

# Financial Results for the Fiscal Year ended March 31, 2023

(Japan GAAP)

May 12 2023

Company name: **HANWA Co.,Ltd.**

Listed stock exchange: Tokyo

Stock exchange code: 8078

(URL <https://www.hanwa.co.jp>)

Representative: Yoichi Nakagawa President

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Scheduled date of Shareholders' Meeting: Jun 23, 2023

Scheduled date of issue of audited financial statements: Jun 26, 2023

Scheduled date of payout of dividend: Jun 26, 2023

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the Fiscal Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

### (1) Consolidated operating results

(Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent	
Fiscal Year	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
ended March 31, 2023	2,668,228	23.3	64,105	2.8	64,272	2.5	51,505	18.1
ended March 31, 2022	2,164,049	—	62,367	113.3	62,718	117.6	43,617	122.3

Note: Comprehensive income For the Fiscal Year ended March 31, 2023 71,336 million yen 41.9 %  
For the Fiscal Year ended March 31, 2022 50,288 million yen 84.1 %

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal Year	(yen)	(yen)	(%)	(%)	(%)
ended March 31, 2023	1,267.44	—	19.1	4.5	2.4
ended March 31, 2022	1,073.34	—	20.5	4.9	2.9

\* From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). As a result, the figures for the fiscal year ended March 31, 2022 in the above consolidated operating results constitute the figures after application of said accounting standard. For this reason, rates of increase/decrease YoY are not shown for net sales ended March 31 2022.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of March 31, 2023	1,157,747	308,807	26.2	7,459.39
As of March 31, 2022	1,715,394	240,497	13.8	5,834.98

Note: Shareholders' equity As of March 31, 2023 303,127 million yen  
As of March 31, 2022 237,117 million yen

### (3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
Fiscal Year	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
ended March 31, 2023	284,226	(6,539)	(351,835)	84,121
ended March 31, 2022	(280,752)	(14,993)	406,820	165,083

## 2. Cash dividends

	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2022	—	50.00	—	50.00	100.00	4,063	9.3	1.9
Year ended March 31, 2023	—	50.00	—	80.00	130.00	5,282	10.3	2.0
Year ending March 31, 2024 (estimated)	—	85.00	—	85.00	170.00		19.2	

\* For details, please refer to the news release titled "Notice Concerning Dividends of Surplus (Increased)" announced today (May 12, 2023).

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

(Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent		Net income per share	
Annual	(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	

## Financial Results for the Fiscal Year ended March 31, 2023

## 《Consolidated Balance Sheets》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	March 31, 2022	March 31, 2023
<b>Assets</b>		
<b>Current assets;</b>		
Cash and deposits	165,451	84,187
Trade notes, accounts receivable and contract assets	542,444	448,980
Electronically recorded monetary claims	33,012	55,570
Inventories	243,603	253,964
Others	289,119	87,333
Allowance for doubtful receivables	(1,580)	(1,295)
<b>Total current assets</b>	<b>1,272,049</b>	<b>928,741</b>
<b>Fixed assets;</b>		
<b>Property and equipment;</b>		
Buildings and structures	54,519	57,917
Accumulated depreciation	(28,984)	(31,360)
<b>Buildings and structures, net</b>	<b>25,534</b>	<b>26,557</b>
Land	34,677	36,786
Others	47,875	58,315
Accumulated depreciation	(30,198)	(34,542)
<b>Others, net</b>	<b>17,676</b>	<b>23,773</b>
<b>Total property and equipment</b>	<b>77,889</b>	<b>87,117</b>
<b>Intangible assets</b>	<b>10,556</b>	<b>10,807</b>
<b>Investments and other assets;</b>		
Investment securities	81,443	99,608
Long-term loans receivable	12,437	13,813
Deferred tax asset	1,288	1,261
Others	261,133	19,012
Allowance for doubtful receivables	(1,403)	(2,613)
<b>Total investments and other assets</b>	<b>354,898</b>	<b>131,082</b>
<b>Total fixed assets</b>	<b>443,344</b>	<b>229,006</b>
<b>Total assets</b>	<b>1,715,394</b>	<b>1,157,747</b>
<b>Liabilities;</b>		
<b>Current liabilities;</b>		
Trade notes and accounts payable	388,294	278,823
Electronically record obligations	33,456	36,701
Short-term loans payable	458,984	83,127
Commercial paper	40,000	30,000
Current portion of bonds payable	10,000	10,000
Income taxes payable	16,098	14,822
Accrued bonuses	4,223	4,355
Provision for product warranties	66	56
Others	287,492	101,103
<b>Total current liabilities</b>	<b>1,238,615</b>	<b>558,990</b>
<b>Long-term liabilities;</b>		
Bonds payable	20,000	30,000
Long-term loans payable	190,890	224,843
Deferred tax liabilities	5,716	10,017
Deferred tax liabilities by land revaluation	1,524	871
Retirement benefits liabilities	4,454	4,285
Others	13,693	19,932
<b>Total long-term liabilities</b>	<b>236,280</b>	<b>289,949</b>
<b>Total liabilities</b>	<b>1,474,896</b>	<b>848,940</b>
<b>Net assets;</b>		
<b>Shareholders' equity;</b>		
Common stock	45,651	45,651
Capital surplus	26	26
Retained earnings	180,119	228,920
Treasury stock	(3,729)	(3,730)
<b>Total shareholders' equity</b>	<b>222,066</b>	<b>270,866</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gains on securities	16,725	23,972
Deferred hedge profit and loss	(1,000)	673
Land revaluation difference	3,191	1,975
Foreign currency translation adjustments	(531)	8,360
Remeasurements of defined benefit plans	(3,334)	(2,720)
<b>Total accumulated other comprehensive income</b>	<b>15,050</b>	<b>32,260</b>
<b>Non-controlling interests</b>	<b>3,379</b>	<b>5,680</b>
<b>Total net assets</b>	<b>240,497</b>	<b>308,807</b>
<b>Total liabilities and net assets</b>	<b>1,715,394</b>	<b>1,157,747</b>

## Financial Results for the Fiscal Year ended March 31, 2023

## 《Consolidated Statements of Income and Comprehensive Income》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	Year ended March 31, 2022	Year ended March 31, 2023
<b>Net sales</b>	2,164,049	<b>2,668,228</b>
Cost of sales	2,045,040	<b>2,539,686</b>
<b>Gross profit</b>	119,008	<b>128,541</b>
Selling, general and administrative expenses	56,641	<b>64,435</b>
<b>Operating income</b>	62,367	<b>64,105</b>
<b>Other income;</b>		
Interest income	1,731	<b>3,676</b>
Dividend income	1,563	<b>7,467</b>
Equity in earnings of affiliates	3,321	<b>4,194</b>
Others	1,806	<b>2,033</b>
Total other income	8,422	<b>17,372</b>
<b>Other expenses;</b>		
Interest expenses	4,073	<b>9,969</b>
Foreign exchange loss	1,848	<b>681</b>
Commission fee	644	<b>3,432</b>
Others	1,504	<b>3,121</b>
Total other expenses	8,071	<b>17,205</b>
<b>Ordinary income</b>	62,718	<b>64,272</b>
<b>Extraordinary income;</b>		
Gain on sale of property and equipment	—	<b>14,417</b>
Gain on sale of investment securities	1,449	<b>655</b>
Gain on bargain purchase	—	<b>722</b>
Arbitration related income	145	<b>268</b>
Total extraordinary income	1,594	<b>16,063</b>
<b>Extraordinary loss;</b>		
Loss on devaluation of investments securities	1,055	—
Provision of allowance for doubtful accounts of affiliates	118	—
Value added taxes for prior periods	—	4,375
Total extraordinary loss	1,174	<b>4,375</b>
<b>Income before income taxes and non-controlling interests</b>	63,138	<b>75,961</b>
Income, inhabitant & business tax – current	20,160	<b>24,364</b>
Income tax expense–deferred	(1,426)	<b>(1,145)</b>
Total income taxes	18,733	<b>23,218</b>
<b>Net income</b>	44,405	<b>52,742</b>
Net income attributable to		
Owners of the parent	43,617	<b>51,505</b>
Non-controlling interests	787	<b>1,237</b>
<b>Other Comprehensive Income</b>		
Net unrealized holding gains on securities	1,532	<b>7,246</b>
Deferred hedge profit and loss	(1,373)	<b>1,674</b>
Foreign currency translation adjustments	4,109	<b>8,077</b>
Remeasurements of defined benefit plans	1,037	<b>625</b>
Share of other comprehensive income of associates accounted for using equity method	577	<b>970</b>
Total other comprehensive Income	5,883	<b>18,594</b>
<b>Comprehensive Income</b>	50,288	<b>71,336</b>
Comprehensive income attributable to		
Owners of the parent	49,201	<b>69,878</b>
Non-controlling interests	1,087	<b>1,457</b>

## Financial Results for the Fiscal Year ended March 31, 2023

## 《Consolidated Statements of Changes in Net Assets》

(Amounts less than one million yen are rounded down)

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2021</b>	45,651	—	137,825	(3,729)	179,747	15,193	372	3,191	(4,906)	(4,384)	9,467	2,642	191,857
Cumulative effects of changes in accounting policies			1,402		1,402								1,402
<b>Restated balance</b>	45,651	—	139,228	(3,729)	181,150	15,193	372	3,191	(4,906)	(4,384)	9,467	2,642	193,259
Increase (decrease) during the term:													
Cash dividends paid			(3,250)		(3,250)								(3,250)
Change of scope of consolidated subsidiaries			223		223								223
Change of scope of equity method			133		133								133
Reversal of land revaluation difference			—		—								—
Net income attributable to owners of the parent			43,617		43,617								43,617
Purchase of treasury stocks				(0)	(0)								(0)
Capital increase from purchase of stock of consolidated subsidiaries		26			26								26
Others			167		167								167
Net increase (decrease) during the term, except for items under shareholders' equity						1,531	(1,373)	—	4,375	1,049	5,583	737	6,321
<b>Total increase (decrease)</b>	—	26	40,890	(0)	40,916	1,531	(1,373)	—	4,375	1,049	5,583	737	47,237
<b>Balance at March 31, 2022</b>	45,651	26	180,119	(3,729)	222,066	16,725	(1,000)	3,191	(531)	(3,334)	15,050	3,379	240,497

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2022</b>	45,651	26	180,119	(3,729)	222,066	16,725	(1,000)	3,191	(531)	(3,334)	15,050	3,379	240,497
Cumulative effects of changes in accounting policies			—		—								—
<b>Restated balance</b>	45,651	26	180,119	(3,729)	222,066	16,725	(1,000)	3,191	(531)	(3,334)	15,050	3,379	240,497
Increase (decrease) during the term:													
Cash dividends paid			(4,063)		(4,063)								(4,063)
Change of scope of consolidated subsidiaries			246		246								246
Change of scope of equity method			(103)		(103)								(103)
Reversal of land revaluation difference			1,216		1,216								1,216
Net income attributable to owners of the parent			51,505		51,505								51,505
Purchase of treasury stocks				(1)	(1)								(1)
Capital increase from purchase of stock of consolidated subsidiaries		—			—								—
Others			—		—								—
Net increase (decrease) during the term, except for items under shareholders' equity						7,247	1,674	(1,216)	8,891	613	17,209	2,300	19,510
<b>Total increase (decrease)</b>	—	—	48,800	(1)	48,799	7,247	1,674	(1,216)	8,891	613	17,209	2,300	68,310
<b>Balance at March 31, 2023</b>	45,651	26	228,920	(3,730)	270,866	23,972	673	1,975	8,360	(2,720)	32,260	5,680	308,807

## Financial Results for the Fiscal Year ended March 31, 2023

## 《Consolidated Statements of Cash Flows》

(Amounts less than one million yen are rounded down)

*Millions of yen*

	Year ended March 31, 2022	Year ended March 31, 2023
<b>Cash flows from operating activities;</b>		
Income before income taxes	63,138	75,961
Depreciation and amortization	6,123	7,368
Amortization of goodwill	392	193
Increase(decrease) in allowance for doubtful receivables	690	805
Interest and dividend income	(3,294)	(11,144)
Interest expense	4,073	9,969
Equity in earnings of affiliated companies (gain)	(3,321)	(4,194)
Gain on sale of property and equipment	—	(14,417)
Gain on bargain purchase	—	(722)
Gain on sale of investment securities of unconsolidated subsidiaries	(1,449)	(655)
Loss on devaluation of investments securities	1,055	—
Provision of allowance for doubtful accounts of affiliates	118	—
Arbitration related income	(145)	(268)
Value added taxes for prior periods	—	4,375
(Increase)decrease in trade receivables and contract assets	(173,734)	88,701
(Increase)decrease in inventories	(111,643)	6,714
(Increase)decrease in accounts receivable-other	(216,220)	198,852
(Increase)decrease in advanced payment	(12,261)	8,903
Increase(decrease) in trade payable	175,780	(116,530)
Increase(decrease) in accounts payable-other	14,566	33,282
Increase(decrease) in deposits received	27,238	(22,774)
Increase(decrease) in forward exchange contracts(dept)	11,989	(16,141)
Increase(decrease) in commodity forwards contracts liabilities	181,201	(185,918)
(Increase)decrease in long-term guarantee deposits	(240,054)	243,464
Increase(decrease) in retirement benefits	552	706
Other, net	6,620	2,876
<b>Sub total</b>	<b>(268,582)</b>	<b>309,407</b>
Interest and dividends received	3,129	10,773
Interest paid	(4,155)	(9,790)
Income taxes paid	(11,290)	(26,431)
Arbitration related income	145	268
<b>Net cash provided by (used in) operating activities</b>	<b>(280,752)</b>	<b>284,226</b>
<b>Cash flows from investing activities;</b>		
Payment for time deposits	(50)	(49)
Proceeds from refund of time deposits	89	401
Payment for purchase of property and equipment	(6,287)	(12,858)
Proceeds from sale of property and equipment	43	17,566
Payment for acquisition of investment securities	(6,054)	(3,413)
Proceeds from sale and redemption of investment securities	2,368	1,331
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(7,400)
(Increase)decrease in short-term loans receivable, net	(11,730)	2,318
Increase in long-term loans receivable	(239)	(3,529)
Collection of long-term loans receivable	10,135	125
Other, net	(3,266)	(1,031)
<b>Net cash used in investing activities</b>	<b>(14,993)</b>	<b>(6,539)</b>
<b>Cash flows from financing activities;</b>		
Increase(decrease) in short-term loans, net	371,112	(357,803)
Increase(decrease) in commercial paper, net	40,000	(10,000)
Proceeds from long-term debt	41,005	50,630
Repayments of long-term debt	(30,834)	(39,186)
Proceeds from issuance of bonds	—	19,911
Payment for redemption of bonds	(10,013)	(10,000)
Payment for cash dividends	(3,255)	(4,067)
Cash dividends paid to non-controlling interests in consolidated subsidiaries	(133)	(309)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(100)	—
Other, net	(961)	(1,010)
<b>Net cash provided by (used in) financing activities</b>	<b>406,820</b>	<b>(351,835)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,265</b>	<b>(7,279)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>112,339</b>	<b>(81,427)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>50,892</b>	<b>165,083</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>1,842</b>	<b>464</b>
<b>Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries</b>	<b>9</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>165,083</b>	<b>84,121</b>

## Financial Results for the Fiscal Year ended March 31, 2023

## 《Segment information》

Segment information by business category for the fiscal year 2021 and 2022, is as follows:

(Amounts less than one million yen are rounded down)

## Fiscal Year ended March 31, 2022

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	983,651	195,597	127,573	116,167	280,397	333,558	2,036,946	127,103	2,164,049	—	2,164,049
Inter-segment	24,512	6,373	4,015	531	10,371	339	46,144	3,186	49,330	(49,330)	—
Total	1,008,164	201,970	131,588	116,699	290,769	333,898	2,083,090	130,289	2,213,379	(49,330)	2,164,049
Segment income	35,958	7,247	2,883	3,024	6,784	6,722	62,620	3,726	66,346	(3,628)	62,718
Segment assets	563,951	701,699	41,650	52,480	55,050	140,510	1,555,341	51,476	1,606,818	108,575	1,715,394
Other											
Depreciation	4,676	21	361	74	213	286	5,633	381	6,014	108	6,123
Depreciation of Goodwill	392	—	—	—	—	—	392	—	392	—	392
Interest income	345	549	0	2	30	774	1,702	0	1,703	28	1,731
Interest expenses	3,343	2,509	364	424	259	575	7,476	258	7,735	(3,661)	4,073
Equity in earnings of affiliates	1,737	1,070	60	—	88	364	3,321	—	3,321	—	3,321
Investment in affiliates	8,029	1,019	263	—	674	1,980	11,967	—	11,967	—	11,967
Property, plant and equipment and Intangible assets increase	9,512	107	288	181	298	150	10,540	857	11,397	163	11,561

## Fiscal Year ended March 31, 2023

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	1,232,686	267,389	144,406	127,392	349,216	404,976	2,526,068	142,160	2,668,228	—	2,668,228
Inter-segment	29,444	6,647	2,784	1,186	11,759	44,233	96,056	3,880	99,937	(99,937)	—
Total	1,262,130	274,037	147,191	128,578	360,976	449,210	2,622,125	146,040	2,768,165	(99,937)	2,668,228
Segment income (loss)	28,477	13,934	6,135	(960)	11,574	7,278	66,439	3,083	69,522	(5,249)	64,272
Segment assets	589,143	156,421	45,586	66,113	57,355	87,403	1,002,025	43,615	1,045,640	112,107	1,157,747
Other											
Depreciation	5,523	25	285	108	234	577	6,754	499	7,253	114	7,368
Depreciation of Goodwill	193	—	—	—	—	—	193	—	193	—	193
Interest income	914	1,448	0	3	43	1,389	3,798	0	3,799	(122)	3,676
Interest expenses	5,711	10,052	831	699	547	1,351	19,193	317	19,510	(9,540)	9,969
Equity in earnings (losses) of affiliates	(419)	3,246	96	—	128	1,142	4,194	—	4,194	—	4,194
Investment in affiliates	8,007	4,229	484	—	942	3,514	17,177	—	17,177	—	17,177
Property, plant and equipment and Intangible assets increase	15,327	233	476	401	363	809	17,612	4,136	21,748	430	22,179

## Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section and machinery section.
2. Adjustments are as follows:
  - (1) Adjustments for segment income include intersegment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.
  - (2) Adjustments for segment assets include Group assets that have not been distributed to reportable segments. These group assets consist mainly of cash and cash equivalents, investment securities and assets of administrative departments.
  - (3) Adjustments for depreciation include mainly depreciation and amortization expenses of Group assets.
  - (4) Adjustments for interest income and interest expenses include intersegment elimination, revenue and expense that have not been distributed to reportable segments.
  - (5) Adjustments for property, plant and equipment and intangible assets increase are increases in Group assets.
3. Segment income or loss is adjusted between ordinary income on the consolidated statements of income and comprehensive income.

**Highlights of Consolidated Financial Results for the FY2022**

(Japan GAAP)

HANWA Co., Ltd.

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

**Outline of Financial Results for the FY2022**

- During the fiscal year, net sales increased by 23% YoY, to 2,668.2 billion yen, because as economic activities continued to be on the right track for recovery, price of the products represented by steel, non-ferrous metal and crude oil remained at a high level. In addition, enhancement in business performance of the overseas sales subsidiaries contributed to the net sales increase. Operating income increased by 3% YoY, to 64.1 billion yen, as segment income increased in Primary metals business and Energy & Living Materials business, while ordinary income increased by 2% YoY, to 64.2 billion yen, as dividend income from strategic investments increased and equity in earnings of affiliates expanded mainly in the Primary metals business, and net income attributable to owners of the parent increased by 18% to 51.5 billion yen, as recorded a gain on sale of property and equipment in extraordinary income.
- We plan to pay 130 yen as the annual (50 yen as the interim and 80 yen as the year-end) dividend.

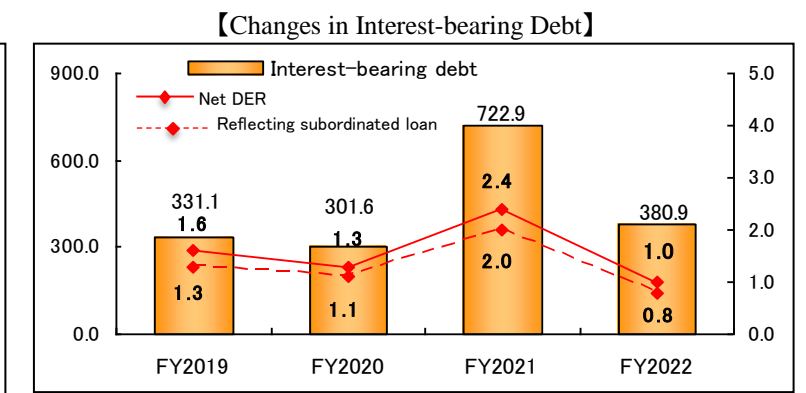
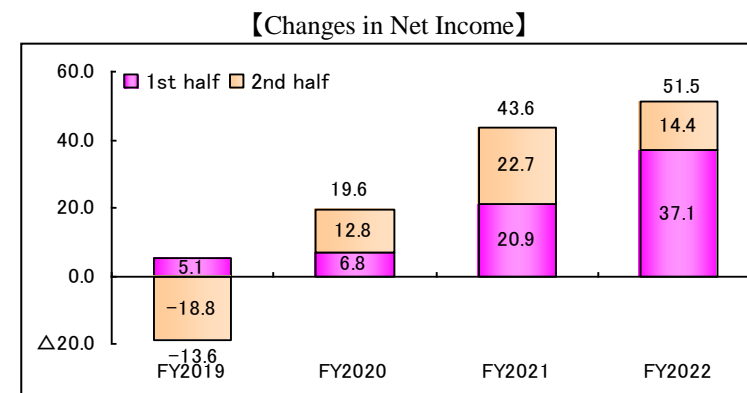
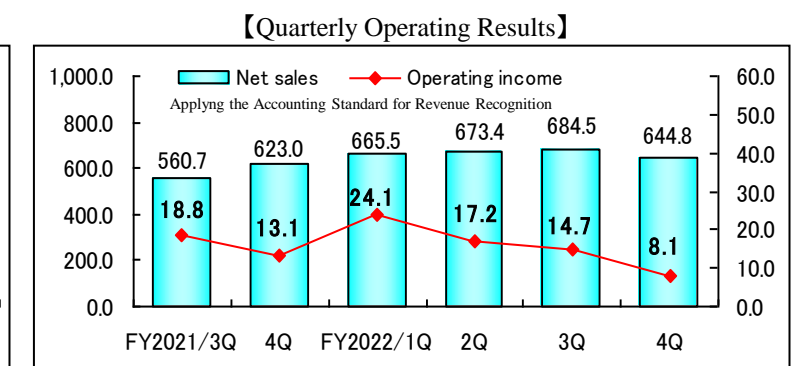
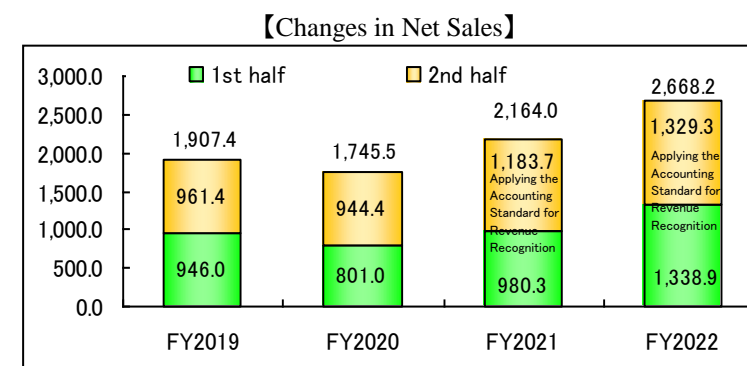
Operating Results	FY2021	FY2022	Year-on-year		Main Factors
			Change	rate	
<b>Net sales</b>	<b>2,164.0</b>	<b>2,668.2</b>	<b>504.1</b>	<b>23%</b>	(Net sales) Net sales increased by 23% YoY, to 2,668.2 billion yen, because as economic activities continued to be on the right track for recovery, price of the products represented by steel, non-ferrous metal and crude oil remained at a high level. In addition, enhancement in business performance of the overseas sales subsidiaries contributed to the net sales increase. (SG&A expenses) SG & A expenses increased by 7.7 billion yen YoY, with 1.0 billion yen of this figure deriving from newly consolidated subsidiaries. Personnel expenses rose by 2.9 billion yen YoY, with 0.7 billion yen of this figure deriving from newly consolidated subsidiaries. (Non-operating income/expenses) Non-operating income increased by 8.9 billion yen and non-operating expenses increased by 9.1 billion yen. The main impacts on ordinary income were as follows. Interest income : increase of 1.9 billion yen(YoY) Dividend income : increase of 5.9 billion yen(YoY) Equity in earnings of affiliates : increase of 0.8 billion yen(YoY) Interest expenses : increase of 5.8 billion yen(YoY) Foreign exchange loss : decrease of 1.1 billion yen(YoY) Commission fee : increase of 2.7 billion yen(YoY) (Extraordinary gain/loss) Gain on sale of property and equipment : 14.4 billion yen Gain on sale of investment securities : decrease of 0.7 billion yen(YoY) Gain on bargain purchase : 0.7 billion yen Arbitration related income : increase of 0.1 billion yen(YoY) Value added taxes for prior periods : 4.3 billion yen
<b>Gross profit</b>	<b>119.0</b>	<b>128.5</b>	<b>9.5</b>	<b>8%</b>	
SG&A expenses	56.6	64.4	7.7	14%	
<b>Operating income</b>	<b>62.3</b>	<b>64.1</b>	<b>1.7</b>	<b>3%</b>	
Non-operating income	8.4	17.3	8.9	106%	
Non-operating expenses	8.0	17.2	9.1	113%	
<b>Ordinary income</b>	<b>62.7</b>	<b>64.2</b>	<b>1.5</b>	<b>2%</b>	
Extraordinary gain	1.5	16.0	14.4	907%	
Extraordinary loss	1.1	4.3	3.2	273%	
<b>Income before income taxes and others</b>	<b>63.1</b>	<b>75.9</b>	<b>12.8</b>	<b>20%</b>	
Income taxes	18.7	23.2	4.4	24%	
<b>Net income</b>	<b>44.4</b>	<b>52.7</b>	<b>8.3</b>	<b>19%</b>	
Owners of the parent(loss)	43.6	51.5	7.8	18%	
Non-controlling interests(loss)	0.7	1.2	0.4	57%	
EPS (yen)	1,073.34	1,267.44	194.10	18%	
<b>Comprehensive income</b>	<b>50.2</b>	<b>71.3</b>	<b>21.0</b>	<b>42%</b>	

Segment Information	Net sales			Segment income			Main Factors
	FY2021	FY2022	rate	FY2021	FY2022	rate	
Steel	1,008.1	1,262.1	25%	35.9	28.4	(21%)	(Steel business) Net sales increased. Transaction volume continued to be stable mainly in the domestic construction industry and steel prices remained at a high level due to the spread of increases in manufacturing cost were reflected in steel prices. On the other hand, segment income decreased due to purchase cost rose, profit margins shrunk mainly at some overseas sales subsidiaries and equity in earnings of affiliates from overseas investment decreased. (Primary metals business) Segment income increased. Price of the products such as nickel remained at a relatively high level. In addition, dividend income from strategic investments as well as equity in earnings of affiliates from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD. contributed to segment income increased. (Metal recycling business) Segment income increased. Transaction volume of various merchandises continued to be stable and purchase cost risings due to the depreciation of yen were reflected in the selling prices. In addition, appraisal gain from commodity forwards contracts in hedge transactions contributed to segment income increased. (Foods business) Segment income decreased. While demand for marine products expanded on a global scale, purchase cost risings due to the depreciation of yen were not sufficiently reflected in the selling prices. In addition, as import of crabs from Russia were banned in some countries including the U.S. and decline in crab market prices due to shrink of stay-at-home demand mainly in Europe and the America, appraisal loss on the products was reported by the Company and its consolidated subsidiaries, and as the result the segment income decreased. (Energy & Living Materials business) Segment income increased. Market prices of crude oil and petroleum products remained at a high level due to the crisis in Ukraine, income from the products such as bunker fuel oil increased. In addition, both transaction volume and unit prices of palm kernel shells (PKS) and wood pellet fuel rose due to a demand increase on a global scale contributed to segment income increased. (Overseas sales subsidiaries) Segment income increased. Transaction volume of steel increased in some countries, including Indonesia and Singapore.
Primary Metal	201.9	274.0	36%	7.2	13.9	92%	
Metal Recycling	131.5	147.1	12%	2.8	6.1	113%	
Foods	116.6	128.5	10%	3.0	(0.9)	—	
Energy& Living Materials	290.7	360.9	24%	6.7	11.5	71%	
Overseas sales subsidiaries	333.8	449.2	35%	6.7	7.2	8%	
Total for reportable segments	2,083.0	2,622.1	26%	62.6	66.4	6%	
Other	130.2	146.0	12%	3.7	3.0	(17%)	
<b>Total</b>	<b>2,213.3</b>	<b>2,768.1</b>	<b>25%</b>	<b>66.3</b>	<b>69.5</b>	<b>5%</b>	
Adjustment	(49.3)	(99.9)	103%	(3.6)	(5.2)	45%	
<b>Consolidated</b>	<b>2,164.0</b>	<b>2,668.2</b>	<b>23%</b>	<b>62.7</b>	<b>64.2</b>	<b>2%</b>	

Topics	Content
Jun.	Established Hanwa Daisun Co., Ltd. as a consolidated subsidiary of the Company.
Sep.	Established Hanwa Italia S.R.L. as a subsidiary of the Company.
Dec.	Acquired 90.2% of the shares of Tanaka Steel Trading Co., Ltd. and made it a consolidated subsidiary of the Company.
Mar.	Acquired the shares in Misawa Trading Co., Ltd., a subsidiary of Sumitomo Electric Industries, Ltd.

Financial Position	Mar. 2022	Mar. 2023	Comparison with Mar. 2022		Main Factors
			Change	rate	
<b>Total assets</b>	<b>1,715.3</b>	<b>1,157.7</b>	<b>(557.6)</b>	<b>(33%)</b>	(Overview) While we have conducted hedge transactions which involve valuation gains or losses attributable to counter parties based on contracts, accounts receivable-other and long-term guarantee deposits decreased due to decrease in the outstanding contract amount of the commodity forwards contracts, collection of accounts receivable-other and a fall in futures prices on the London Metal Exchange. In addition, the Company repaid part of short-term loan payable provided by financial institute. (Total Assets) Total assets decreased by 33% from the end of the previous fiscal year, mainly because of decreases in long-term guarantee deposits and accounts receivable-other. (Liabilities) Liabilities decreased by 42% from the end of the previous fiscal year, mainly because of decrease in short-term loans payable and commodity forwards contracts liabilities. As interest-bearing debt decreased by 47%, net debt-equity ratio was turned into 98% (*83%). (Net assets) Total net assets increased 28% 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 26.2% (*28.3%), which is 12.4 percentage points higher than at the end of the previous fiscal year. *Reflecting equity credit attributes of the subordinated loan
(Current assets)	1,272.0	928.7	(343.3)	(27%)	
(Fixed assets)	443.3	229.0	(214.3)	(48%)	
<b>Total liabilities</b>	<b>1,474.8</b>	<b>848.9</b>	<b>(625.9)</b>	<b>(42%)</b>	
(Interest-bearing debt)	722.9	380.9	(341.9)	(47%)	
(Net interest-bearing debt)	557.4	296.7	(260.6)	(47%)	
Net DER	235%/203*%	98%/83*%	(137pt)	(58%)	
<b>Total net assets</b>	<b>240.4</b>	<b>308.8</b>	<b>68.3</b>	<b>28%</b>	
(Equity capital)	222.0	270.8	48.7	22%	
(Valuation & translation adjustments)	15.0	32.2	17.2	114%	
(Non-controlling interests)	3.3	5.6	2.3	68%	
BPS (yen)	5,834.98	7,459.39	1,624.41	28%	
Shareholders' equity	237.1	303.1	66.0	28%	
Shareholders' equity ratio	13.8/15.3*%	26.2/28.3*%	12.4pt	89%	

Cash Flow	FY2021	FY2022	YoY		Main Factors
			Change	rate	
Cash flows from operating activities	(280.7)	284.2	564.9	—	(Operating cash flows) Due mainly to decrease in long-term guarantee deposits and accounts receivable-other.
Cash flows from investing activities	(14.9)	(6.5)	8.4	△56%	(Investment cash flows) Due mainly to purchase of tangible fixed assets and shares of subsidiaries resulting in change in scope of consolidation.
Cash flows from financing activities	406.8	(351.8)	(758.6)	—	(Financial cash flows) Due mainly to repayment of loans payable with collection of long-term guarantee deposits.
Cash and cash equivalents at end of period	165.0	84.1	(80.9)	△49%	



Forecast (Annual)	FY2022	FY2023 (estimated)	change
Net sales	2,668.2	2,700.0	1%
Operating income	64.1	60.0	△6%
Ordinary income	64.2	50.0	△22%
Net income attributable to owners of parent	51.5	36.0	△30%

Cash Dividends	FY2021	FY2022	FY2023 (estimated)
Interim (yen)	50.00	50.00	85.00
Year-end (yen)	50.00	80.00	85.00
Annual (yen)	100.00	130.00	170.00
Dividend payout ratio	9%	10%	19%