

Highlights of Consolidated Financial Results for the Nine Months ended December 31, FY2024 (Japan GAAP)

HANWA Co., Ltd.

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

Outline of Financial Results for the Nine Months ended December 31, FY2024

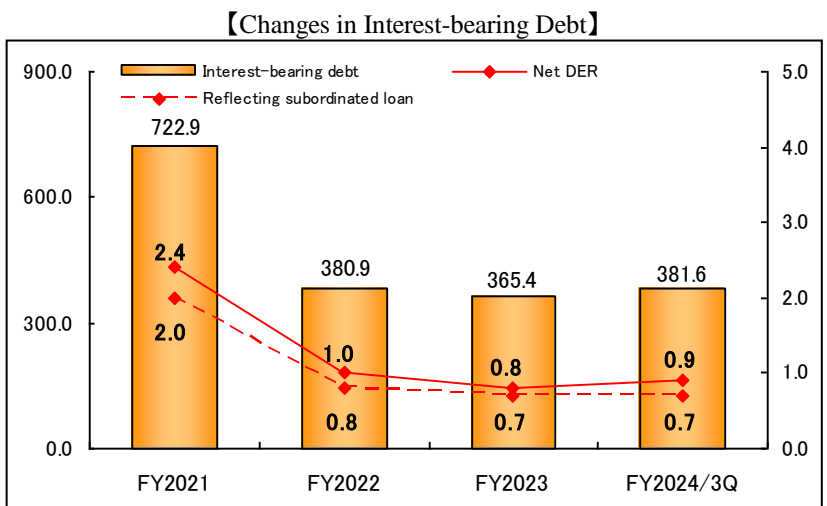
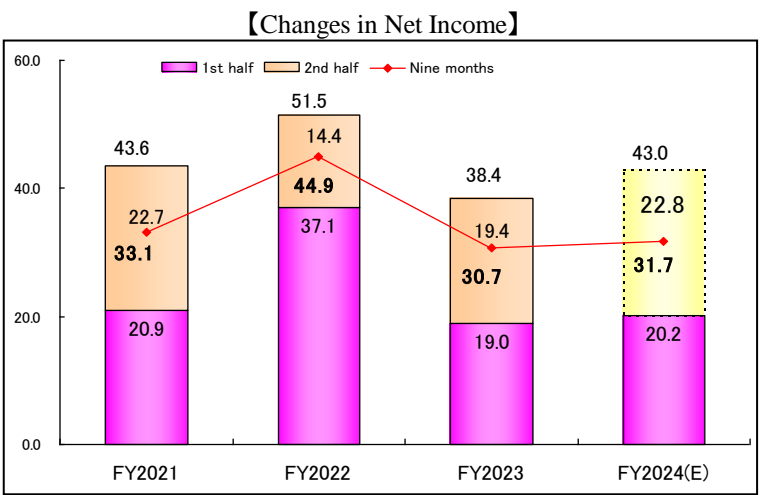
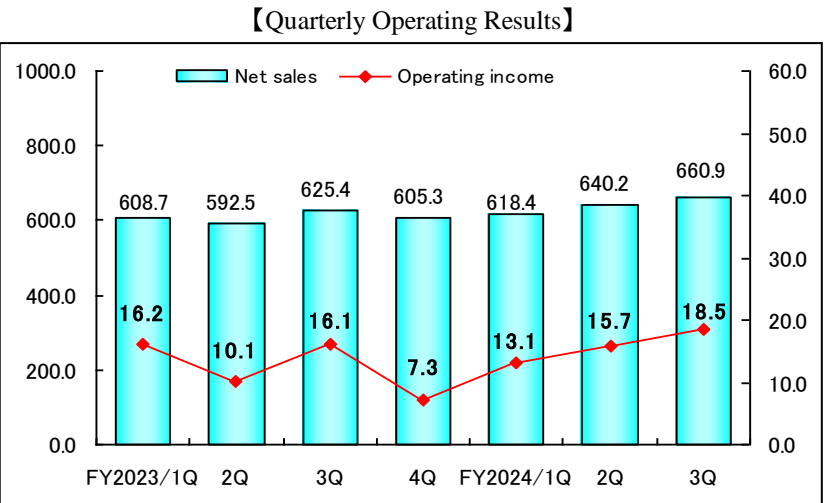
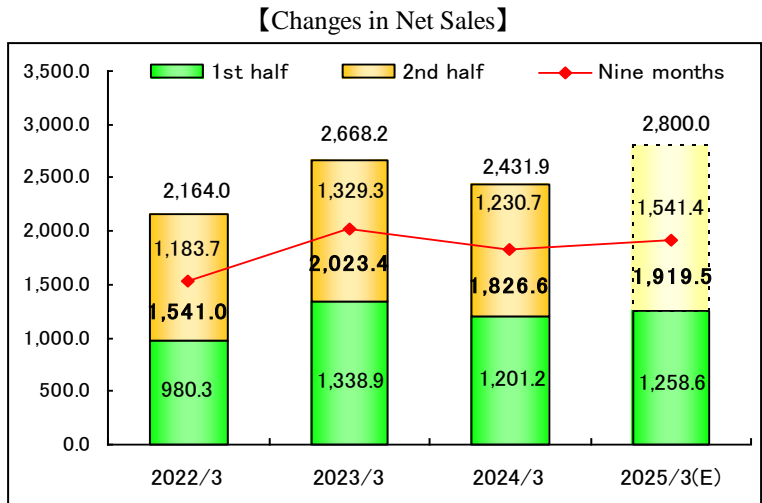
- During the nine months of this fiscal year, net sales increased by 5% YoY, to 1,919.5 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased. Operating income increased by 12% YoY, to 47.3 billion yen, because the profitability of Steel business and Food business recovered, and ordinary income increased by 1% YoY, to 43.2 billion yen. Net income attributable to owners of the parent increased by 3% YoY, to 31.7 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	Nine months ended Dec. FY2023	Nine months ended Dec. FY2024	Y o Y		Main Factors
			Change	Rate	
Net sales	1,826.6	1,919.5	92.9	5%	(Net sales) Net sales increased by 5% YoY, to 1,919.5 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased.
Gross profit	94.4	103.8	9.4	10%	
SG&A expenses	51.9	56.4	4.5	9%	(SG&A expenses) SG&A expenses increased by 4.5 billion yen YoY, with 1 billion yen of this figure deriving from newly consolidated subsidiaries. Cost of labor increased by 3 billion yen YoY, with 0.6 billion yen of this figure deriving from newly consolidated subsidiaries.
Operating income	42.4	47.3	4.9	12%	
Non-operating income	10.1	8.2	(1.9)	(19%)	(Non-operating income/expenses) Non-operating income decreased by 1.9 billion yen and non-operating expenses increased by 2.7 billion yen. The main impacts on ordinary income were as follows. Share of profit of entities accounted for using the equity method : decreased by 2.1 billion yen YoY Foreign exchange loss : increased by 2.7 billion yen YoY
Non-operating expenses	9.6	12.3	2.7	29%	
Ordinary income	42.9	43.2	0.2	1%	(Extraordinary gain/loss) Gain on sales of property and equipment : decreased by 1.1 billion yen YoY Gain on sales of investment securities : increased by 1.2 billion yen YoY Gain on sales of investments in capital of subsidiaries and associates : 0.9 billion yen Loss on devaluation of investment securities : decreased by 1.1 billion yen YoY
Extraordinary gain	1.7	2.7	1.0	60%	
Extraordinary loss	1.1	—	(11.0)	—	
Income before income taxes	43.5	45.9	2.4	6%	
Income taxes	12.2	14.3	2.0	17%	
Net income	31.2	31.6	0.3	1%	
Owners of the parent	30.7	31.7	1.0	3%	
Non-controlling interests	0.4	(0.1)	(0.6)	—	
EPS (yen)	756.66	786.75	30.09	4%	
Comprehensive income	40.4	27.2	(13.2)	(33%)	

Segment Information	Net sales			Segment income			Main Factors
	Nine months ended Dec. FY2023	Nine months ended Dec. FY2024	Rate	Nine months ended Dec. FY2023	Nine months ended Dec. FY2024	Rate	
Steel	908.9	873.3	(4%)	22.1	23.6	7%	(Steel) Net sales decreased, because transaction volume of steel 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	141.1	142.7	1%	6.4	2.9	(54%)	
Metal Recycling	130.3	178.6	37%	1.7	2.9	68%	(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 a turnaround in share of profit of entities accounted for using the equity method from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD to a loss.
Foods	98.1	108.0	10%	1.0	2.2	103%	
Energy & Living Materials	247.4	284.3	15%	5.1	7.6	49%	(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 aluminum, despite the result of lower market prices of nickel compared to the same period of the previous fiscal year.
Overseas sales subsidiaries	258.8	322.2	25%	6.5	6.2	(5%)	
Total for reportable segments	1,784.8	1,909.3	7%	43.1	45.6	6%	(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.
Other	101.4	99.7	(2%)	2.5	1.5	(42%)	
Total	1,886.3	2,009.0	7%	45.7	47.1	3%	(Energy & Living Materials) Net sales increased, because transaction volume of bunker oil products increased significantly. In addition, net sales and segment income increased because the transaction volume and sales price of chemical products increased.
Adjustment	(59.7)	(89.4)	50%	(2.7)	(3.9)	44%	
Consolidated	1,826.6	1,919.5	5%	42.9	43.2	1%	(Overseas sales subsidiaries) Net sales increased, because of the increase of new transactions 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.

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.

Financial Position	Mar. 2024	Dec. 2024	Comparison with Mar. 2024		Main Factors
			Change	Rate	
Total assets	1,166.9	1,167.1	0.1	0%	(Total Assets) Total assets increased by 0.0% from the end of the previous fiscal year, mainly because of an increase in investment securities and a decrease in trade receivables.
(Current assets)	917.1	907.2	(9.9)	(1%)	
(Fixed assets)	249.8	259.9	10.1	4%	(Liabilities) Liabilities decreased by 2% from the end of the previous fiscal year, mainly because of an decrease in trade payables. As interest-bearing debt increased by 4%, net debt-equity ratio was turned into 86% (*74%).
Total liabilities	810.2	793.5	(16.6)	(2%)	
(Interest-bearing debt)	365.4	381.6	16.1	4%	(Net assets) Total net assets increased by 5% 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 31.6% (*33.7%), which is 1.5 percentage points higher than at the end of the previous fiscal year.
(Net interest-bearing debt)	288.9	316.0	27.1	9%	
Net DER	82%/70*%	86%/74*%	4pt	4%	*Reflecting equity credit attributes of the subordinated loan
Total net assets	356.7	373.6	16.8	5%	
(Shareholders' equity)	304.2	326.0	21.7	7%	
(Accumulated Other Comprehensive Income)	46.9	42.3	(4.6)	(10%)	
(Non-controlling interests)	5.5	5.3	(0.2)	(4%)	
BPS (yen)	8,636.03	9,120.97	484.94	6%	
Equity capital	351.2	368.3	17.1	5%	
Equity ratio	30.1/32.2*%	31.6/33.7*%	1.5pt	5%	



Forecast (Annual)	FY2023	FY2024 (Estimated)		Cash Dividends	FY2022	FY2023	FY2024 (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 the parent	38.4	43.0	12%	DOE *	—	2.7%	2.8%

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