

Date: April 6, 2022

Contact:
Executive Officer for Accounting
Hisashi Honda
Tel: +81-3-3544-2000

Notification regarding increase in consolidated total assets

On March 31, 2022, a loss on valuation of hedge transactions on the London Metal Exchange (LME) resulted in changes in the assets and liabilities of Hanwa Co., Ltd. (“the Company”). As a consequence, the Company’s consolidated total assets increased. An overview of this increase is as follows:

1. Date of Occurrence
March 31, 2022

2. Reason for Occurrence

The Company is carrying out hedge transactions involving commodities, a portion of which involve valuation gains or losses attributable to counter parties. The fair value of the balance of these valuation gains or losses is calculated at the end of each fiscal quarter, using the prices stated by exchange members in the quarterly accounts. The amounts of these valuation gains or losses are appropriated as assets and liabilities.

The Russian military invasion of Ukraine has caused a rise in futures prices on the LME, causing the Company to incur a valuation loss on said hedge transactions. Both assets and liabilities related to said valuation loss increased, resulting in an increase in consolidated total assets of ¥183.6 billion as of the end of FY2021 (March 31, 2022).

3. Future forecast

This increase in assets and liabilities related to the valuation loss on hedge transactions is the result of the rise in futures prices on the LME in tandem with Russia’s invasion of Ukraine. If there are matters for which timely disclosure standards apply, the Company will disclose these matters promptly.

The triggered valuation losses are attributable to counter parties. The impact of these circumstances is limited to the appropriation of assets and liabilities related to the valuation loss in the same amount as the valuation loss. At this point the Company considers the impact on its earnings to be negligible.

###