreased by 36% YoY, to 26.3 billion yen, due to income decreases in all the business segments except the Food business, and ordinary income decreased by 48% YoY, to 27.4 billion yen, mainly because foreign exchange loss was reported after reported gain in the previous term, and equity in earnings of affiliates shrunk mainly in the Primary metals business, dividend income from strategic investments decreased. Net income attributable to owners of the parent decreased by 49% to 19.0 billion yen.

We plan to pay 170 yen as the annual (85 yen as the interim and 85 yen as the year-end) dividend.

						_		(Fixed assets)	
Operating Results	1Q-2Q		Q-2Q	YoY			Main Factors	Total liabilities	
	of FY202	of F	Y2023	Change	rate			(Interest-bearing debt)	
Net sales	1,338	.9	1,201.2	(137.6)	(10%)			(Net interest-bearing debt)	
Gross profit	71	.1	60.2	(10.8)	(15%)		sales decreased by 10% YoY, to 1,201.2 billion yen, because prices of the ducts represented by steel, non-ferrous metal and crude oil were at lower levels	Net DER	98
SG&A expenses	29	.7	33.9	4.1	14%	on	a year-on-year comparison and demand for steel and scrap decreased.	Total net assets	
Operating income	41	.3	26.3	(15.0)	(36%)) (SG&	A expenses)	(Equity capital) (Valuation & translation	
Non-operating income	18		7.4	(10.8)	(59%)	-	& A expenses increased by 4.1 billion yen YoY, with 0.1 billion yen of this	adjustments) (Non-controlling interests)	
						figu	re deriving from newly consolidated subsidiaries.	BPS (yen)	
Non-operating expenses		5.6	6.3	(0.3)		(Non-	operating income/expenses)	Shareholders' equity Shareholders' equity ratio	26.2
Ordinary income	52	.9	27.4	(25.5)	(48%)		n-operating income decreased by 10.8 billion yen and non-operating expenses reased by 0.3 billion yen.	Shareholders equity failo	
Extraordinary gain	0	.8	—	(0.8)	(100%)) The	main impacts on ordinary income were as follows.	Cash Flow	1 of l
Extraordinary loss	0	.3	0.6	0.3	101%		nterest income : increase of 0.8 billion yen(YoY)	Cash flows from operating	
Income before income taxes and others	53	.4	26.8	(26.6)	(50%)		Dividend income : decrease of 4.6 billion yen(YoY) Equity in earnings of affiliates : decrease of 5.0 billion yen(YoY)	activities	
Income taxes	14	.0	7.1	(6.9)	(49%)	-11	Foreign exchange gain : decrease of 1.8 billion yen(YoY)	Cash flows from investing activities	
Net income	39		19.6	(19.6)	(50%)	- I - I	nterest expenses : decrease of 95 million yen(YoY)	Cash flows from financing activities	
Owners of the parent(loss)	37		19.0	(18.1)	(49%)			Cash and cash equivalents at end of period	
Non-controlling interests(loss)		.1	0.5	(1.5)	(72%)) Gair	aordinary gain/loss) n on sale of investment securities : decrease of 0.5 billion yen(YoY)		Chan
EPS (yen) Comprehensive	915.		469.32	(445.83)	(49%)) Arb	itration related income : decrease of 0.2 billion yen(YoY)	3,500.0 [□ 1st hal	
income	57	.2	29.9	(27.2)	(48%)	Los	s on devaluation of investment securities : increase of 0.3 billion yen(YoY)	3,000.0	
Segment		Net sales	1	-	nent incon	ne	Main Factors	2,500.0 - 2,000.0 - 1,745.5	
Information	1Q-2Q of FY2022	1Q-2Q of FY2023	rate	1Q-2Q of FY2022	1Q-2Q of FY2023	rate	Iviani Factors	1,500.0 - 944.4	
Steel	610.8	628.5	3%	17.9	13.3	(26%)	(Steel business) Net sales increased. The number of the projects handled increased thanks to enhanced ability to	1,000.0 500.0801.0	
Siter	010.8	020.5	570	17.9	15.5	(2070)	provide solutions mainly in the domestic construction industry, and good business performance of Tanaka Steel Trading Co., Ltd. that became a consolidated subsidiary in the third quarter in	0.0	
Primary Metal	125.2	110.7	(12%)	12.5	7.0	(44%)	previous financial year contributed to the overall business performance of the Company. On the other hand, segment income decreased, because profit margin shrunk at some overseas sales	FY2020	
Metal Recycling	77.8	58.1	(25%)	5.4	0.8	(85%)	subsidiaries due to price declines of steel products.		Chang
						. ,	Net sales decreased, because the transaction volume of stainless steel products decreased due to weak demand, as well as current adjustment phase of various merchandises. On the other hand,	60.0 □ 1st half □ 2nd	half
Foods	61.4	61.3	(0%)	(0.2)	(0.1)	(45%)	segment income decreased due to falls in dividend income from strategic investments and equity in earnings of affiliates from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD.	40.0	4
Energy& Living Materials	181.6	150.3	(17%)	6.6	1.4	(78%)	(Metal recycling business)	10.0	2
Overseas sales							on-year comparison as the result of the concerns about economic slowdown in each country, and transaction volume decreased due to weak demand for mainly stainless scrap. In addition, segment	20.0	
subsidiaries	254.9	170.3	(33%)	5.4	4.4	(17%)	income decreased due to appraisal gain from commodity forwards contracts in hedge transactions shrunk.	12.8	2
Total for reportable segments	1,311.9	1,179.4	(10%)	47.8	27.0	(43%)	(Foods business) Although the crab market prices had continued to decrease from the previous fiscal year, the	0.0 6.8	
Other	79.9	61.7	(23%)	2.2	1.8	(18%)	purchase cost risings of salmon, prawns and chickens started to be sufficiently reflected in the selling prices.	FY2020	FY
Guici	19.9	01.7	(2370)	2.2	1.0	(10/0)	Net sales and segment income decreased. Although transaction volume of the products such as palm	Forecast	
Total	1,391.9	1,241.1	(11%)	50.1	28.9	(42%)	kernel shells (PKS) and wood pellet increased, sharp decrease in petroleum products had affected greatly on the business performance.	(Annual)	
Adjustment	(52.9)	(39.9)	(25%)	2.8	(1.4)		(Overseas sales subsidiaries) Net sales and segment income decreased. Transaction volume at sales subsidiaries mainly in Indonesia and U.S. decreased due to shopping depend for steal in submerse markets. In addition		
- 	. ,						Indonesia and U.S. decreased due to sluggish demand for steel in overseas markets. In addition, decreases in market prices of steel products and non-ferrous metal products put downward pressure on profit margins of overseas sales subsidiaries as a whole.	Net sales	
Consolidated	1,338.9	1,201.2	(10%)	52.9	27.4	(48%)	on prom margino or overseas sales subsidiaries as a Wildle.	Operating income	
	_						iary of the Company.		
							a subsidiary of the Company. nd made it a subsidiary of the Company.	Ordinary income	
Topics						, . a	······································	Net income attributable to	
								owners of parent	
									, I

HANWA Co., Ltd.

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

					(Ont : Onion yei, founded down to 0.1 Onions yei)	
on	Mar. 2023	Sep. 2023	Comparison with		Main Factors	
			Change	rate		
	1,157.7	1,183.2	25.4	2%	(Total Assets)	
ts)	928.7	940.4	11.6	1%	Total assets increased by 2% from the end of the previous fiscal year, mainly because of increases in trade receivables and investment securities.	
ts)	229.0	242.7	13.7	6%		
,	848.9	847.1	(1.7)	(0%)	(Liabilities) Liabilities decreased by 0.2% from the end of the previous fiscal year, mainly	
bt)	380.9	398.3	17.3	5%	because of redemption of current portion of bonds payable, as well as a	
ebt)	296.7	320.8	24.0	370 8%	decrease in accrued income taxes after payment of taxes including corporate tax in which the business results of the previous fiscal year were reflected.As	
	98%/83*%	97%/83*%	(1pt)	(1%)	interest-bearing debt increased by 5%, net debt-equity ratio was turned into	
	308.8	336.0	27.2	9%	97% (*83%). (Net assets)	
al)	270.8	288.3	17.4	6%	Total net assets increased 9% from the end of the previous fiscal year because	
ation ents)	32.2	42.3	10.1	31%	of accumulation of retained earnings from net income attributable to owners	
sts)	5.6	5.2	(0.4)	(7%)	of parent as well as a fluctuation in foreign currency translation adjustments. Shareholders' equity ratio was 28.0% (*30.1%), which is 1.8 percentage points	
	7,459.39	8,132.89	673.50	9%	higher than at the end of the previous fiscal year.	
ity	303.1	330.7	27.6	9%		
atio	26.2/28.3*%	28.0/30.1*%	1.8pt	7%	*Reflecting equity credit attributes of the subordinated loan	
	1Q-2Q	1Q-2Q	YoY	7	Main Footon	
	of FY2022	of FY2023	Change	rate	Main Factors	
ing	110.1	(15.1)	(125.2)		(Operating cash flows)	
ing				—	Due mainly to increase in trade receivables and contract assets, decrease in accounts payable-other.	
<u>e</u>	(8.6)	(1.9)	6.6	(77%)	(Investment cash flows)	
ing	(122.5)	10.2	132.8	—	Due mainly to purchase of tangible fixed assets.	
nts	137.8	77.4	(60.3)	(44%)	(Financial cash flows) Due mainly to issuance of bonds and commercial paper.	
[Changes in Net Sales] [Quarterly Operating Results]						
st half 2 nd half 2,668.2 2,700.0					Applyng the Accounting Standard for Revenue Recognition	
	2,164.0	1,329.3	1,498.8	800	.0 665.5 673.4 684.5 644.8 608.7 592.5 40.0	
.5	<mark>1,183.7</mark>	Applying the Accounting	Applying the	600	.0 24.1 - 30.0	
	Applying the Accounting Standard for	Standard for Revenue	Standard for Revenue	400		
	Revenue Recognition 980.3	Recognition	Recognition	200		
20	FY2021	FY2022	FY2023		FY2022/1Q 2Q 3Q 4Q FY2023/1Q 2Q	
[Changes in Net Income] [Changes in Interest-bearing Debt]						
2nd	nd half 51.5			900.0	900.0 Interest-bearing debt 5.0 722.9 → Net DER	
	43.6	14.4			722.9 — Net DER Reflecting subordinated loan 4.0	
		1.1.1	36.0	600.0		
	22.7		17.0		301.6 380.9 398.3	
		37.1		300.0	2.0 1.0 1.0	
	20.9		19.0		1.1	
				0.0		
FY2021 FY2022 FY2023 FY2020 FY2021 FY2022 FY2023/2Q						
		FY202	3		FY2023	
	FY2022	(estimate			Cash Dividends FY2021 FY2022 FY2023 (estimated)	
	2,668	.2 2.7	00.0 1	% Inte	erim (yen) 50.00 50.00 85.00	
e	64.	.1	60.0 (69	%) Yea	ar-end (yen) 50.00 80.00 85.00	
	64.	.2	50.0 (22)	%) An	nual (yen) 100.00 130.00 170.00	
le to	51.	.5	36.0 (30)	%) Div	vidend payout ratio — — 2.5%	