

Highlights of Consolidated Financial Results for the 1st Quarter of FY2024

(Japan GAAP)

HANWA Co., Ltd.

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

Outline of Financial Results for the 1st Quarter of FY2024

- During the 1st quarter of this fiscal year, net sales increased by 2% YoY, to 618.4 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased. Operating income decreased by 19% YoY, to 13.1 billion yen, because prices of certain steel and non-ferrous metals were at lower levels on a year-on-year comparison, furthermore costs of transportation and labor increased, and ordinary income decreased by 23% YoY, to 12.3 billion yen, because foreign exchange loss increased notwithstanding the share of profit of entities accounted for using the equity method increased. Net income attributable to owners of the parent decreased by 20% YoY, to 9.2 billion yen.
- We plan to pay 210 yen as the annual (105 yen as the interim and 105 yen as the year-end) dividend.

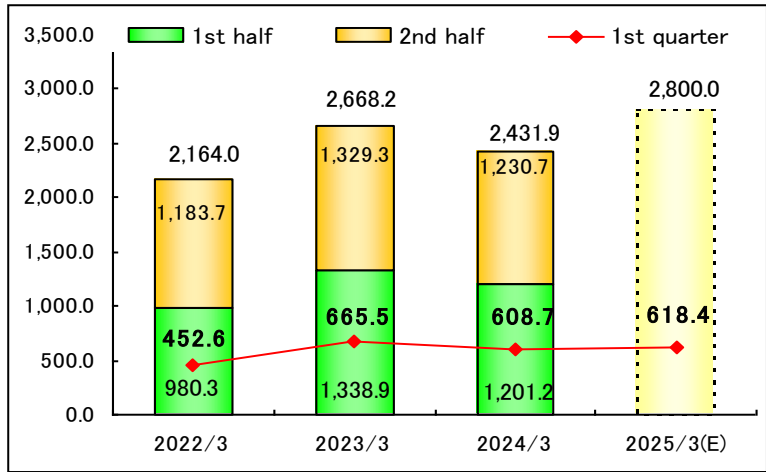
Operating Results	1Q of FY2023	1Q of FY2024	Y o Y		Main Factors
			Change	rate	
Net sales	608.7	618.4	9.7	2%	(Net sales) Net sales increased by 2% YoY, to 618.4 billion yen, because transaction volume mainly represented by Energy & Living Materials business and Metal Recycling business increased on a year-on-year comparison.
Gross profit	32.5	31.4	(1.0)	(3%)	
SG&A expenses	16.2	18.3	2.0	13%	
Operating income	16.2	13.1	(3.1)	(19%)	(SG&A expenses) SG&A expenses increased by 2 billion yen YoY, with 0.1 billion yen of this figure deriving from newly consolidated subsidiaries.
Non-operating income	3.2	3.4	0.1	5%	(Non-operating income/expenses) Non-operating income increased by 0.1 billion yen and non-operating expenses increased by 0.6 billion yen. The main impacts on ordinary income were as follows. Interest income : increase of 0.1 billion yen(YoY) Share of profit of entities accounted for using the equity method : increase of 0.3 billion yen(YoY) Foreign exchange loss : increase of 0.8 billion yen(YoY)
Non-operating expenses	3.5	4.2	0.6	19%	
Ordinary income	16.0	12.3	(3.6)	(23%)	(Extraordinary gain/loss) Gain on sales of investment securities : 1.1 billion yen Gain on sales of investments in capital of subsidiaries and associates : increase of 0.3 billion yen
Extraordinary gain	—	1.4	1.4	—	
Extraordinary loss	—	—	—	—	
Income before income taxes	16.0	13.7	(2.2)	(14%)	
Income taxes	4.5	4.4	(0.0)	(2%)	
Net income	11.4	9.3	(2.1)	(19%)	
Owners of the parent	11.4	9.2	(2.2)	(20%)	
Non-controlling interests	(0.0)	0.1	0.1	—	
EPS (yen)	282.81	227.66	(55.15)	(19%)	
Comprehensive income	13.1	13.6	0.5	4%	

Segment Information	Net sales			Segment income			Main Factors
	1Q of FY2023	1Q of FY2024	rate	1Q of FY2023	1Q of FY2024	rate	
Steel	307.8	293.9	(5%)	8.2	7.7	(6%)	(Steel) Net sales decreased, because transaction volume of steel sheets and wire products decreased. In addition, segment income decreased, due to increase of labor costs.
Primary Metal	53.8	45.8	(15%)	4.0	1.1	(71%)	
Metal Recycling	45.6	54.0	18%	1.1	0.7	(34%)	(Primary metal) Net sales decreased, because transaction volume mainly represented by nickel and ferro chrome decreased. In addition, segment income decreased, due to the result of lower market prices of various products and rising transportation cost.
Foods	28.7	29.3	2%	0.4	0.3	(21%)	(Metal recycling) Net sales increased, because transaction volume of gold ingots and copper scraps increased. On the other hand, segment income decreased due to the result of lower market prices of nickel compared to the same period of the previous fiscal year.
Energy & Living Materials	69.0	93.6	36%	1.3	1.4	11%	(Food) Net sales increased, because the market of foods represented by crab was high compared to the same period of the previous fiscal year. On the other hand, segment income decreased due to the purchase costs of various products arising attributed to the depreciation of the yen.
Overseas sales subsidiaries	86.7	97.5	12%	2.0	1.6	(19%)	(Energy & Living Materials) Net sales increased, because transaction volume of bunker oil products increased. In addition, segment income increased due to the transaction volume and sales price of urea products increased.
Total for reportable segments	591.9	614.3	4%	17.3	13.2	(24%)	(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.
Other	36.7	32.0	(13%)	1.5	0.9	(38%)	
Total	628.6	646.4	3%	18.9	14.1	(25%)	
Adjustment	(19.9)	(27.9)	41%	(2.9)	(1.8)	(38%)	
Consolidated	608.7	618.4	2%	16.0	12.3	(23%)	

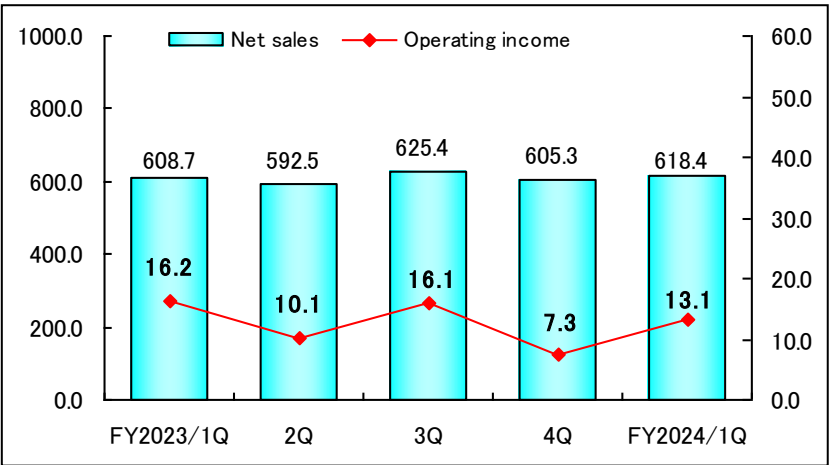
Topics	Apr	Established HANWA BUSSINESS PARTNERS LTD. as a subsidiary of the Company.
	May	PT. HANWA INDONESIA, a subsidiary of the Company, acquired 15% of the shares of PT GARUDA YAMATO STEEL.

Financial Position	Mar. 2024	Jun. 2024	Comparison with Mar. 2024		Main Factors
			Change	rate	
Total assets	1,166.9	1,177.4	10.4	1%	(Total Assets) Total assets increased by 0.9% from the end of the previous fiscal year, mainly because inventries and investment securities increased.
(Current assets)	917.1	914.9	(2.1)	(0%)	
(Fixed assets)	249.8	262.4	12.5	5%	(Liabilities) Liabilities increased by 0.3% from the end of the previous fiscal year, mainly because of increase of short-term loans payable, as well as issuance of commercial paper. As interest-bearing debt increased by 5%, net debt-equity ratio was turned into 86% (*74%).
Total liabilities	810.2	812.8	2.6	0%	
(Interest-bearing debt)	365.4	382.8	17.4	5%	
(Net interest-bearing debt)	288.9	310.9	21.9	8%	(Net assets) Total net assets increased 2% 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. Equity ratio was 30.5% (*32.6%), which is 0.4 percentage points higher than at the end of the previous fiscal year.
Net DER	82%/70*%	86%/74*%	4pt	5%	
Total net assets	356.7	364.5	7.7	2%	*Reflecting equity credit attributes of the subordinated loan
(Shareholders' equity)	304.2	307.5	3.2	1%	
(Accumulated Other Comprehensive Income)	46.9	51.0	4.1	9%	
(Non-controlling interests)	5.5	5.9	0.3	6%	
BPS (yen)	8,636.03	8,885.01	248.98	3%	
Equity capital	351.2	358.5	7.3	2%	
Equity ratio	30.1/32.2*%	30.5/32.6*%	0.4pt	1%	

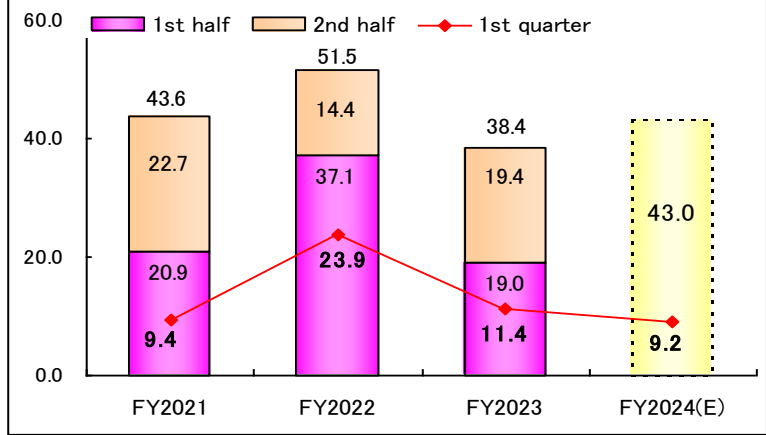
【Changes in Net Sales】



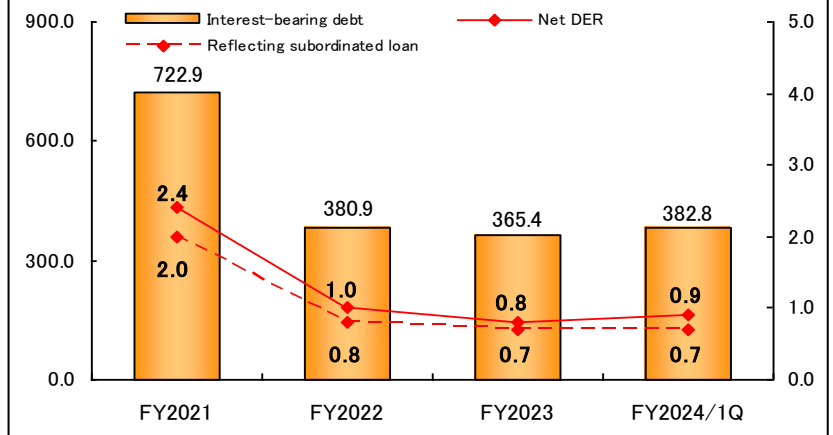
【Quarterly Operating Results】



【Changes in Net Income】



【Changes in Interest-bearing Debt】



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 the parent	38.4	43.0	12%	DOE *	—	2.7%	2.8%

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