

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.

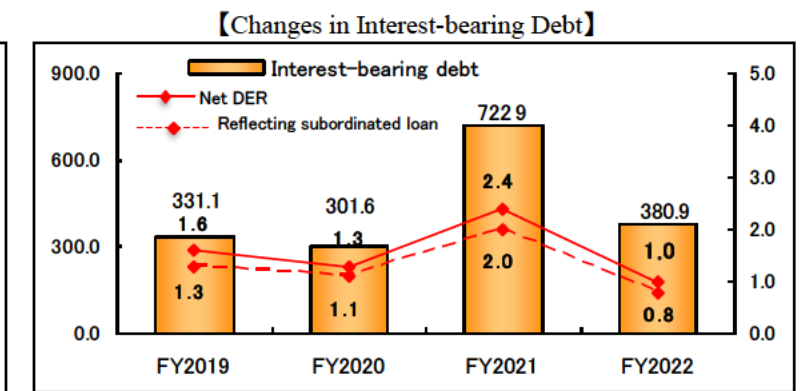
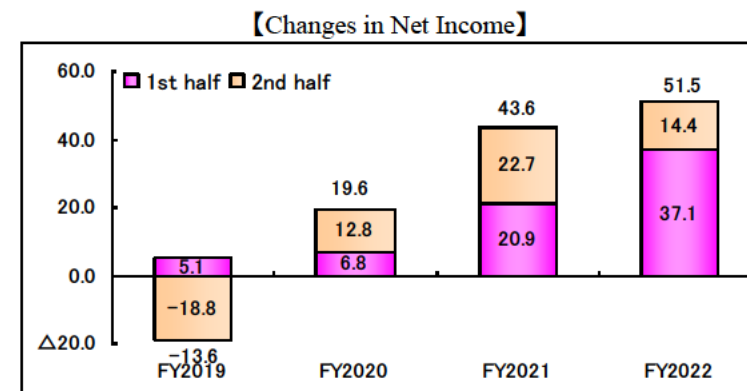
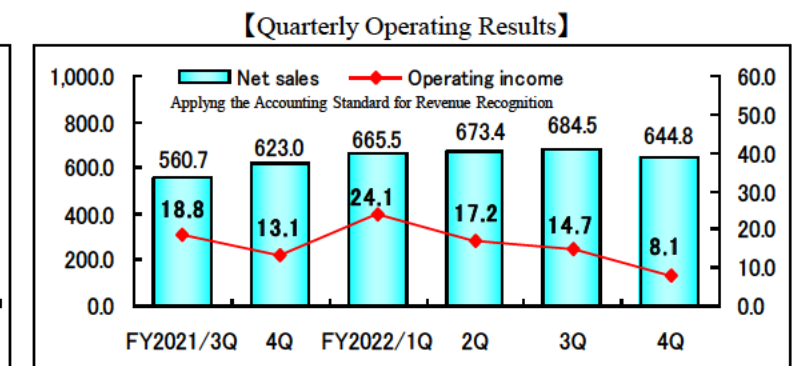
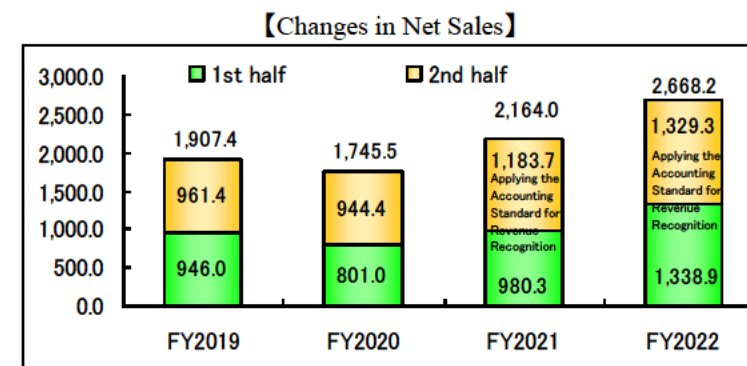
Operating Results	FY2021	FY2022	Year-on-year		Main Factors
			Change	rate	
Net sales	2,164.0	2,668.2	504.1	23%	(Net sales) Net sales increased by 23% YoY, to 2,668.2 billion yen, because as economic activities continued to be on the right track for recovery, price of the products represented by steel, 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
Gross profit	119.0	128.5	9.5	8%	
SG&A expenses	56.6	64.4	7.7	14%	
Operating income	62.3	64.1	1.7	3%	
Non-operating income	8.4	17.3	8.9	106%	
Non-operating expenses	8.0	17.2	9.1	113%	
Ordinary income	62.7	64.2	1.5	2%	
Extraordinary gain	1.5	16.0	14.4	907%	
Extraordinary loss	1.1	4.3	3.2	273%	
Income before income taxes and others	63.1	75.9	12.8	20%	
Income taxes	18.7	23.2	4.4	24%	
Net income	44.4	52.7	8.3	19%	
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%	
Comprehensive income	50.2	71.3	21.0	42%	

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%)	
Total	2,213.3	2,768.1	25%	66.3	69.5	5%	
Adjustment	(49.3)	(99.9)	103%	(3.6)	(5.2)	45%	
Consolidated	2,164.0	2,668.2	23%	62.7	64.2	2%	

- Topics**
- 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	
Total assets	1,715.3	1,157.7	(557.6)	(33%)	(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%)	
Total liabilities	1,474.8	848.9	(625.9)	(42%)	
(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%)	
Total net assets	240.4	308.8	68.3	28%	
(Equity capital) (Valuation & translation adjustments)	222.0	270.8	48.7	22%	
(Non-controlling interests)	15.0	32.2	17.2	114%	
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	rate
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)
Year-end (yen)	50.00	80.00	85.00
Annual (yen)	100.00	130.00	170.00
Dividend payout ratio	9%	10%	19%