

# Outline of Financial Results

## for the Fiscal Year ended March 31, 2025

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May 2025  
HANWA CO., LTD.

- 1. Summary of Financial Results**
- 2. Progress in Medium-Term Business Plan 2025**
- 3. Action to Implement Management that is Conscious of Cost of Capital and Stock Price**
- 4. Details by Business Segment**

# 1. Summary of Financial Results

# Summary of Consolidated Financial Results

- Ordinary income for FY2024 was 59.7 bil. yen, 99.6% of the forecast of 60 bil. Yen.
- For FY2025, we forecast net sales of 2,600 bil. yen (up 2% from FY2024) and ordinary income of 55 bil. yen (down 8% from FY2024).

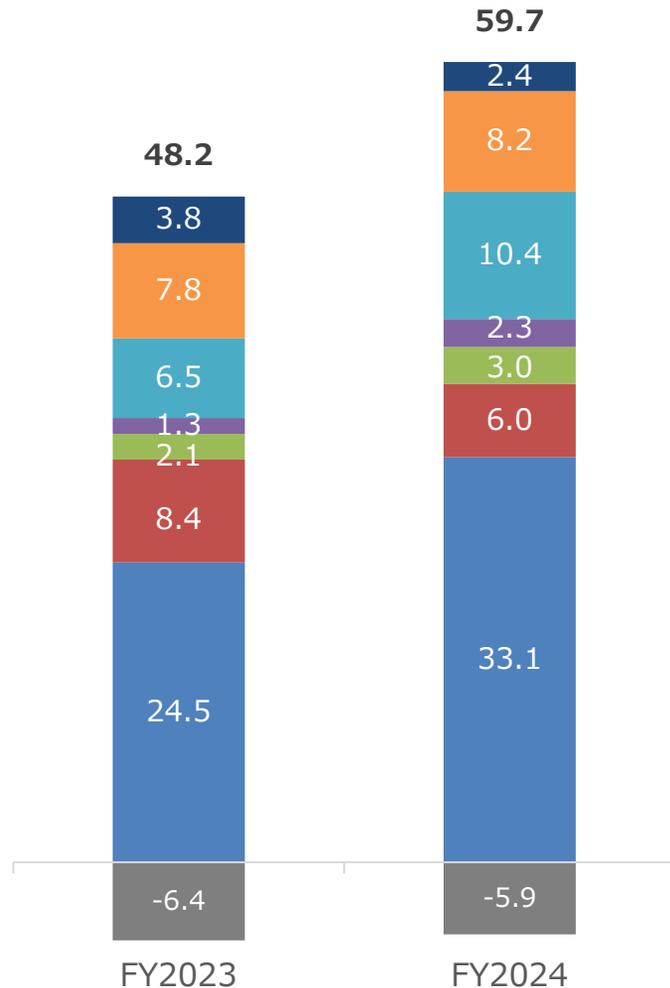
(billions of yen)	FY2023 Results	FY2024 Results	Y on Y change (Rate)	FY2024 Forecast	Rate	FY2025 Forecast
Net Sales	2,431.9	2,554.5	+122.5 (+5%)	2,800	91%	2,600
Gross Profit	119.8	140.6	20.7 (+17%)	—	—	—
Operating Income	49.7	61.5	11.8 (+24%)	61	101%	55
Ordinary Income	48.2	59.7	11.4 (+24%)	60	99.6%	55
Net Income Attributable to Owners of the Company	38.4	45.4	7.0 (+18%)	43	106%	40
Consolidated Steel Transaction Volume (million metric tons) *1	13.48	13.49	0.01 (+0.1%)	—	—	—

\*1 Consolidated Transaction volume is the simple sum of the weight of steel handled by the Company and its consolidated subsidiaries.

# Segment Information (Consolidated)

(billions of yen)

## Ordinary Income by Segment



Business Segment	FY2023	FY2024	Y on Y Change (Y on Y Rate)
Steel	24.5	33.1	+8.5 (+35%)
Primary Metal	8.4	6.0	-2.3 (-28%)
Metal Recycling	2.1	3.0	+0.9 (+43%)
Foods	1.3	2.3	+0.9 (+73%)
Energy & Living Materials	6.5	10.4	+3.8 (+59%)
Overseas Sales Subsidiaries	7.8	8.2	+0.4 (+6%)
Other	3.8	2.4	-1.4 (-38%)
Adjustment	-6.4	-5.9	+0.4 -
<b>Total</b>	<b>48.2</b>	<b>59.7</b>	<b>+11.4 (+24%)</b>

Main Factors
Despite a decrease in transaction volume, profits increased due to business in the highly profitable domestic construction sector remained strong and profitability improved in some overseas subsidiaries
Incomes were pushed down by a decrease in transaction volume of various products and lower market prices for nickel, while profits were pushed down by a decrease in earnings from SAMANCOR.
Sales increased due to increased transaction volume of aluminum scraps, while steady market prices of copper and aluminum pushed up profits.
Despite flat transaction volume, higher market prices of food, particularly for crab, pushed up both sales and profits.
Sales and profits rose due to an increase in transaction volume of bunker oil products, as well as increased transaction volume and higher unit prices in chemical products.
New transactions in China, scrap transaction expansion in Southeast Asia and new consolidated subsidiaries pushed up both sales and profits.
Housing Materials: Sales and profits declined due to falling lumber prices. Machinery: Despite new consolidated subsidiary pushed up sales, profits declined due to a decrease of large projects.

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

# Quarterly Ordinary Income by Segment

(billions of yen)

Business Segment	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	YTD	
Steel	8.2	4.7	9.0	2.4	24.5	7.7	6.4	9.4	9.4	33.1	8.5
Primary Metal	4.0	2.6	-0.2	2.0	8.4	1.1	2.2	-0.4	3.0	6.0	-2.3
Metal Recycling	1.1	0.1	0.3	0.4	2.1	0.7	0.7	1.4	0.1	3.0	0.9
Foods	0.4	-0.6	1.2	0.2	1.3	0.3	0.4	1.4	0.0	2.3	0.9
Energy & Living Materials	1.3	0.1	3.6	1.4	6.5	1.4	3.6	2.4	2.7	10.4	3.8
Overseas Sales Subsidiaries	2.0	2.4	2.0	1.2	7.8	1.6	2.0	2.5	2.0	8.2	0.4
Other	1.5	0.4	0.6	1.2	3.8	0.9	0.1	0.4	0.8	2.4	-1.4
Adjustment	-2.9	1.4	-1.2	-3.6	-6.4	-1.8	0.1	-2.3	-1.9	-5.9	0.4
<b>Total</b>	<b>16.0</b>	<b>11.4</b>	<b>15.4</b>	<b>5.3</b>	<b>48.2</b>	<b>12.3</b>	<b>15.7</b>	<b>15.0</b>	<b>16.5</b>	<b>59.7</b>	<b>11.4</b>

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

# FY2024 Segment Ordinary Income compared to Forecast

(billions of yen)

Business Segments	FY2024 Forecast	FY2024 Results	Rate	Main Factors
Steel	31.5	33.1	105%	Achieved due to the steady performance of the domestic construction sector.
Primary Metal	5.0	6.0	120%	Achieved due to the improved performance of equity-method investments.
Metal Recycling	4.0	3.0	75%	Despite the stable market, transaction volumes stagnated towards the end of the fiscal year resulting in an unachievement.
Foods	2.5	2.3	92%	Almost achieved as expectations due to the stable performance of business for mass retailers.
Energy & Living Materials	11.0	10.4	95%	Despite the continued challenging environment for profit margins in petroleum products, biomass fuel transactions have remained steady, almost achieved as expectations.
Overseas Sales Subsidiaries	8.5	8.2	96%	Almost achieved as expectations due to the steady performance of certain equity-method affiliates related to steel.
Other	2.5	2.4	96%	Almost achieved as expectations due to the steady performance of the machinery business.
Adjustment	-5.0	-5.9	—	
Total	60.0	59.7	99.6%	

# FY2025 Segment Ordinary Income Forecast

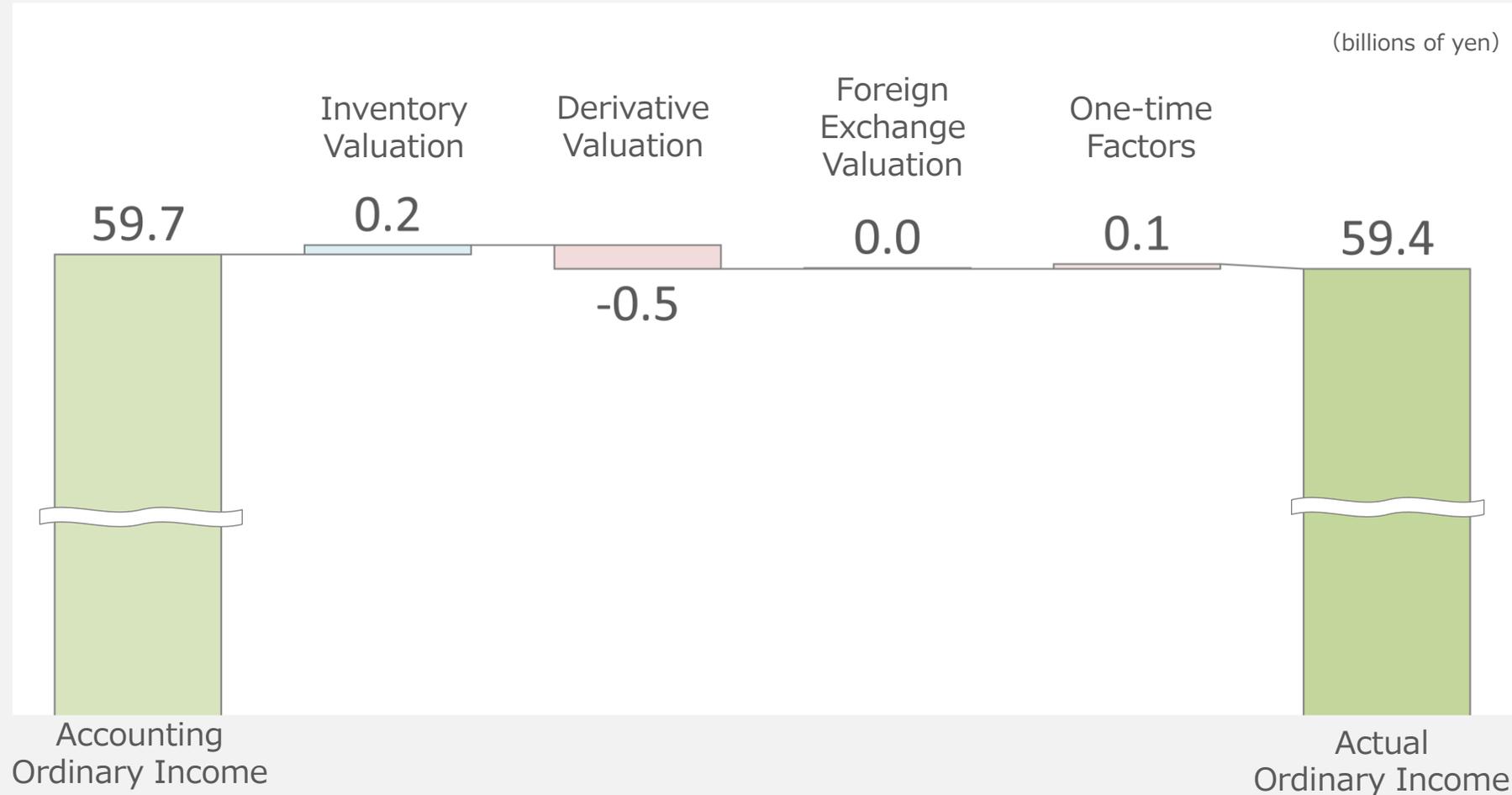
(billions of yen)

Business Segments	FY2024 Results	FY2025 Forecast	Y on Y Change (Y on Y Rate)	Main Factors
Steel	33.1	29.0	-4.1 (-12%)	Profits of the domestic construction sector are expected to decrease compared to the previous fiscal year.
Primary Metal	6.0	3.5	-2.5 (-42%)	Due to a decrease in demand for various metals, including ferroalloys, and the deterioration of equity-method affiliates, profits are expected to decrease compared to the previous fiscal year.
Metal Recycling	3.0	3.5	+0.4 (+13%)	The transaction volumes of various metal scraps are expected to remain steady.
Foods	2.3	3.0	+0.6 (+30%)	The contribution of new consolidated subsidiaries is expected to increase profits.
Energy & Living Materials	10.4	12.0	+1.5 (+15%)	In addition to expecting increased profits from petroleum product transactions, biomass fuel transactions are also expected to remain steady.
Overseas Sales Subsidiaries	8.2	7.5	-0.7 (-9%)	Due to the impact of US tariffs, profits of certain subsidiaries are expected to decrease.
Other	2.4	2.5	+0.0 (+4%)	Profits of Machinery business are expected to remain steady.
Adjustment	-5.9	-6.0	-0.0	
<b>Total</b>	<b>59.7</b>	<b>55.0</b>	<b>-4.7</b> <b>(-8%)</b>	

# Impacts of Market Value Accounting & One-Time Factors On Profits/Losses

- Actual ordinary income\* was 59.4 bil. yen, while accounting ordinary income was 59.7 bil. yen.

\*The effects of inventory, derivative valuation, foreign exchange valuation at the end of the period, and one-time factors are deducted from the Accounting Ordinary Income. Our analysis of foreign exchange valuations has been improved due to upgrades of our core system. Consequently, we have adjusted the scope of foreign exchange valuations from the second quarter FY2024. Please refer to page 40 for a breakdown by business segment.



# Financial Position (Consolidated)

(billions of yen)

	Mar. 2024	Mar. 2025	Change (Rate)	Main Factors
Total Assets	1,166.9	1,165.8	-1.1 (-0%)	Decreased due to a decrease in trade receivables and cash.
Shareholder's Equity	304.2	339.6	+35.4 (+12%)	Increased due to factors such as accumulation of retained earnings and fluctuations in foreign currency translation adjustments.
Owner's Equity	351.2	383.0	+31.8 (+9%)	
Owner's equity ratio (taking account of hybrid loan)	30.1% (32.2%)	32.9% (35.0%)	+2.8pt	
Interest-bearing Debt	365.4	382.3	+16.8 (+5%)	Increased due to factors such as an increase in bonds and short-term borrowings.
Net Interest-bearing Debt	288.9	317.0	+28.0 (+10%)	
Net DER (taking account of hybrid loan)	82% (70%)	83% (72%)	+1pt	

## 2. Progress in Medium-Term Business Plan 2025

# Progress of Quantitative Targets

## Progress in FY2024

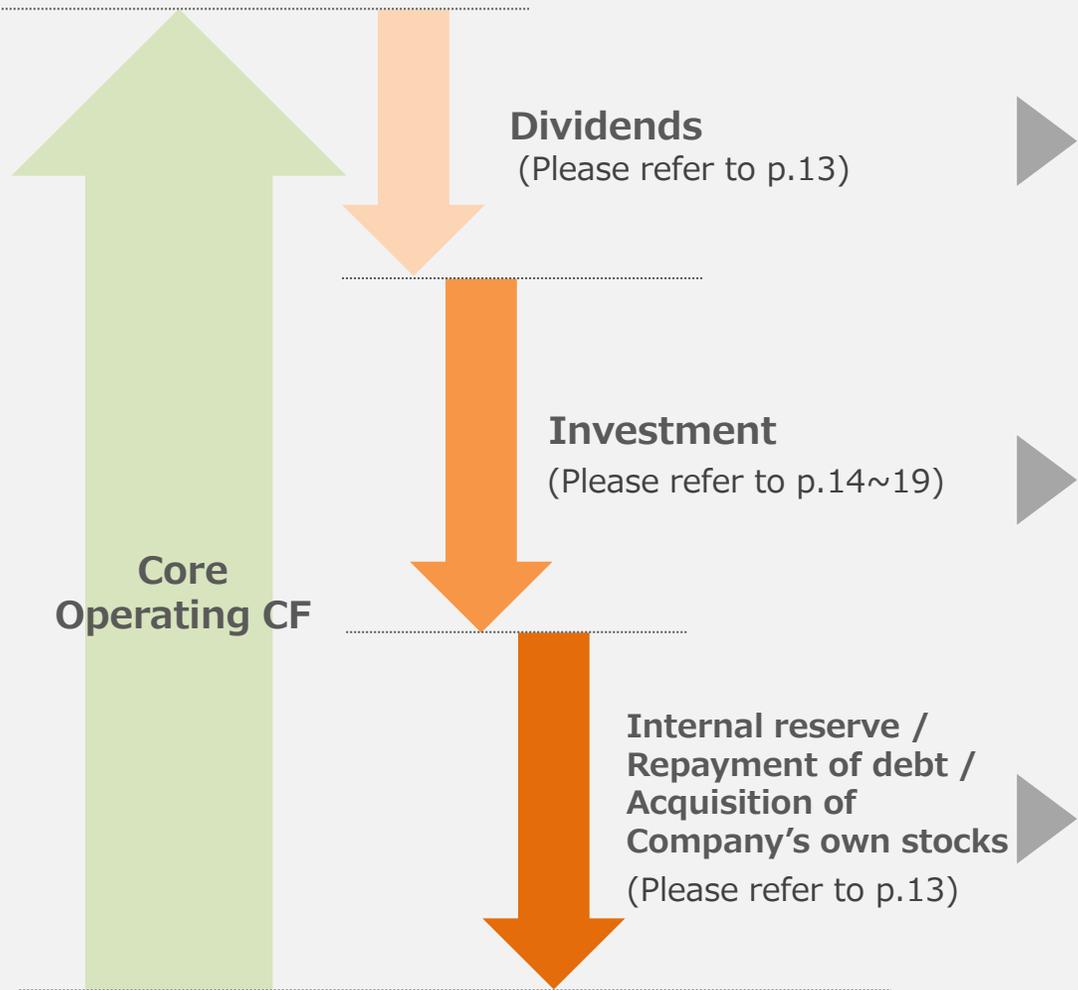
- Despite the external environment of domestic steel frame demand, global steel and metal market downturns, profits of Steel segment and Energy & Living Materials segment remained steady, the target levels for ordinary income and ROE maintained.
- By emphasizing financial discipline and managing the profitability and efficiency of business assets, Net DER maintained a level of 83%.

## Targets in FY2025

- Due to the continuing of uncertain economic environment, including the expansion of protectionist trade policies by the United States, the prolonged downturn in China's real estate sector, and the issue of excess steel production capacity, ordinary profit for FY2025 is expected to be 55 bil. yen.

Quantitative Targets	FY2023 Results	FY2024			FY2025 Targets
		Targets	Results	Progress	
<u>Ordinary Income</u>	48.2 bil. yen	60.0 bil. yen	59.7 bil. yen	99.6%	70.0 bil.yen
<u>Global Steel Transaction Volume</u>	13.48 mil. tons	—	13.49 mil. tons	—	17.00 mil. tons
<u>Investment and Lending Capacity</u>	15.6 bil. yen	—	32.1 bil. Yen	—	-
(Cumulative Investment and Lending Capacity)	15.6 bil. yen	—	48.7 bil. Yen	—	80.0 bil. yen
<u>Return on Equity (ROE)</u>	13.4%	more than 12%	14.1%	Achieved	more than 12.0%
<u>Net DER</u>	82%	less than 100%	83%	Achieved	less than 100%

From Medium-Term Business Plan 2025



(1) Implement foreseeable and stable dividends that are less likely to be affected by performance in a single fiscal year

**Dividend on equity ratio (DOE)\*: Minimum 2.5%**

\* Dividend on equity ratio (DOE) = Total Dividends / Term-beginning Shareholders' Equity

(2) Conduct growth investments within consolidated core operating CF (after dividends) to maintain and improve financial discipline

**Investment amount = 80.0 bil. yen**

\*Consolidated core operating CF =  
Consolidated CF from Operating Activities - Changes in Working Capital

(3) Remaining conscious of capital cost and financial discipline, conduct thorough management of profitability and efficiency of business assets  
Acquire treasury stock in a timely and flexible manner

**ROE\* 12.0% or more (ROE>Cost of equity)**  
**Net DER 100% or less**

\*ROE = Profit Attributable to Owners of the Parent / Average Shareholders' Equity at Term beginning and end

# Shareholder returns

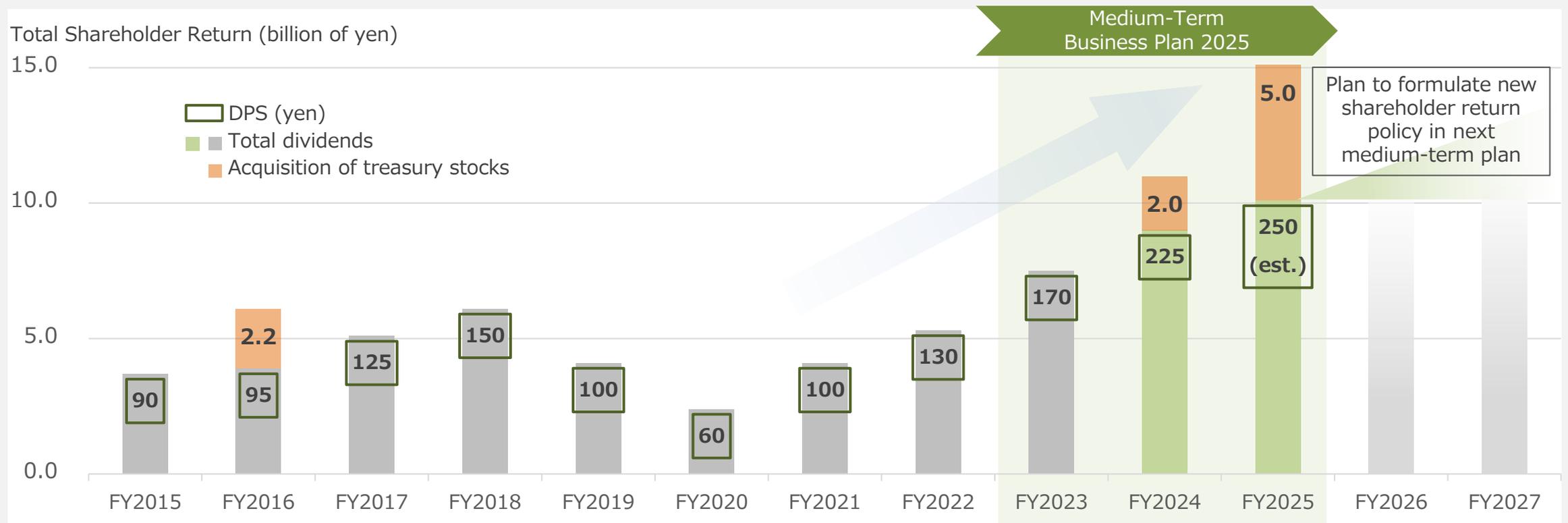
## ■ Shareholder Return Policy in Medium-Term Business Plan 2025

Pay stable and progressive dividends (minimum dividend level of 2.5% DOE) with the aim of increasing dividends over the medium to long term and conduct flexible additional returns such as acquisition of the Company's own shares, etc..

## ■ Shareholder returns in FY2024 and FY2025

FY 2024: Annual dividend per share increased by 15 yen from 210 yen to **225 yen** (interim 105 yen / year-end 120 yen, 3.0% of DOE) and 2 bil. yen for acquisition of the company's own shares conducted (completed in May 2024) based on the basic operating cash flow and additional profit cash flow from the sale of strategic shareholdings.

FY 2025: Annual dividend per share expected to be **250 yen** (interim 125 yen / year-end 125 yen, expected 3.0% of DOE), and **5 bil. yen for acquisition of the company's own shares**.



\*DOE = Total Dividends / Term-beginning Shareholders' Equity

# Main Areas and Themes of Investments

From Outline of Financial Results for the Fiscal Year ended March 31, 2024

**Hanwa 2030**

## Medium-Term Business Plan 2025

**80 bil. yen** for investment in the following theme

### Focused Areas

-Driving Growth-

### Key Investment Themes

#### Environmentally Resources

Metal Recycling, Energy & Living Materials, Steel

Establish sustainable supply chains for biomass and recycled fuels  
Rebuild supply chains for recycled resources such as RPF and tire chips

#### Secondary Battery

Primary Metal

Establish stable supply chains for metals used in batteries

#### High-value-added Processed Products

Steel, Foods

Establish a supply chain for high-value-added processed products

#### Local Business (Overseas)

Overseas Sales Subsidiaries

Strategic alliances with competitive manufacturers outside Japan

### Foundation Area

- Generating Cash -

### Key Investment Themes

#### Existing Business in Japan

Steel, Primary Metal, Metal Recycling, Foods, Energy & Living Materials, Other

Strengthen and streamline our domestic supply chains

From a Steel Trading Company to a **Supply Chain Creation Company**

Connecting all the “want”, in turn contributing to realize a sustainable society

Growth

Cash Injection

Business Stabilization

Stability

\* These are investment plans for 2023-2025 and are subject to change.

# Investments Updates

Segments	Amount FY2024	Major Projects	Mid-Term Business Plan 2025 (Target: Total of 80bil. Yen)
Steel	4.5 bil. yen	Establishment of new factories at overseas coil center subsidiaries etc.	14.8 bil. yen
Primary Metal	2.2 bil. yen	Investment in PMB TECHNOLOGY BERHAD etc.	2.3 bil. yen
Metal Recycling	0.9 bil. yen	Capacity expansion of domestic consolidated subsidiaries etc.	1.4 bil. yen
Foods	1.6 bil. yen	Incorporation of Marugo Fukuyama Suisan Co., Ltd. into the group etc.	1.7 bil. yen
Energy & Living Materials	0.5 bil. yen	Capacity expansion of domestic consolidated subsidiaries etc.	2.1 bil. yen
Overseas Sales Subsidiaries	12.9 bil. yen	Joint investment with Yamato Kogyo Group in Indonesia etc. Investment in GREEN ESTEEL PTE. LTD etc.	13.8 bil. yen
Other	4.6 bil. yen	Acquisition of 100% of shares in Shinx Corporation etc.	5.3 bil. yen
Whole Company	4.5 bil. yen	Construction/enhancement of new core system, acquisition of new land etc.	6.1 bil. yen
<b>Total Amount</b>	<b>32.1 bil. yen</b>		<b>Cumulative Total 47.8 bil. yen</b>
<span style="color: #4CAF50;">■</span> Environmentally Responsible Resources <span style="color: #E91E63;">■</span> Secondary Battery <span style="color: #009688;">■</span> High-Value-added processed products <span style="color: #4CAF50;">■</span> Local business(Overseas) <span style="color: #9E9E9E;">■</span> Existing Business in Japan			<b>Progress 59.8%</b>

## Investment in an EF Steelmaker in Indonesia (PT GARUDA YAMATO STEEL)



PT Hanwa Indonesia **has acquired a 15% stake** in PT GARUDA YAMATO STEEL, formerly known as PT NUSANTARA BAJA PROFIL, a structural steel manufacturer in Indonesia, **making it an equity-method affiliate.**

In cooperation with the Yamato Kogyo Group, which operates EF steel manufacturing businesses worldwide, we are promoting **the expansion of locally produced/consumed business** in Indonesia.

Investment Form	: Equity-method affiliate of PT. Hanwa Indonesia(15%)
Closing Date	: May, 2024
Business	: Manufacturing and sales of steel products
Capacity	: Steelmaking 1 mil. mt/year, Rolling 0.9 mil. mt/year



The factory



Rolling

## Investment in GREEN ESTEEL PTE. LTD.



Hanwa Singapore has subscribed for new shares issued by GREEN ESTEEL PTE (ESTEEL). ESTEEL has announced the construction of a new plant in East Malaysia with an annual production capacity of 2.5 million tonnes of reduced iron (HBI: Hot Briquetted Iron) and **Hanwa has acquired the sales rights for HBI produced by the ESTEEL Group** and will sell it to Japan and other countries.

The use of HBI significantly reduces CO2 emissions compared to conventional blast furnace steelmaking. We believe that strengthening our relationship with ESTEEL will **further accelerate our cold ferrous feed business towards decarbonization in the steel industry.**

Investment Form	: Invest by Hanwa Singapore Pte. Ltd.
Business	: Holding company related to Steel and Metals



The HBI producing Shaft



HBI products

## Investment in PMB TECHNOLOGY BERHAD

Hanwa acquired 24 million shares in PMB Technology Berhad (PMB), listed on the Main Market of Bursa Malaysia Securities Berhad. This investment **secured exclusive sales rights for PMB's Silicon's products across key markets, including Japan, South Korea, Vietnam, Thailand, the Philippines, Indonesia and Malaysia as well as Japan-affiliated companies globally.**

Additionally, Hanwa has partnered with Keiwa Fine Materials Co., Ltd. And established HK Fine Material Sdn. Bhd. in Malaysia. This new venture will focus on **processing silicon metal sourced from PMB Silicon, which serves as a critical and traceable raw material for the semiconductor and solar cell industries.**

Investment Form : Partial Investment(24 million shares)  
Hanwa Co., Ltd.(80%) established a JV (HK FINE MATERIAL SDN. BHD.) with Keiwa Fine Material Co., Ltd.



The factory of PMB SILICON SDN. BHD.

## Incorporation of Marugo Fukuyama Suisan Co., Ltd. into the Group

Hanwa has acquired 80% of the shares in Marugo Fukuyama Suisan Co., Ltd., a seafood processing company based in Hokkaido, thereby incorporating it into Hanwa group.

The company primarily processes and sells frozen seafood, such as scallops, caught in northern Hokkaido. We expect synergistic effects across our entire food division **by enhancing the processing capabilities, which are a strength of our existing food-related group companies, and by promoting overseas sales.**

Investment Form : Subsidiary (80%)  
Business : Frozen processing and sales of marine products



Sorting



The Main Product: Scallops

## Acquisition of 100% of Shares in SHINX Corporation



Hanwa has acquired 100% of the shares in SHINX Corporation (SHINX), a company headquartered in Shizuoka that manufactures and sells woodworking and steel processing machinery, from Mercuria Japan Industrial Growth Support Investment Limited Partnership.

We **expect significant synergistic effects along with the growth of our industrial machinery division**. This acquisition will enable us to further expand SHINX's machinery sales both domestically and internationally through our network. Additionally, it will allow us to provide agile and bespoke support from each of our business locations to better meet customers' needs.

Investment Form : Wholly subsidiary (100%)  
 Business : Manufacturing and sales of woodworking and steel processing machinery  
 Business Locations : 13 sites nationwide, 1 factory



The headquarters and factory



A H-beam Edge Preparation Machine

## Transfer of All Shares in Halos Corporation



We continue to strengthen our corporate value through strategic resource allocation and portfolio optimization across the Group. To further accelerate growth potential, we transferred shares of Halos to GENDA GiGO Entertainment, Inc - a GENDA Group affiliate with expertise in amusement facility management and operational best practice. The transaction enables Halos to further develop its business.

Disposal : All shares  
 Transfer Completion : March 1, 2025  
 Business : • Planning, design, management, operation of comprehensive amusement facilities  
           • Event planning, execution  
           • Development, production, and sales of play equipment and original merchandise  
 Capital : ¥100 million  
 Established : February 8, 1996



Amusement facilities operated by Halos

## Agreement reached on acquisition of 100% of Shares in Kanematsu Trading Corporation



Hanwa Co., Ltd. has acquired all shares of Kanematsu Trading Corporation, a 100% subsidiary of Kanematsu Corporation, and made Kanematsu Trading and its affiliated companies into group companies.

**Hanwa Co., Ltd. will lead the industry in the domestic steel distribution sector, where further improvement of the supply chain, new creation, and intensifying reorganization and competition are expected.**

Investment Form	: Wholly subsidiary (100%)
Closing Date	: (April 1st, 2025)
Line of Business	: Domestic Sales and Import-Export business in Products of Steel, Construction Materials, Ironmaking & Steelmaking Raw Materials, Stainless Steel, Special Steel, etc. Steel frame construction and interior and exterior contracting work.
Capital	: 260 mil. yen
Established	: December 1970
Affiliated Companies	: listed as follows

Kanematsu Trading Corporation



Kyowa Steel Co., Ltd.



Eiwa Metal Co., Ltd.



Kenkosya Co., Ltd.



## Partial Investment in Trailer House Development Co., Ltd.

Hanwa Co., Ltd. has made a partial investment in Trailer House will further leverage synergy effects to sell trailer houses to various Development Co., Ltd., which is engaged in the development and manufacturing of trailer houses. **We are already fully engaged in the sales of processed materials and markets, including the hotel industry.**

Investment Form	: Partial investment
Closing Date	: February 2025
Line of Business	: Development, manufacturing, sales, and rental of trailer houses.



Trailer house

## Establishment of a JV for Rice Milling and Sales in Indonesia

Hanwa Co., Ltd. and its subsidiary PT. Hanwa Indonesia have established a food distribution joint venture company in Indonesia with PT. Putra Permata Pasifik, to engage in rice milling and sales. **Aiming to expand the sales business of Japonica rice in Indonesia, we aim to vertically integrate our supply chain from production to sales to gain market share.** Additionally, we will leverage synergy effects with our existing seafood processing and sales business to expand our food business.

Investment Form	: Establishment of a joint venture company (PT. Putra Permata Pasifik 51%, Group of Hanwa 49%)
JV Company Name	: PT. Mirai Permata Persada
Closing Date	: March 2025
Line of Business	: Rice milling and sales in Indonesia

# Enhancement of Risk Management Structure

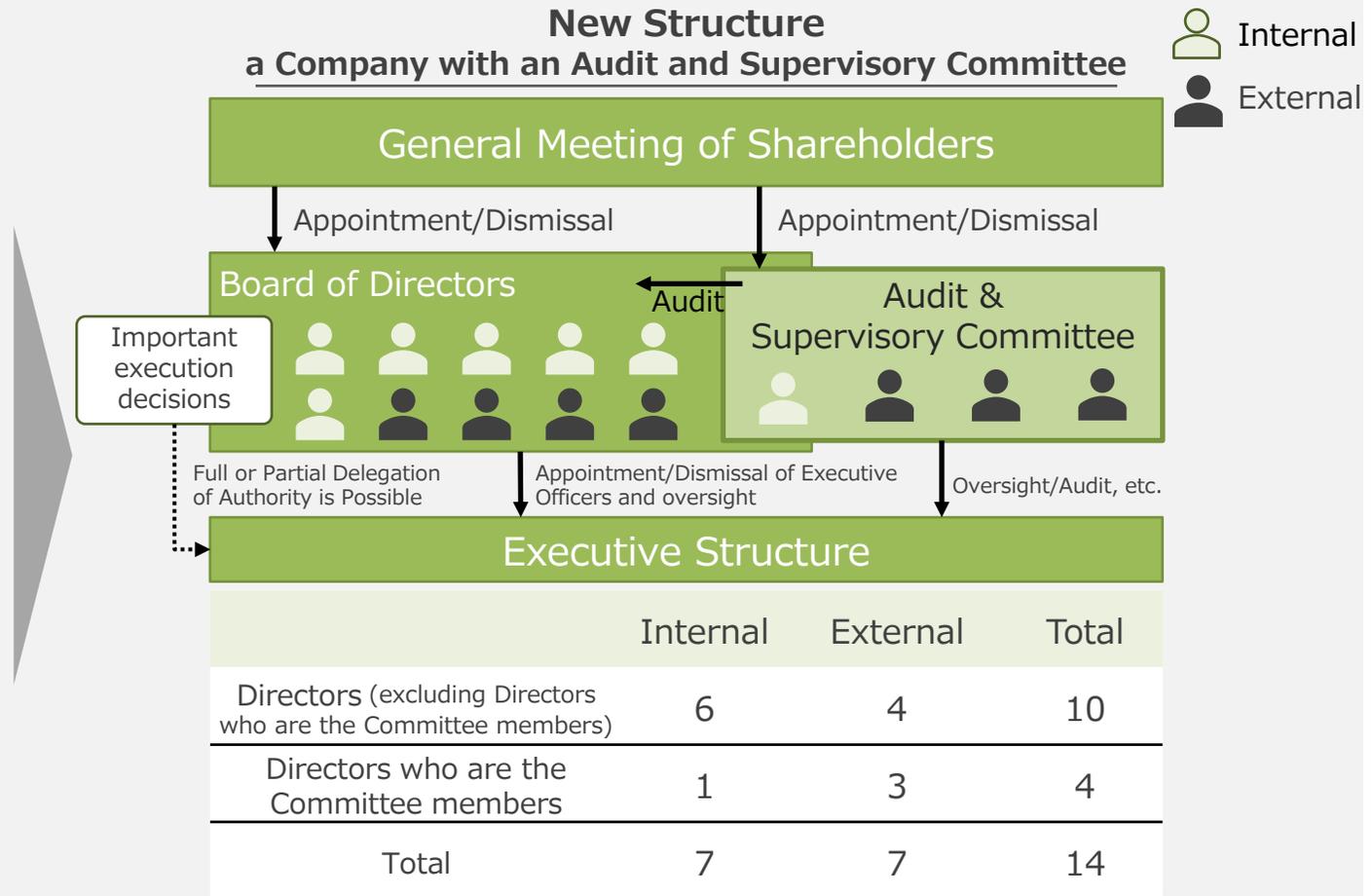
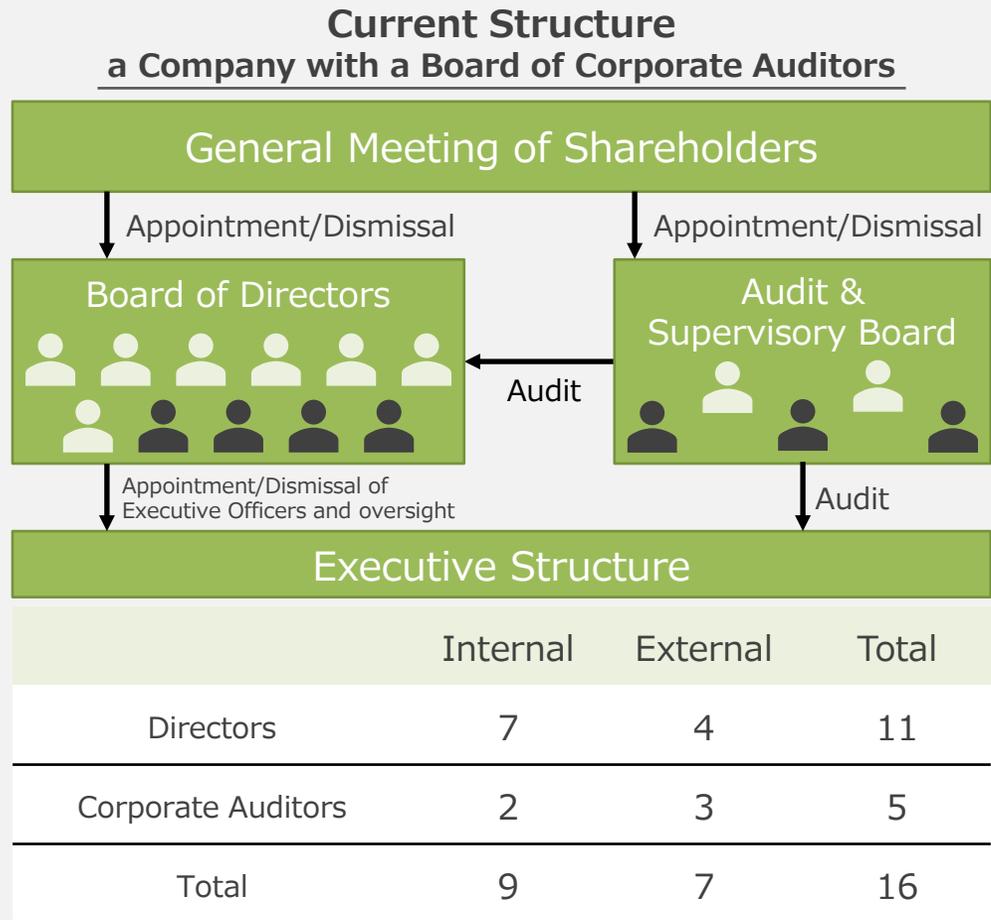
- Strengthening company-wide efforts to enhance Risk Management Systems.
- Controlling Risk assets on a consolidated basis within the scope of shareholder equity and reporting to the Board of Directors on a quarterly basis.

	Categories	Issues in Medium-Term Business Plan 2025	Implementation contents to enhance Risk Management Structure
1.	Strengthening of company-wide risk management	Balance and optimize individual and comprehensive management to suit types of risk	<ul style="list-style-type: none"> <li>■ Established the Risk Management Dept.</li> <li>■ Conducted enterprise risk management</li> <li>■ Enhanced trade compliance monitoring</li> </ul>
2.	Redefining of material risks	Reexamine coverage of risk areas (e.g., country risk, market risk) and review their materiality	<ul style="list-style-type: none"> <li>■ Redefined important risks and specified counterplans</li> </ul>
3.	Pursuit of more advanced screening and approval processes	Optimize processes at each stage from proposal through screening, approval, and execution	<ul style="list-style-type: none"> <li>■ Established review and approval process of investment and financing</li> <li>■ Enhanced investment monitoring</li> </ul>
4.	Pursuit of more advanced exposure management	Develop more advanced management of consolidated exposure and assumed risk	<ul style="list-style-type: none"> <li>■ Managed company-wide exposure and measure risk assets* on a consolidated basis The ratio of risk assets to shareholders' equity is about 50-60%</li> <li>■ Report to the Board of Directors every quarter</li> </ul>

\*Risk asset: The maximum expected loss amount calculated by each risk category

# Transition to a Company with an Audit and Supervisory Committee

- At the Board of Directors meeting held on 28th January 2025, a resolution was passed to transition from a "Company with a Board of Corporate Auditors" to a "Company with an Audit and Supervisory Committee".
- The transition is scheduled to take place subject to approval of necessary amendments to the Articles of Incorporation at the 78th Annual General Meeting of Shareholders, planned for 26<sup>th</sup> June 2025.



✓ By including Audit and Supervisory Committee members as part of the Board of Directors, we aim to strengthen the supervisory functions of the Board and further enhance corporate governance.

### **3. Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

# Action to Implement Management That is Conscious of Cost of Capital and Stock Price

- While ROE has remained high due to strong profitability, PER has remained low due to uncertainty over earnings stability and growth potential, and we recognize that there is room for further improvement in PBR.
- We have taken the following measures to improve earnings stability, reduce the cost of equity, and clarify the growth scenario.

## Actions for Improvement (announced in FY2023 Q2 results Presentation)

- ✓ Promote stakeholder understanding of the Company through **more detailed disclosure** of the Company's business and growth investments
- ✓ Improve core earnings by reviewing businesses and assets, and use the cash generated **to invest in growth and return profits to shareholders**, etc.
- ✓ **Improve the governance structure**, including risk management
- ✓ **Promote ROIC management** while being conscious of cost of capital
- ✓ **Introduce a restricted stock compensation plan** to provide incentives for sustainable growth in corporate value



## Implementation

- ✓ Disclose breakdown of ordinary income target of ¥70 bil. and key investment areas and themes of the ¥80 bil. Investment (Outline of Financial Results for FY2023) **with major investments and asset replacements**(p.16~19)
- ✓ Based on the cash allocation policy (p.12), **reviewed and replaced assets** (p.18, p.25), and **announced additional shareholder returns** (p.13).
- ✓ Controlling Risk assets on a consolidated basis within the scope of shareholder equity and reporting to the BOD regularly (p.20).
- ✓ Transited to a Company with an Audit and Supervisory Committee (p.21)
- ✓ **ROIC to be part of performance evaluations** from FY2024
- ✓ **Introduced** in FY2023

# Dialogue with Shareholders

## Results (FY2024)

Events	Count	Details
<b>Financial Results Briefing</b>	2	Held twice with the participation of the Chairman, President, and Directors (at the end of Q2 and the FY)
<b>Small meetings with investors and analysts</b>	1	A director provided a briefing on current market, business conditions and our strategy in China.
<b>Investors' Conference</b>	3 (Overseas:1)	Participated in conferences for overseas institutional investors with the executive officer in charge of the corporate planning dept. as a speaker.
<b>One-on-One meetings with investors and analysts</b>	86	Active dialogue led by the Executive Officer and the Corporate Officer responsible for corporate planning. (We also started dialogue with shareholders from FY2024.)
<b>Buy-side (companies)</b>	(33)	
<b>Sell-Side (companies)</b>	(8)	

## Main Topics

<b>1. Business Results</b>	<ul style="list-style-type: none"> <li>Results by segment</li> <li>Market conditions and supply/demand situation for each product</li> </ul>
<b>2. Medium-Term Business Plan</b>	<ul style="list-style-type: none"> <li>Business strategies by segment</li> <li>Progress on strategic investment &amp; profit contribution</li> <li>Progress on Medium-term Business Plan</li> </ul>
<b>3. Shareholder Returns and our Stock Price</b>	<ul style="list-style-type: none"> <li>Dividend policy and acquisition of the Company's own shares</li> <li>Increase shareholder returns</li> <li>Assessment of current stock price and related issues</li> </ul>
<b>4. Others</b>	<ul style="list-style-type: none"> <li>Reduction of strategic shareholdings and future targets</li> <li>Risk Management Policy, Corporate Governance Policy</li> </ul>

## Feedback and our Actions

Feedback to management	Count	Details
<b>IR and Financial Results Briefing</b>	4	Report to the Board of Directors, Management Committee, and other relevant officers on topics of high interest, opinions and requests of investors that are identified through IR activities. Report to relevant officers on summaries of analyst reports to relevant officers (not included in count)
<b>Shareholder Situation</b>	3	Report to the Board of Directors on shareholder composition, trends in shareholdings by institutional investors, and their criteria of voting standards and our responses
<b>Others</b>	As needed	Share the results of shareholder and investor dialog on shareholder returns, stock split, reduction of strategic shareholdings, company-wide risk management(risk asset, etc.), sustainability and ESG issues, etc., and discuss them at the Board of Directors and Management Committee.

## Key Disclosures and Actions

<b>Detailed Disclosure</b>	<ul style="list-style-type: none"> <li>Actual ordinary Income by segment (from FY2023 Q2)</li> <li>Simultaneous disclosure of "Outline of Financial Results" in English (from FY2023 Q2)</li> <li>Progress on reduction of strategic shareholdings (from FY2023 Q3)</li> <li>Quarterly disclosure of "Outline of financial results" materials (FY2023 Q3)</li> <li>Breakdown and progress of Medium-term business plan targets (from FY2023 Q4)</li> <li>Disclosure of progress in Advancement of Risk Management Structure(p.20)</li> </ul>
<b>Shareholder Returns</b>	<ul style="list-style-type: none"> <li>Announced dividend increase and acquisition of the Company's own shares(p.13)</li> </ul>
<b>Sustainability /ESG</b>	<ul style="list-style-type: none"> <li>Established mid- to long-term GHG emission reduction targets</li> <li>Conducted human rights risk assessments</li> <li>Established Supply Chain Guideline</li> <li>Conducted a Supply Chain survey</li> <li>Transited to a Company with an Audit and Supervisory Committee(p.21)</li> </ul>

# Reducing Strategic Shareholdings

- Sold shares of 19 companies for a total of 4.62 bil. yen through FY2024.
- Continuing to sell shares to achieve further reduction, improve capital efficiency, and promote asset restructuring.

	FY2023		FY2024	
Ratio of Strategic Shareholdings to the net assets	19.6%		15.6%	
Amount Sold in the FY	5.59 bil. Yen		4.62 bil. Yen	
Number of shares of strategic shareholdings	<b>129 companies</b> Listed 65 companies Unlisted 64 companies		<b>117 companies</b> Listed 53 companies Unlisted 64 companies (- 12 companies)	
Summary of Shares sold FY2024	All shares sold	14 companies	2.32 bil. yen	
	Partially sold	5 companies	2.29 bil. yen	
	<b>Total</b>	<b>19 companies</b>	<b>4.62 bil. yen</b>	
	Approved to sell (Not yet sold/In process)	3 companies	Equivalent to 1.38 bil. yen	

\*We have acquired one listed stock and one unlisted stock in FY2024.  
 (Listed stock: Investment in PMB TECHNOLOGY BERHAD (p.17); Unlisted stock: Investment in Trailer House Development Co., Ltd. (p.19))

## 4. Details by Business Segment

# Steel Business Segment

- Decreased transaction volume of steel products pushed down sales.
- Business in the highly profitable domestic construction sector remained strong and profitability improved in some overseas subsidiaries pushed up profits.

(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	307.8	299.9	292.9	301.1	1,201.9	293.9	290.0	289.3	281.8	1,155.2	-46.6 (-4%)
Ordinary income	8.2	4.7	9.0	2.4	<b>24.5</b>	7.7	6.4	9.4	9.4	<b>33.1</b>	+8.5 (+35%)
Parent only	7.1	4.6	8.5	2.5	<b>22.9</b>	7.1	6.2	7.8	7.7	<b>29.0</b>	+6.1 (+27%)
Domestic consolidated subsidiaries	1.1	1.1	2.1	1.3	<b>5.7</b>	0.9	1.0	1.1	0.7	<b>3.8</b>	-1.9 (-34%)
Overseas consolidated subsidiaries	1.0	-0.2	-0.4	-0.7	<b>-0.5</b>	0.3	-0.4	0.6	1.1	<b>1.6</b>	+2.1 -
Equity in earnings of affiliates	0.1	-0.4	-0.0	-0.3	<b>-0.6</b>	0.3	-0.0	-0.1	-0.0	<b>0.0</b>	+0.7 -
Adjustment	-1.3	-0.2	-1.1	-0.2	<b>-3.0</b>	-1.0	-0.3	-0.0	-0.1	<b>-1.4</b>	+1.5 -

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

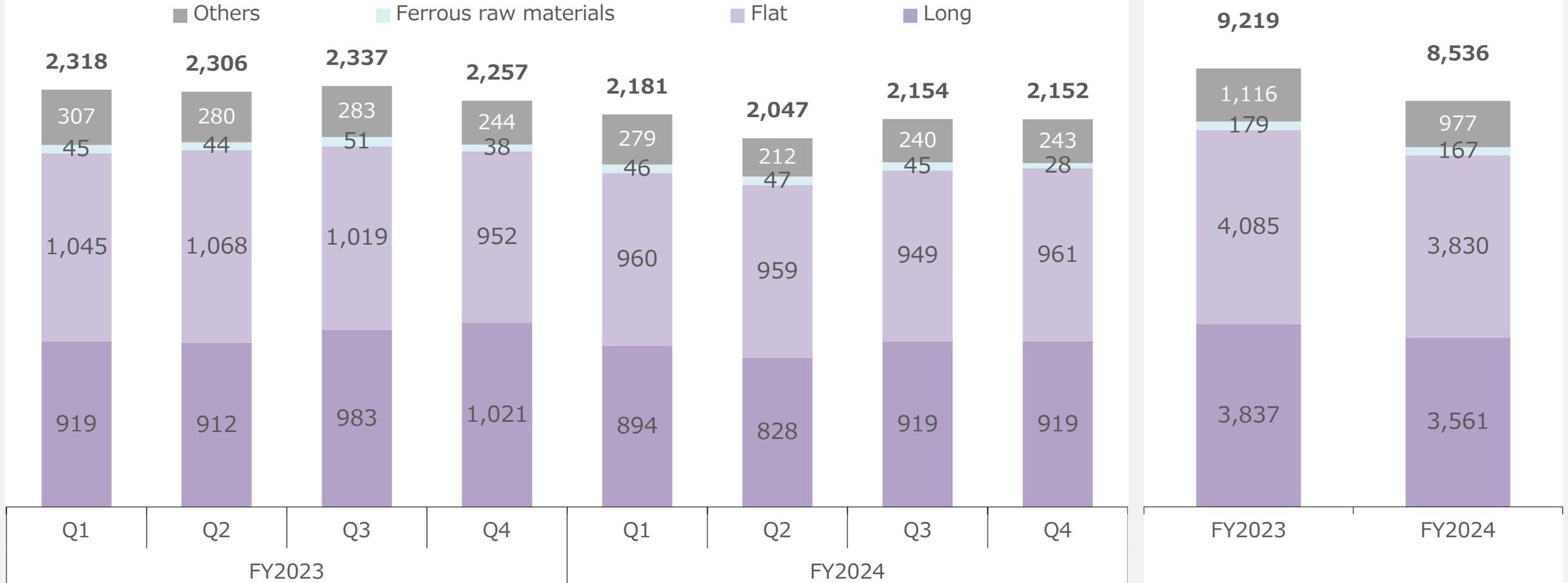
# Steel Business Segment

**Trend of Transaction Volume\***  
(Consolidated)

(thousand tons)

## Quarterly Changes

## Fiscal Year Total



\* The consolidated steel transaction volume in Steel Business Segment is the sum of the company's volume and that of its consolidated subsidiaries which is classified in Steel Business Segment. Please refer to p.3 for the total volume of steel handled in all business segments.

# Primary Metal Business Segment

- Sales were pushed down due to a decrease in transaction volumes of various products and lower market prices of nickel.
- Profits were pushed down by decreasing equity in earnings from SAMANCOR CHROME HOLDINGS PROPRIETARY LTD.

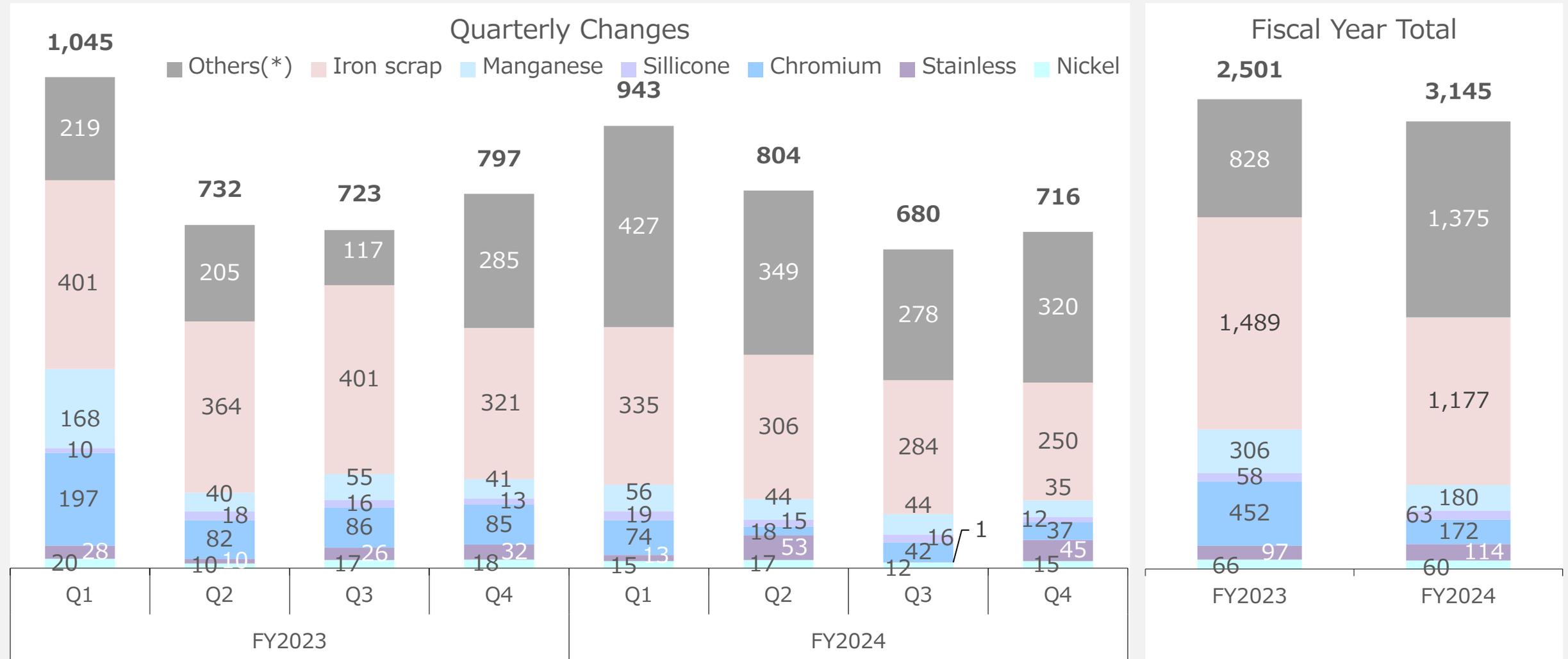
(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	53.8	43.3	43.9	46.3	187.4	45.8	53.8	43.0	41.4	184.2	-3.2 (-2%)
Ordinary income	4.0	2.6	-0.2	2.0	<b>8.4</b>	1.1	2.2	-0.4	3.0	<b>6.0</b>	-2.3 (-28%)
Parent only	4.0	0.6	0.2	0.4	<b>5.4</b>	0.8	1.6	1.2	0.5	<b>4.3</b>	-1.0 (-19%)
Domestic consolidated subsidiaries	-0.0	-0.0	-0.0	0.1	<b>0.1</b>	-0.0	-0.0	0.0	-0.0	<b>-0.0</b>	-0.1 —
Overseas consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Equity in earnings of affiliates	-0.0	2.0	-0.5	1.6	<b>3.0</b>	0.2	0.5	-1.6	2.5	<b>1.7</b>	-1.3 (-44%)
Adjustment	0.0	0.0	0.0	-0.2	<b>-0.2</b>	-0.0	-0.0	0.0	0.0	<b>-0.0</b>	+0.1 —

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

# Primary Metal Business Segment

Trend of Transaction Volume  
(Unconsolidated)

(thousand tons)



(\*) 'Others' includes auxiliary materials such as sulfur, sulfuric acid, and coal etc.

# Metal Recycling Business Segment

- Increased transaction volume of aluminum scraps pushed up sales.
- Steady market prices of copper and aluminum pushed up profits.

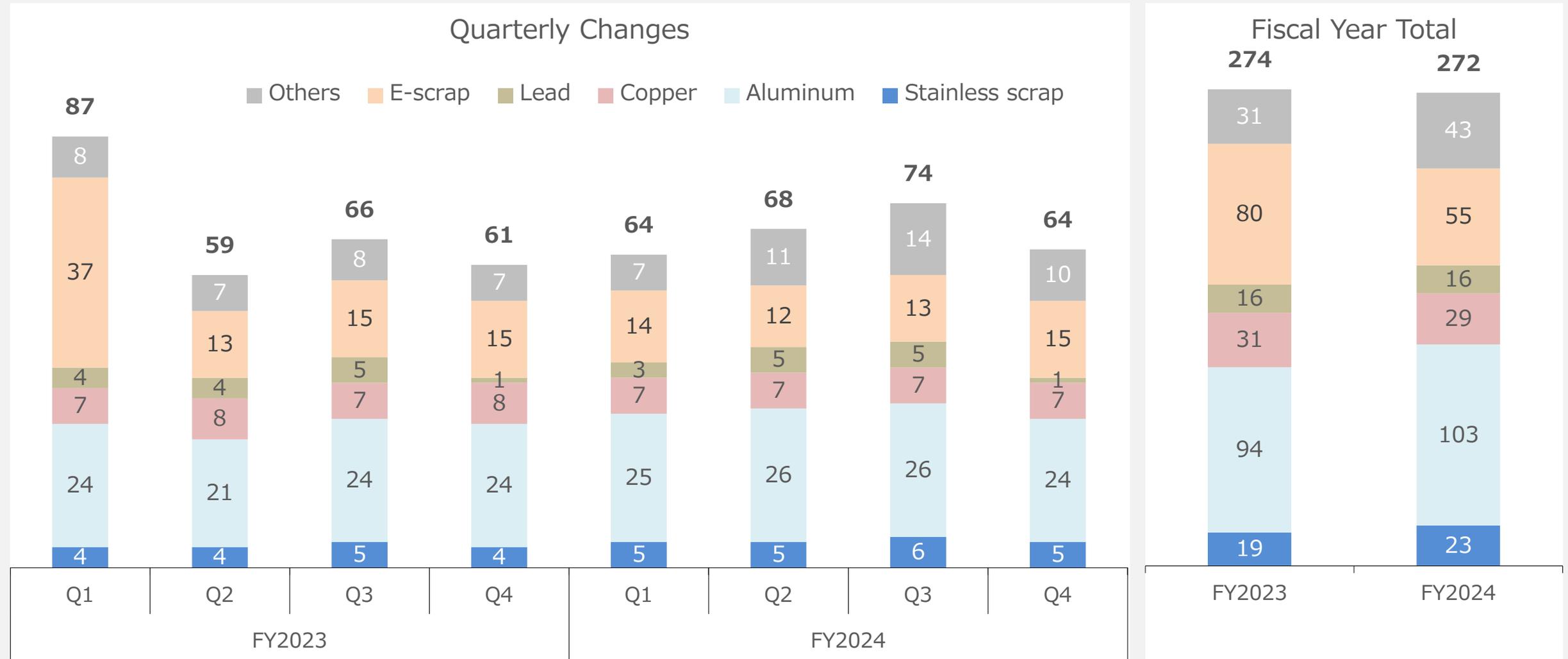
(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	45.6	41.6	42.9	50.5	180.8	54.0	55.0	69.4	48.2	226.8	+46.0 (+25%)
Ordinary income	1.1	0.1	0.3	0.4	<b>2.1</b>	0.7	0.7	1.4	0.1	<b>3.0</b>	+0.9 (+43%)
Parent only	1.2	0.0	0.2	0.3	<b>1.9</b>	0.5	0.6	1.3	0.0	<b>2.5</b>	+0.6 (+31%)
Domestic consolidated subsidiaries	0.0	0.1	0.2	0.1	<b>0.6</b>	0.2	-0.0	0.0	0.1	<b>0.5</b>	-0.1 (-23%)
Overseas consolidated subsidiaries	-0.0	-0.0	-0.0	-0.1	<b>-0.3</b>	-0.0	-0.0	0.0	-0.0	<b>-0.1</b>	+0.2 -
Equity in earnings of affiliates	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	0.0	0.0	0.0	<b>0.0</b>	+0.0 (+27%)
Adjustment	-0.1	0.0	-0.0	-0.0	<b>-0.1</b>	-0.0	0.0	-0.0	0.0	<b>0.0</b>	+0.2 -

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

# Metal Recycling Business Segment

Trend of Transaction Volume  
(Unconsolidated)

(thousand tons)



# Foods Business Segment

- Despite transaction volume remained flat, higher market prices of food, particularly for crab, compared to the previous fiscal year pushed up both sales and profits.

(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	28.7	32.5	36.8	24.7	122.9	29.3	36.5	42.1	32.4	140.4	+17.5 (+14%)
Ordinary income	0.4	-0.6	1.2	0.2	<b>1.3</b>	0.3	0.4	1.4	0.0	<b>2.3</b>	+0.9 (+73%)
Parent only	0.8	-1.6	1.8	0.2	<b>1.3</b>	0.5	0.1	1.0	0.1	<b>1.8</b>	+0.5 (+38%)
Domestic consolidated subsidiaries	0.0	0.0	0.3	-0.0	<b>0.4</b>	0.0	0.0	0.3	-0.0	<b>0.3</b>	- 0.0 (-3%)
Overseas consolidated subsidiaries	-0.2	0.0	0.0	0.0	<b>-0.2</b>	0.0	0.1	-0.0	0.1	<b>0.3</b>	+0.5 -
Equity in earnings of affiliates	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-0.1	0.9	-0.9	0.0	<b>-0.1</b>	-0.2	0.1	0.0	-0.1	<b>-0.2</b>	-0.1 -

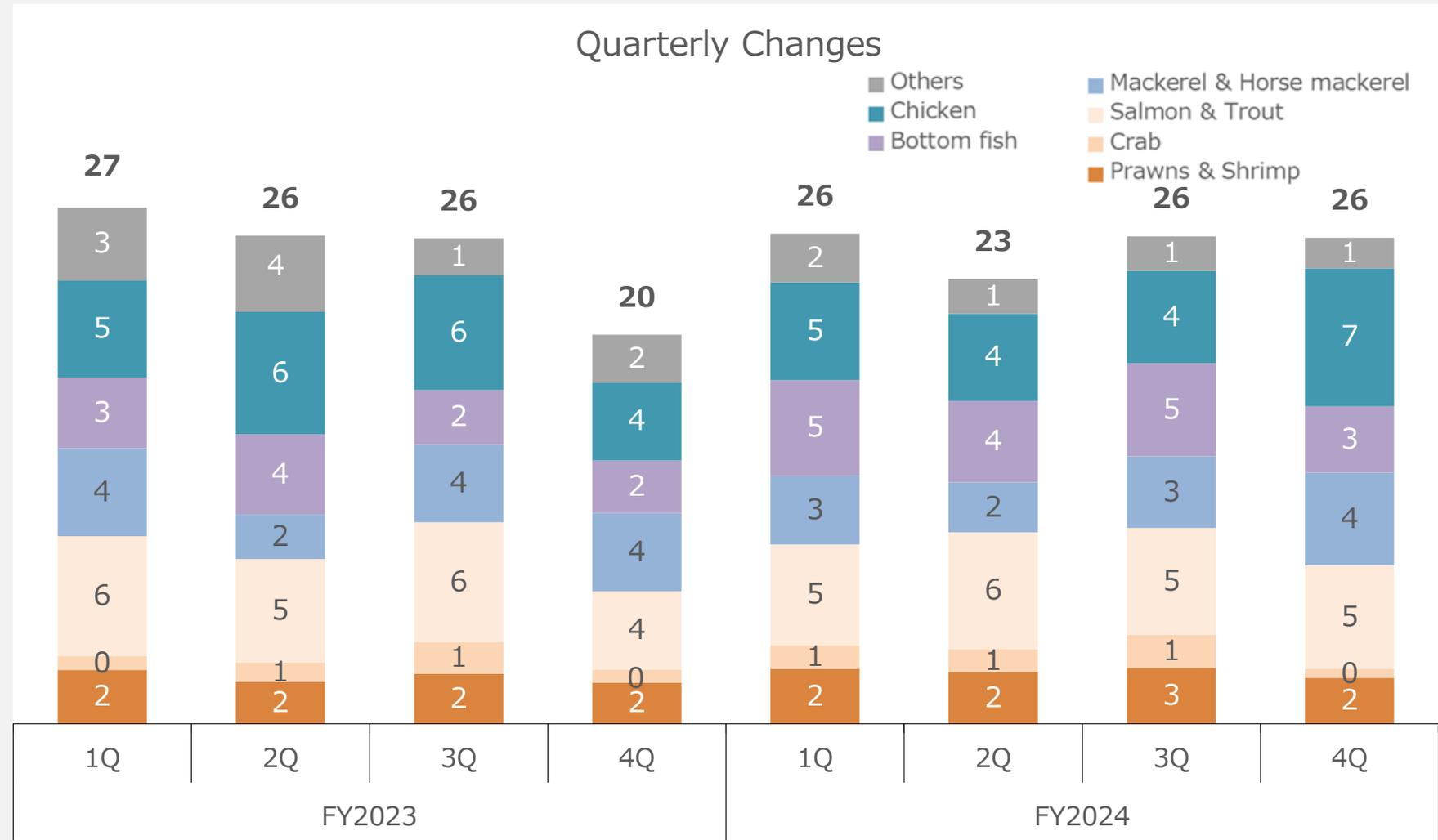
# Foods Business Segment

Trend of Transaction Volume  
(Unconsolidated)

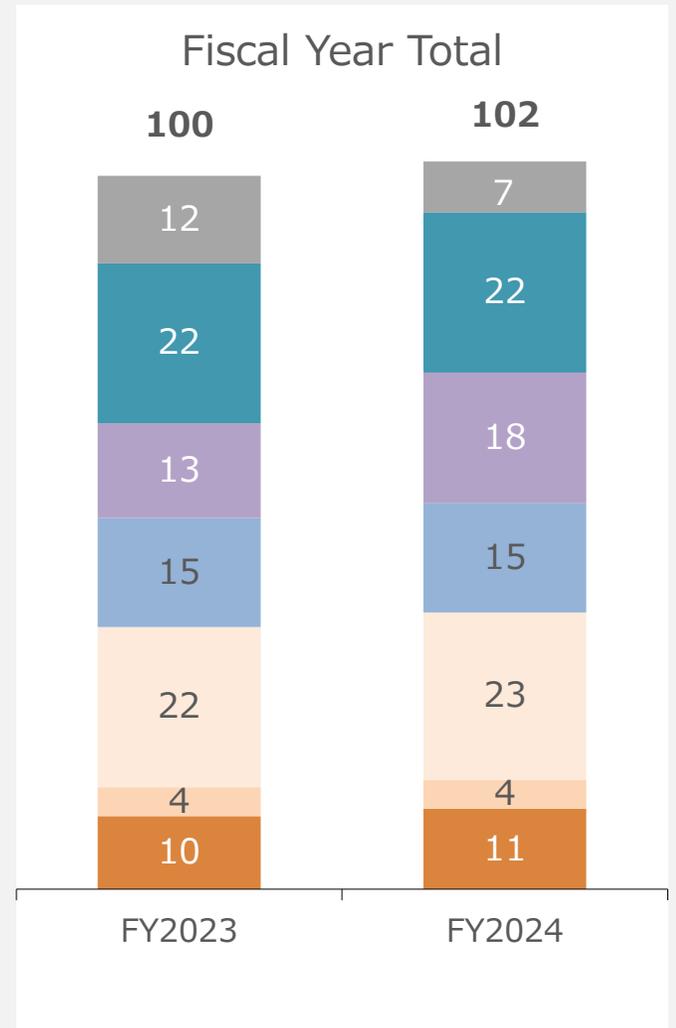
(thousand tons)

## Quarterly Changes

- Others
- Chicken
- Bottom fish
- Mackerel & Horse mackerel
- Salmon & Trout
- Crab
- Prawns & Shrimp



## Fiscal Year Total



# Energy & Living Materials Business Segment

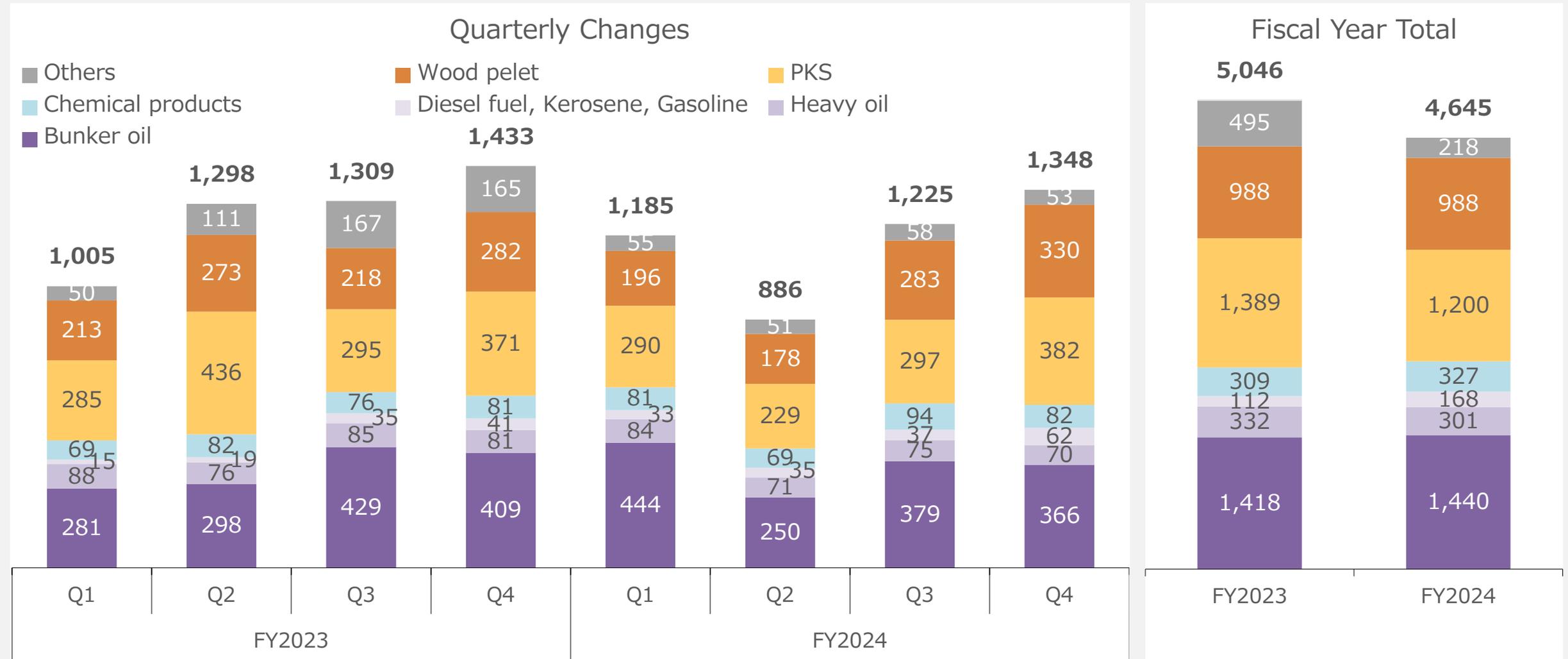
- Increased transaction volume in bunker oil products pushed up sales.
- Increased transaction volume and higher sales prices in chemical products pushed up both sales and profits.

(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	69.0	81.3	97.1	99.0	346.5	93.6	90.9	99.8	107.3	391.6	+45.1 (+13%)
Ordinary income	1.3	0.1	3.6	1.4	<b>6.5</b>	1.4	3.6	2.4	2.7	<b>10.4</b>	+3.8 (+59%)
Parent only	2.4	0.7	2.5	2.0	<b>7.7</b>	1.9	2.6	2.6	1.8	<b>9.0</b>	+1.3 (+17%)
Domestic consolidated subsidiaries	-0.2	-0.6	1.0	0.2	<b>0.3</b>	-0.3	0.9	-0.1	0.8	<b>1.4</b>	+1.0 (+289%)
Overseas consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Equity in earnings of affiliates	0.0	0.0	0.0	-0.0	<b>0.1</b>	0.0	0.0	0.0	-0.0	<b>0.0</b>	- 0.0 (-32%)
Adjustment	-0.9	0.0	-0.0	-0.7	<b>-1.6</b>	-0.1	-0.0	-0.0	0.0	<b>-0.1</b>	+1.5 —

# Energy & Living Materials Business Segment

**Trend of Transaction Volume**  
(Unconsolidated)

(thousand tons)



# Overseas Sales Subsidiaries Segment

- An increase of new transactions in China and scrap transactions in Southeast Asia and the newly consolidation of companies, which were accounted for the equity method in the previous fiscal year pushed up both sales and profits.

(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	86.7	83.5	88.5	80.0	338.9	97.5	108.4	116.2	119.1	441.3	+102.4 (+30%)
Ordinary income	2.0	2.4	2.0	1.2	<b>7.8</b>	1.6	2.0	2.5	2.0	<b>8.2</b>	+0.4 (+6%)
ASEAN	1.6	1.9	1.3	0.8	<b>5.7</b>	1.1	1.3	1.7	1.2	<b>5.4</b>	-0.3 (-5%)
East Asia	0.0	0.1	0.2	0.2	<b>0.5</b>	0.1	0.1	0.2	0.2	<b>0.7</b>	+0.1 (+21%)
North America	0.2	0.3	0.3	0.2	<b>1.1</b>	0.3	0.4	0.5	0.4	<b>1.7</b>	+0.5 (+51%)
Others	0.0	0.0	0.1	-0.0	<b>0.2</b>	0.0	0.1	0.0	-0.1	<b>0.0</b>	-0.1 (-77%)
Adjustment	0.0	0.0	0.0	-0.0	<b>0.0</b>	0.0	-0.0	-0.0	0.2	<b>0.2</b>	+0.2 (+897%)

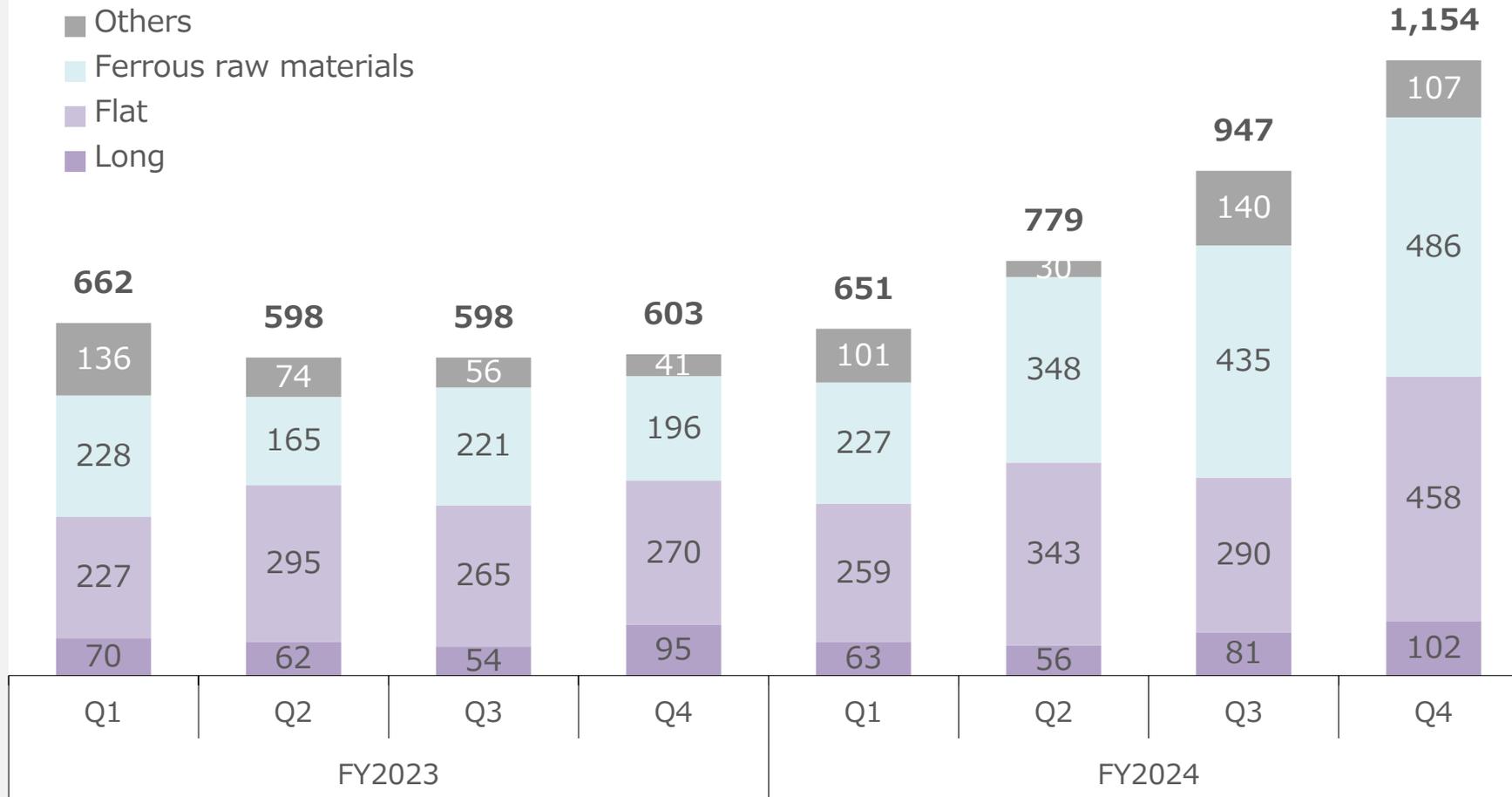
# Overseas Sales Subsidiaries Segment

**Trend of Steel Transaction Volume**  
(Sum of Overseas Sales Subsidiaries)

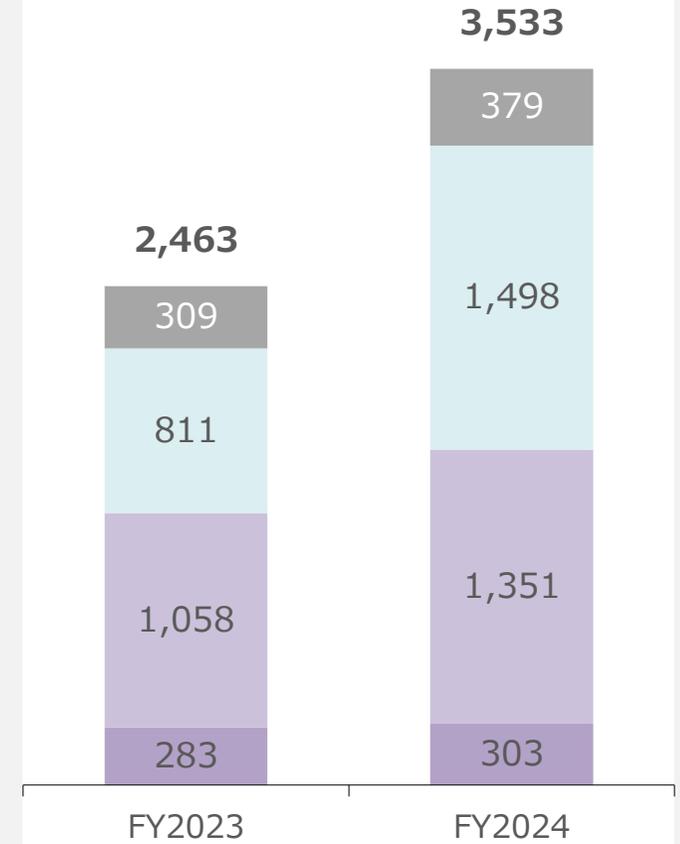
(thousand tons)

## Quarterly Changes

- Others
- Ferrous raw materials
- Flat
- Long



## Fiscal Year Total



\*From FY2024 Q4, the figures include HANWA UK LIMITED, HANWA MEXICANA, S.A. DE C.V. and GUANGZHOU HANWA TRADING CO., LTD..

# Other Segment

- Housing Materials : Despite expanded transactions with housing manufacturers, the impact of falling lumber prices resulted in decreased sales and profits.
- Machineries : Despite converted SHINX Corporation into a consolidated subsidiary, due to fewer large projects in leisure facilities sectors compared to the previous fiscal year, both sales and profits decreased.

(billions of yen)	FY2023					FY2024					Y on Y Change
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	(Y on Y Rate)
Net Sales	36.7	32.2	32.5	31.8	133.2	32.0	33.3	34.2	34.0	133.7	+0.4 (+0%)
Ordinary income	1.5	0.4	0.6	1.2	<b>3.8</b>	0.9	0.1	0.4	0.8	<b>2.4</b>	-1.4 (-38%)
Parent only	1.4	0.2	0.5	1.0	<b>3.2</b>	0.8	-0.1	0.3	0.5	<b>1.6</b>	-1.6 (-50%)
Domestic consolidated subsidiaries	0.1	0.1	0.0	0.2	<b>0.6</b>	0.1	0.2	0.2	0.4	<b>1.0</b>	+0.4 (+73%)
Overseas consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Equity in earnings of affiliates	—	—	—	—	—	—	—	—	—	—	—
Adjustment	-0.0	0.0	-0.0	-0.0	<b>-0.0</b>	0.0	-0.0	-0.1	-0.1	<b>-0.2</b>	-0.2 -

\*Due to the segment classification changes in FY2024, the figures for FY2023 have also been retroactively revised, and therefore do not match the figures in past documents.

# Actual Ordinary Income by Segment

Note: Our analysis of foreign exchange valuations has been improved due to upgrades of our core system. Consequently, we have adjusted the scope of foreign exchange valuations from the second quarter.

(billions of yen)

Business Segments	Net Sales	Accounting Ordinary Income	Valuation and Temporary Items				Actual Ordinary Income	Forecast for FY2024 Progress
			Inventory Valuation	Derivative Valuation	Foreign Exchange Valuation	One-time Factors		
Steel	1,155.2	33.1	-0.6	–	–	-0.0	33.9	108%
Primary Metal	184.2	6.0	-0.0	-0.0	–	–	6.1	123%
Metal Recycling	226.8	3.0	0.2	-0.1	–	-0.0	2.9	75%
Foods	140.4	2.3	0.2	–	–	–	2.0	83%
Energy & Living Materials	391.6	10.4	0.0	0.7	–	–	9.6	88%
Overseas Sales Subsidiaries	441.3	8.2	-0.0	-0.0	–	-0.0	8.3	98%
Other	133.7	2.4	0.0	–	–	0.0	2.3	96%
Adjustment	-118.9	-5.9	–	–	0.0	–	-6.0	–
<b>Total</b>	<b>2,554.5</b>	<b>59.7</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.0</b>	<b>-0.1</b>	<b>59.4</b>	<b>99%</b>

# Run Up to HANWA 2030

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This presentation contains forward-looking statements concerning future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. Consequently, due to a range of possible factors, actual results may materially differ from the forecasts.