

Highlights of Consolidated Financial Results for the Second Quarter (Interim Period) of FY2024

(Japan GAAP)

HANWA Co., Ltd.

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

Outline of Financial Results for the Second Quarter (Interim Period) of FY2024

- During the Second quarter (interim period) of this fiscal year, net sales increased by 5% YoY, to 1,258.6 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased. Operating income increased by 10% YoY, to 28.8 billion yen, because the profitability of Energy & Living Materials business and food business recovered, and ordinary income increased by 3% YoY, to 28.1 billion yen. Net income attributable to owners of the parent increased by 6% YoY, to 20.2 billion yen.
- We plan to pay 210 yen as the annual (105 yen as the interim and 105 yen as the year-end) dividend.

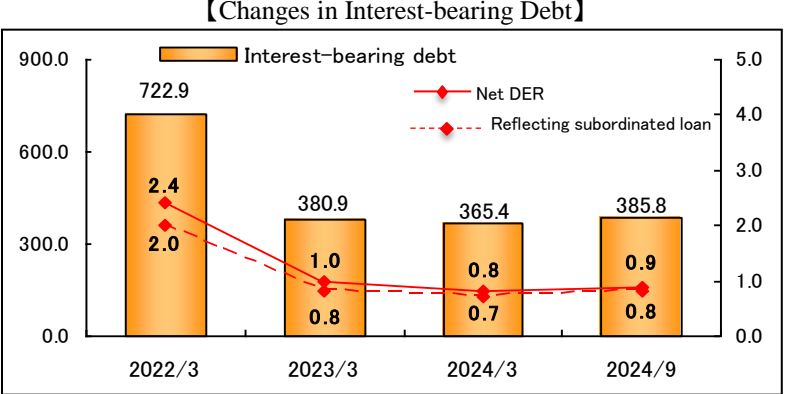
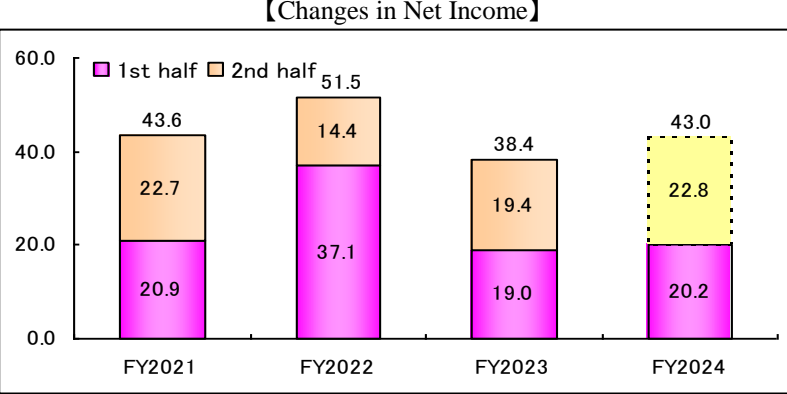
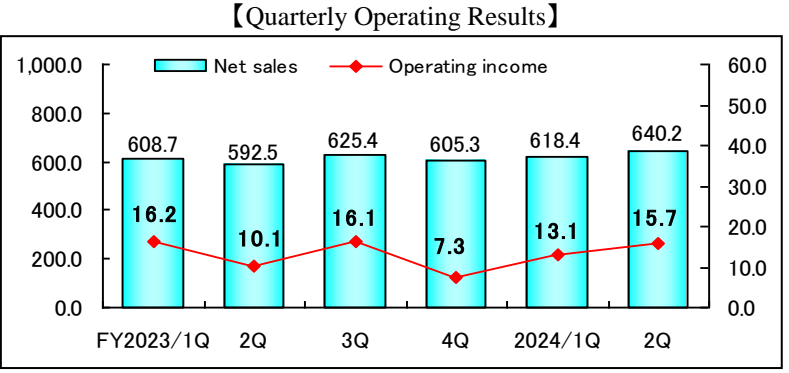
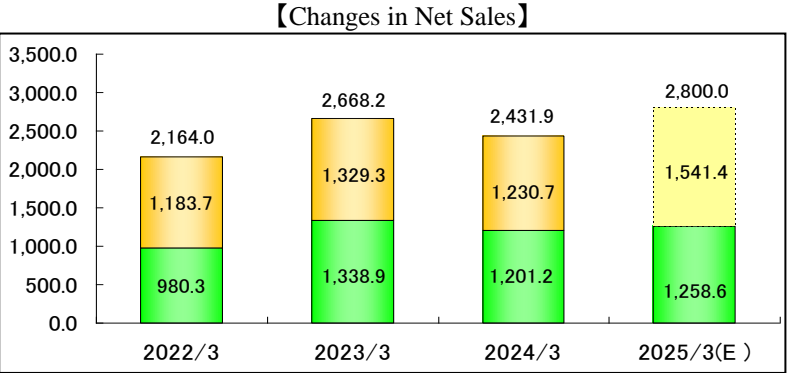
Operating Results	Interim Period of FY2023	Interim Period of FY2024	YoY		Main Factors
			Change	rate	
Net sales	1,201.2	1,258.6	57.3	5%	(Net sales) Net sales increased by 5% YoY, to 1,258.6 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased. (SG&A expenses) SG&A expenses increased by 3.1 billion yen YoY, with 0.3 billion yen of this figure deriving from newly consolidated subsidiaries. Cost of labor increased by 2.2 billion yen YoY, with 0.2 billion yen of this figure deriving from newly consolidated subsidiaries. (Non-operating income/expenses) Non-operating income decreased by 1.3 billion yen and non-operating expenses increased by 0.5 billion yen. The main impacts on ordinary income were as follows. Interest income : decrease of 0.7 billion yen(YoY) Dividend income : increase of 0.4 billion yen(YoY) Share of profit of entities accounted for using the equity method : decrease of 0.8 billion yen(YoY) Foreign exchange loss : increase of 0.5 billion yen(YoY) (Extraordinary gain/loss) Gain on sales of investment securities : 1.5 billion yen Gain on sales of investments in capital of subsidiaries and associates : 0.3 billion yen Loss on devaluation of investment securities : decrease of 0.6 billion yen(YoY)
Gross profit	60.2	65.9	5.6	9%	
SG&A expenses	33.9	37.0	3.1	9%	
Operating income	26.3	28.8	2.5	10%	
Non-operating income	7.4	6.1	(1.3)	(17%)	
Non-operating expenses	6.3	6.9	0.5	9%	
Ordinary income	27.4	28.1	0.6	3%	
Extraordinary gain	—	1.8	1.8	—	
Extraordinary loss	0.6	—	(0.6)	—	
Income before income taxes	26.8	30.0	3.2	12%	
Income taxes	7.1	9.5	2.3	33%	
Net income	19.6	20.4	0.8	4%	
Owners of the parent	19.0	20.2	1.1	6%	
Non-controlling interests	0.5	0.2	(0.3)	(52%)	
EPS (yen)	469.32	499.97	30.65	7%	
Comprehensive income	29.9	18.6	(11.3)	(38%)	

Segment Information	Net sales			Segment income			Main Factors
	Interim Period of FY2023	Interim Period of FY2024	rate	Interim Period of FY2023	Interim Period of FY2024	rate	
Steel	607.7	583.9	(4%)	13.0	14.1	8%	(Steel) Net sales decreased, because transaction volume of steel sheets and wire products decreased. On the other hand, segment income increased, because business in the highly profitable domestic construction sector remained strong and profitability improved in some overseas subsidiaries. (Primary metal) The overseas transaction volume increased. On the other hand, Segment income decreased, due to the result of lower market prices of various products and decrease of share of profit of entities accounted for using the equity method from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD. (Metal recycling) Net sales increased, because transaction volume of precious metals and aluminum scraps increased. Segment income increased due to the result of steady market prices of copper and alminum, despite the result of lower market prices of nickel compared to the same period of the previous fiscal year. (Food) Net sales volume remained flat compared to the same period of the previous fiscal year. Net sales and Segment income increased because the market of foods represented by crab was higher compared to the same period of the previous fiscal year. (Energy & Living Materials) Net sales increased, because transaction volume of bunker oil products increased significantly. In addition, net sales and segment income increased due to the transaction volume and sales price of chemical products increased. (Overseas sales subsidiaries) Net sales increased, because of the increase of new transaction in China and the newly consolidation of companies, which were accounted for the equity method in the previous fiscal year. Segment income decreased, due to the result of lower prices of steel products in Asia, compared to the same period of the previous fiscal year.
Primary Metal	97.2	99.7	3%	6.7	3.4	(49%)	
Metal Recycling	87.3	109.1	25%	1.3	1.4	10%	
Foods	61.3	65.8	7%	(0.1)	0.8	—	
Energy& Living Materials	150.3	184.5	23%	1.4	5.1	253%	
Overseas sales subsidiaries	170.3	205.9	21%	4.4	3.7	(17%)	
Total for reportable segments	1,174.2	1,249.2	6%	26.9	28.7	7%	
Other	68.9	65.4	(5%)	1.9	1.0	(46%)	
Total	1,243.2	1,314.6	6%	28.9	29.8	3%	
Adjustment	(41.9)	(55.9)	33%	(1.4)	(1.6)	13%	
Consolidated	1,201.2	1,258.6	5%	27.4	28.1	3%	

Topics	•Apr Established HANWA BUSSINESS PARTNERS LTD. as a subsidiary of the Company. •May PT. HANWA INDONESIA, a subsidiary of the Company, acquired 15% of the shares of PT GARUDA YAMATO STEEL. •Jul Acquired 100% of the shares of SHINX CO., LTD. and made it as a consolidated subsidiary of the Company. •Sep Acquired 80% of the shares of MARUGO FUKUYAMA SUISAN CO., LTD, and made it as a subsidiary of the Company.
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Financial Position	Mar. 2024	Sep. 2024	Comparison with Mar. 2024		Main Factors
			Change	rate	
Total assets	1,166.9	1,165.8	(1.0)	(0%)	(Total Assets) Total assets decreased by 0.1% from the end of the previous fiscal year, mainly because of an decrease in trade receivables and cash and deposits. (Liabilities) Liabilities decreased by 2% from the end of the previous fiscal year, mainly because of decrease in trade payables. As interest-bearing debt increased by 6%, net debt-equity ratio was turned into 91% (*78%). (Net assets) Total net assets increased 4% from the end of the previous fiscal year because of accumulation of retained earnings from net income attributable to owners of parent as well as a fluctuation in foreign currency translation adjustments. Shareholders' equity ratio was 31.1% (*33.3%), which is 1.0 percentage points higher than at the end of the previous fiscal year. *Reflecting equity credit attributes of the subordinated loan
(Current assets)	917.1	902.6	(14.5)	(2%)	
(Fixed assets)	249.8	263.2	13.4	5%	
Total liabilities	810.2	796.4	(13.7)	(2%)	
(Interest-bearing debt)	365.4	385.8	20.3	6%	
(Net interest-bearing debt)	288.9	328.9	40.0	14%	
Net DER	82%/70%*	91%/78%*	9pt	10%	
Total net assets	356.7	369.4	12.7	4%	
(Shareholders' equity)	304.2	318.6	14.4	5%	
(Accumulated Other Comprehensive Income)	46.9	44.4	(2.4)	(5%)	
(Non-controlling interests)	5.5	6.3	0.7	14%	
BPS (yen)	8,636.03	8,992.06	356.03	4%	
Equity capital	351.2	363.1	11.9	3%	
Equity ratio	30.1/32.2%*	31.1/33.3%*	1.0pt	3%	

Cash Flow	Interim Period of FY2023	Interim Period of FY2024	YoY		Main Factors
			Change	rate	
Cash flows from operating activities	(15.1)	(4.3)	10.7	(71%)	(Operating cash flows) Due mainly to decrease in trade payables and increase in inventory. (Investment cash flows) Due mainly to acquisition of investment securities and tangible asset. (Financial cash flows) Due mainly to financing through borrowing.
Cash flows from investing activities	(1.9)	(23.9)	(21.9)	—	
Cash flows from financing activities	10.2	8.8	(1.4)	(14%)	
Cash and cash equivalents at end of period	77.4	56.8	(20.5)	(27%)	



Forecast (Annual)	FY2023	FY2024 (estimated)		Cash Dividends	FY2022	FY2023	FY2024 (estimated)
		(estimated)	change				
Net sales	2,431.9	2,800.0	15%	Interim (yen)	50.00	85.00	105.00
Operating income	49.7	61.0	23%	Year-end (yen)	80.00	100.00	105.00
Ordinary income	48.2	60.0	24%	Annual (yen)	130.00	185.00	210.00
Net income attributable to owners of parent	38.4	43.0	12%	DOE *	—	2.7%	2.8%

* DOE (Dividend on equity ratio) = Total dividend / Beginning total shareholders' equity