

Highlights of Consolidated Financial Results for the Three Months ended June 30, FY2025

(Japan GAAP)

HANWA Co., Ltd.

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

Outline of Financial Results for the Three Months ended June 30, FY2025

- During the three months of this consolidated fiscal year, net sales increased by 3% YoY, to 639.8 billion yen, because transaction volume mainly represented by Metal Recycling business and Overseas Sales Subsidiaries increased. Operating profit increased by 11% YoY, to 14.5 billion yen, because the profitability of Steel business and Energy & Living Materials business recovered, and ordinary profit increased by 13% YoY, to 14.0 billion yen. Net profit attributable to owners of the parent increased by 8% YoY, to 9.9 billion yen
- We plan to pay 250 yen as the annual (125 yen as the interim and 125 yen as the year-end) dividend.

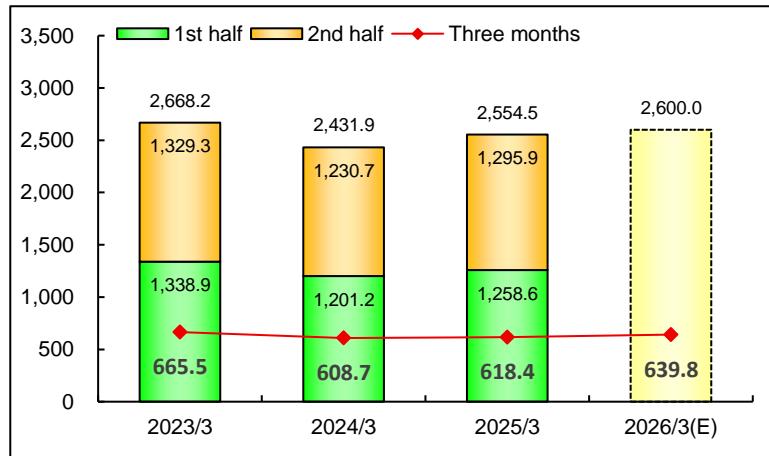
Operating Results	Three months ended Jun. FY2024	Three months ended Jun. FY2025	Y o Y		Main Factors
			Change	Rate	
Net sales	618.4	639.8	21.4	3%	(Net sales) Net sales increased by 3% YoY, to 639.8 billion yen, because transaction volume mainly represented by Metal Recycling business and Overseas Sales Subsidiaries increased.
Gross profit	31.4	34.1	2.7	9%	
SG&A expenses	18.3	19.5	1.2	7%	(SG&A expenses) SG&A expenses increased by 1.2 billion yen YoY, with 0.3 billion yen of this figure deriving from newly consolidated subsidiaries. Cost of labor increased by 0.5 billion yen YoY, with 0.1 billion yen of this figure deriving from newly consolidated subsidiaries.
Operating profit	13.1	14.5	1.4	11%	
Non-operating income	3.4	2.9	(0.4)	(13%)	(Non-operating income/expenses) Non-operating income decreased by 0.4 billion yen and non-operating expenses decreased by 0.6 billion yen. The main impacts on ordinary profit were as follows. Foreign exchange gains : increased by 1.3 billion yen YoY Interest expenses : decreased by 0.3 billion yen YoY Share of loss of entities accounted for using equity method : increased by 1.8 billion yen YoY
Non-operating expenses	4.2	3.5	(0.6)	(16%)	
Ordinary profit	12.3	14.0	1.6	13%	(Extraordinary income/losses) Gain on sale of investment securities : decreased by 1.1 billion yen YoY Gain on sale of investments in capital of subsidiaries and associates : decreased by 0.3 billion yen YoY Loss on sale of investment securities : 0.1 billion yen YoY
Extraordinary income	1.4	—	(1.4)	—	
Extraordinary losses	—	1.0	1.0	—	
Profit before income taxes	13.7	13.8	0.0	0%	
Income taxes	4.4	4.2	(0.1)	(4%)	
Profit	9.3	9.5	0.2	2%	
Owners of the parent	9.2	9.9	0.7	8%	
Non-controlling interests	0.1	(0.4)	(0.5)	—	
EPS (yen)	227.66	247.90	20.24	9%	
Comprehensive income	13.6	3.1	(10.5)	(77%)	

Segment Information	Net sales			Segment profit			Main Factors
	Three months ended Jun. FY2024	Three months ended Jun. FY2025	Rate	Three months ended Jun. FY2024	Three months ended Jun. FY2025	Rate	
Steel	293.9	270.0	(8%)	7.7	9.7	26%	(Steel) Net sales decreased, because transaction volume and prices of steel products decreased. On the other hand, segment profit increased, because business in the construction sector remained steady and profitability improved in some overseas subsidiaries.
Primary Metal	45.8	55.1	20%	1.1	(0.5)	—	
Metal Recycling	54.0	64.0	18%	0.7	(0.0)	—	(Primary Metal) Net sales increased, because of the increase of transaction volume of stainless products and the steady sales of auxiliary materials. On the other hand, segment profit decreased, due to share of loss of entities accounted for using equity method from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD.
Foods	29.3	35.6	22%	0.3	0.9	151%	
Energy & Living Materials	93.6	93.6	0%	1.4	2.4	68%	(Metal Recycling) Net sales increased, because transaction volume of lead ores increased. On the other hand, segment profit decreased due to the result of decline in market prices of aluminum and nickel.
Overseas Sales Subsidiaries	97.5	118.4	21%	1.6	1.8	13%	
Total for reportable segments	614.3	636.9	4%	13.2	14.3	9%	(Foods) Net sales and segment profit increased because of the sales growth to food service industry in an US subsidiary and the contribution from the newly included subsidiary.
Other	32.0	31.2	(2%)	0.9	0.6	(33%)	
Total	646.4	668.2	3%	14.1	15.0	6%	(Energy & Living Materials) Although oil market prices declined, net sales and segment profit increased, because of the steady sales of wood pellets and the improve of profitability in some subsidiaries.
Adjustment	(27.9)	(28.3)	1%	(1.8)	(1.0)	(45%)	
Consolidated	618.4	639.8	3%	12.3	14.0	13%	(Overseas Sales Subsidiaries) Net sales and segment profit increased, because of the increase of scrap transaction in Southeast Asia and the contribution from the newly consolidated subsidiaries.

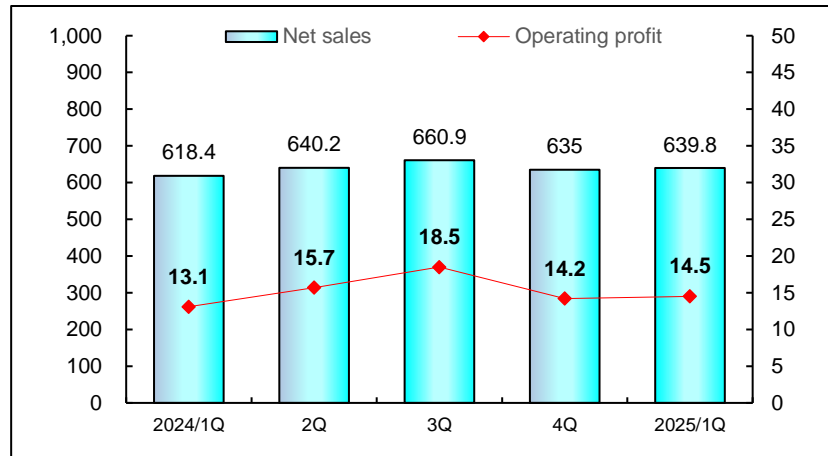
Topics	<ul style="list-style-type: none"> Apr Acquired 100% of the shares of KANEMATSU TRADING CORP. and made it as a subsidiary of the Company. Also, made 4 subsidiaries (KYOWA STEEL CO., LTD., EIWA METAL CO., LTD., KENKOSHA CO., LTD., KYOWA UNYU INC.) of this company as subsidiaries of the Company.
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Financial Position	Mar. 2025	Jun. 2025	Comparison with Mar. 2025		Main Factors
			Change	Rate	
Total assets	1,165.8	1,141.7	(24.0)	(2%)	(Total Assets) Total assets decreased by 2% from the end of the previous fiscal year, mainly because of the decrease in inventories and trade receivables.
(Current assets)	903.7	883.0	(20.6)	(2%)	
(Fixed assets)	262.1	258.6	(3.4)	(1%)	(Liabilities) Liabilities decreased by 3% from the end of the previous fiscal year, mainly because of the decrease in trade payables and tax payables. As interest-bearing debt decreased by 0.1%, net debt-equity ratio was turned into 81% (*70%).
Total liabilities	776.3	754.2	(22.0)	(3%)	
(Interest-bearing debt)	382.3	382.0	(0.3)	(0%)	(Net assets) Net assets decreased by 0.5% to 387.4 billion yen from the end of the previous fiscal year because of the fluctuation in foreign currency translation adjustments and the acquisition of treasury stock, although retained earnings from net profit attributable to owners of parent accumulated. Shareholders' equity ratio rose to 33.4% (*35.6%), from 32.9% (*35.0%) at the end of the previous fiscal year.
(Net interest-bearing debt)	317.0	307.5	(9.4)	(3%)	
Net DER	83%/72*%	81%/70*%	(2pt)	(3%)	*Reflecting equity credit attributes of the subordinated loan
Total net assets	389.4	387.4	(2.0)	(1%)	
(Shareholders' equity)	339.6	344.1	4.4	1%	
(Accumulated other comprehensive income)	43.3	37.2	(6.0)	(14%)	
(Non-controlling interests)	6.4	6.0	(0.4)	(6%)	
BPS (yen)	9,485.64	9,504.05	18.41	0%	
Equity capital	383.0	381.4	(1.6)	(0%)	
Equity ratio	32.9/35.0*%	33.4/35.6*%	0.6pt	2%	

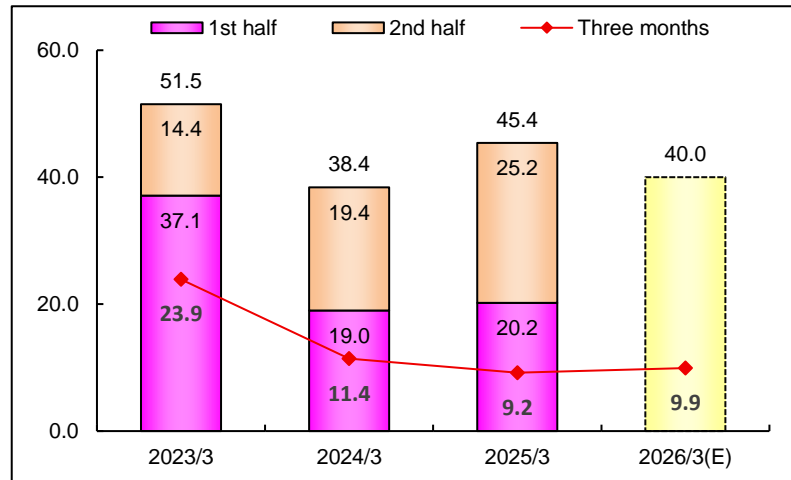
【Changes in Net Sales】



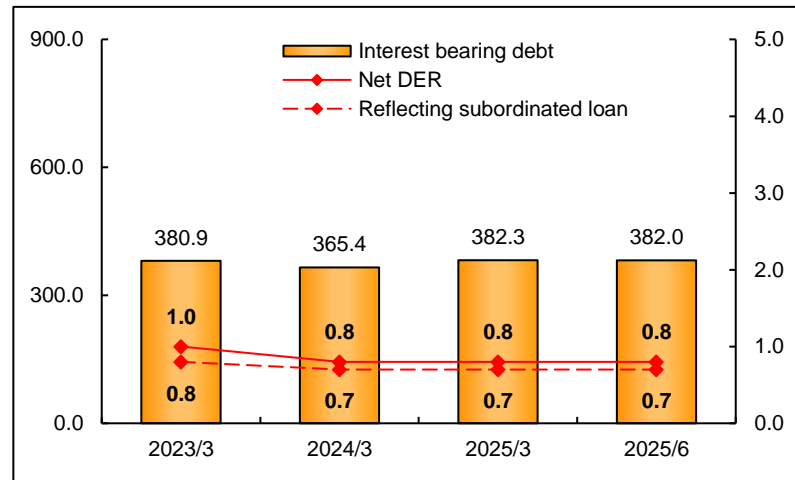
【Quarterly Operating Results】



【Changes in Profit Attributable to Owners of the Parent】



【Changes in Interest-bearing Debt】



Forecast (Annual)	FY2024	FY2025 (Estimated)		Cash Dividends	FY2023	FY2024	FY2025 (Estimated)
			Change				
Net sales	2,554.5	2,600.0	2%	Interim (yen)	85.00	105.00	125.00
Operating profit	61.5	55.0	(11%)	Year-end (yen)	100.00	120.00	125.00
Ordinary profit	59.7	55.0	(8%)	Annual (yen)	185.00	225.00	250.00
Profit attributable to owners of the parent	45.4	40.0	(12%)	DOE *	2.7%	3.0%	3.0%

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