

# Financial Results for the Fiscal Year ended March 31, 2022

(Japan GAAP)

May 13, 2022

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo  
 Stock exchange code: 8078 (URL <https://www.hanwa.co.jp>)  
 Representative: Yoichi Nakagawa President  
 Enquiries: Hisashi Honda Executive Officer Phone +81-3-3544-2000  
 Scheduled date of Shareholders' Meeting: Jun 24, 2022  
 Scheduled date of issue of audited financial statements: Jun 27, 2022  
 Scheduled date of payout of dividend: Jun 27, 2022

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the Fiscal Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

### (1) Consolidated operating results (Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Company	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal Year ended March 31, 2022	2,164,049	—	62,367	113.3	62,718	117.6	43,617	122.3
ended March 31, 2021	1,745,501	(8.5)	29,232	7.0	28,821	—	19,617	—

Note: Comprehensive income For the Fiscal Year ended March 31, 2022 50,288 million yen 84.1 %  
 For the Fiscal Year ended March 31, 2021 27,311 million yen — %

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Fiscal Year ended March 31, 2022	1,073.34	—	20.5	4.9	2.9
ended March 31, 2021	482.74	—	11.1	3.6	1.7

From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). For this reason, rates of increase/decrease YoY are not shown for net sales.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of March 31, 2022	1,715,394	240,497	13.8	5,834.98
As of March 31, 2021	824,590	191,857	22.9	4,656.17

Note: Shareholders' equity As of March 31, 2022 237,117 million yen  
 As of March 31, 2021 189,214 million yen

### (3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended March 31, 2022	(280,752)	(14,993)	406,820	165,083
ended March 31, 2021	19,004	(4,190)	(34,223)	50,892

## 2. Cash dividends

	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
Year ended March 31, 2021	(yen) —	(yen) 30.00	(yen) —	(yen) 30.00	(yen) 60.00	(Millions of yen) 2,438	(%) 12.4	(%) 1.4
Year ended March 31, 2022	—	50.00	—	50.00	100.00	4,063	9.3	1.9
Year ending March 31, 2023 (estimated)	—	50.00	—	50.00	100.00		11.1	

## 3. Forecast of consolidated financial results for fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Company		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Annual	2,400,000	10.9	55,000	(11.8)	50,000	(20.3)	36,500	(16.3)	898.19

Financial Results for the Fiscal Year ended March 31, 2022

《Consolidated Balance Sheets》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	March 31, 2021	March 31, 2022
<b>Assets</b>		
<b>Current assets;</b>		
Cash and deposits	50,907	165,451
Trade notes and accounts receivable	356,059	—
Trade notes, accounts receivable and contract assets	—	542,444
Electronically recorded monetary claims	27,895	33,012
Inventories	127,378	243,603
Accounts receivable—other	6,224	222,549
Others	63,307	66,569
Allowance for doubtful receivables	(1,679)	(1,580)
<b>Total current assets</b>	<b>630,093</b>	<b>1,272,049</b>
<b>Fixed assets;</b>		
<b>Property and equipment;</b>		
Buildings and structures	24,818	25,534
Land	34,457	34,677
Others	14,530	17,676
<b>Total property and equipment</b>	<b>73,806</b>	<b>77,889</b>
<b>Intangible assets</b>		
<b>Investments and other assets;</b>	7,893	10,556
Investment securities	72,472	81,443
Long-term loans receivable	17,929	12,437
Long-term guarantee deposits	7,997	248,541
Deferred tax assets	805	1,288
Others	14,046	12,592
Allowance for doubtful receivables	(454)	(1,403)
<b>Total investments and other assets</b>	<b>112,796</b>	<b>354,898</b>
<b>Total fixed assets</b>	<b>194,497</b>	<b>443,344</b>
<b>Total assets</b>	<b>824,590</b>	<b>1,715,394</b>
<b>Liabilities;</b>		
<b>Current liabilities;</b>		
Trade notes and accounts payable	213,436	388,294
Electronically record obligations	21,772	33,456
Short-term loans payable	65,859	458,984
Commercial paper	—	40,000
Current portion of bonds payable	10,013	10,000
Income taxes payable	6,985	16,098
Accrued bonuses	3,281	4,223
Provision for product warranties	324	66
Commodity forwards contracts liabilities	5,523	186,766
Others	62,026	100,725
<b>Total current liabilities</b>	<b>389,222</b>	<b>1,238,615</b>
<b>Long-term liabilities;</b>		
Bonds payable	30,000	20,000
Long-term loans payable	193,999	190,890
Deferred tax liabilities	5,611	5,716
Deferred tax liabilities by land revaluation	1,524	1,524
Retirement benefits liabilities	5,326	4,454
Others	7,048	13,693
<b>Total long-term liabilities</b>	<b>243,510</b>	<b>236,280</b>
<b>Total liabilities</b>	<b>632,733</b>	<b>1,474,896</b>
<b>Net assets;</b>		
<b>Shareholders' equity;</b>		
Common stock	45,651	45,651
Capital surplus	—	26
Retained earnings	137,825	180,119
Treasury stock	(3,729)	(3,729)
<b>Total shareholders' equity</b>	<b>179,747</b>	<b>222,066</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gains on securities	15,193	16,725
Deferred hedge profit and loss	372	(1,000)
Land revaluation difference	3,191	3,191
Foreign currency translation adjustments	(4,906)	(531)
Remeasurements of defined benefit plans	(4,384)	(3,334)
<b>Total accumulated other comprehensive income</b>	<b>9,467</b>	<b>15,050</b>
<b>Minority interests</b>	<b>2,642</b>	<b>3,379</b>
<b>Total net assets</b>	<b>191,857</b>	<b>240,497</b>
<b>Total liabilities and net assets</b>	<b>824,590</b>	<b>1,715,394</b>

Financial Results for the Fiscal Year ended March 31, 2022

《Consolidated Statements of Income and Comprehensive Income》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	Year ended March 31, 2021	Year ended March 31, 2022
<b>Net sales</b>	1,745,501	2,164,049
<b>Cost of sales</b>	1,665,576	2,045,040
<b>Gross profit</b>	79,925	119,008
Selling, general and administrative expenses	50,692	56,641
<b>Operating income</b>	29,232	62,367
<b>Other income;</b>		
Interest income	1,850	1,731
Dividend income	1,644	1,563
Equity in earnings of affiliates	858	3,321
Others	1,501	1,806
<b>Total other income</b>	5,855	8,422
<b>Other expenses;</b>		
Interest expenses	3,764	4,073
Foreign exchange loss	1,053	1,848
Others	1,449	2,149
<b>Total other expenses</b>	6,267	8,071
<b>Ordinary income</b>	28,821	62,718
<b>Extraordinary income</b>		
Gain on sale of property and equipment	584	—
Gain on sale of investment securities	126	1,449
Arbitration related income	—	145
<b>Total extraordinary income</b>	711	1,594
<b>Extraordinary loss;</b>		
Loss on retirement of property and equipment	116	—
Loss on devaluation of investments securities	387	1,055
Provision of allowance for doubtful accounts of affiliates	188	118
<b>Total extraordinary loss</b>	692	1,174
<b>Income before income taxes and minority interest</b>	28,839	63,138
Income, inhabitant & business tax – current	9,012	20,160
Income tax expense—deferred	(33)	(1,426)
<b>Total income taxes</b>	8,978	18,733
<b>Net income</b>	19,860	44,405
Net income attributable to		
Owners of the parent	19,617	43,617
Non-controlling interests	242	787
<b>Other Comprehensive Income</b>		
Net unrealized holding gains on securities	9,146	1,532
Deferred hedge profit and loss	(373)	(1,373)
Foreign currency translation adjustments	(2,211)	4,109
Remeasurements of defined benefit plans	1,011	1,037
Share of other comprehensive income of associates accounted for using equity method	(121)	577
<b>Total other comprehensive Income</b>	7,451	5,883
<b>Comprehensive Income</b>	27,311	50,288
Comprehensive income attributable to		
Owners of the parent	27,188	49,201
Non-controlling interests	122	1,087

Financial Results for the Fiscal Year ended March 31, 2022

《Consolidated Statements of Changes in Net Assets》

(Amounts less than one million yen are rounded down)

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2020</b>	45,651	—	119,475	(3,728)	161,398	6,042	745	3,277	(2,434)	(5,380)	2,250	2,448	166,097
Cumulative effects of changes in accounting policies			—		—								—
<b>Restated balance</b>	45,651	—	119,475	(3,728)	161,398	6,042	745	3,277	(2,434)	(5,380)	2,250	2,448	166,097
Increase (decrease) during the term:													
Cash dividends paid			(2,235)		(2,235)								(2,235)
Change of scope of consolidated subsidiaries			88		88								88
Change of scope of equity method			911		911								911
Reversal of land revaluation difference			85		85								85
Net income attributable to owners of the parent			19,617		19,617								19,617
Purchase of treasury stocks				(0)	(0)								(0)
Capital increase from purchase of stock of consolidated subsidiaries		—	(117)		(117)								(117)
Others			—		—								—
Net increase (decrease) during the term, except for items under shareholders' equity						9,151	(373)	(85)	(2,472)	996	7,216	193	7,410
<b>Total increase (decrease)</b>	—	—	18,350	(0)	18,349	9,151	(373)	(85)	(2,472)	996	7,216	193	25,759
<b>Balance at March 31, 2021</b>	45,651	—	137,825	(3,729)	179,747	15,193	372	3,191	(4,906)	(4,384)	9,467	2,642	191,857

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
<b>Balance at March 31, 2021</b>	45,651	—	137,825	(3,729)	179,747	15,193	372	3,191	(4,906)	(4,384)	9,467	2,642	191,857
Cumulative effects of changes in accounting policies			1,402		1,402								1,402
<b>Restated balance</b>	45,651	—	139,228	(3,729)	181,150	15,193	372	3,191	(4,906)	(4,384)	9,467	2,642	193,259
Increase (decrease) during the term:													
Cash dividends paid			(3,250)		(3,250)								(3,250)
Change of scope of consolidated subsidiaries			223		223								223
Change of scope of equity method			133		133								133
Reversal of land revaluation difference			—		—								—
Net income attributable to owners of the parent			43,617		43,617								43,617
Purchase of treasury stocks				(0)	(0)								(0)
Capital increase from purchase of stock of consolidated subsidiaries		26	—		26								26
Others			167		167								167
Net increase (decrease) during the term, except for items under shareholders' equity						1,531	(1,373)	—	4,375	1,049	5,583	737	6,321
<b>Total increase (decrease)</b>	—	26	40,890	(0)	40,916	1,531	(1,373)	—	4,375	1,049	5,583	737	47,237
<b>Balance at March 31, 2022</b>	45,651	26	180,119	(3,729)	222,066	16,725	(1,000)	3,191	(531)	(3,334)	15,050	3,379	240,497

Financial Results for the Fiscal Year ended March 31, 2022

《Consolidated Statements of Cash Flows》

(Amounts less than one million yen are rounded down)

Millions of yen

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Cash flows from operating activities;</b>		
Income before income taxes	28,839	63,138
Depreciation and amortization	5,479	6,123
Amortization of goodwill	468	392
Increase(decrease) in allowance for doubtful receivables	(167)	690
Interest and dividend income	(3,494)	(3,294)
Interest expense	3,764	4,073
Equity in earnings of affiliated companies (gain)	(858)	(3,321)
Gain on sale of property and equipment	(584)	—
Gain on sale of investment securities of unconsolidated subsidiaries	(126)	(1,449)
Loss on retirement of property and equipment	116	—
Loss on devaluation of investments securities	387	1,055
Provision of allowance for doubtful accounts of affiliates	188	118
Arbitration related income	—	(145)
(Increase)decrease in trade receivables	(21,603)	—
(Increase)decrease in trade receivables and contract assets	—	(173,734)
(Increase)decrease in inventories	282	(111,643)
(Increase)decrease in advanced payment	(2,766)	(12,261)
Increase(decrease) in trade notes and accounts payable	13,576	175,780
Increase(decrease) in deposits received	(2,472)	27,238
(Increase)decrease in long-term guarantee deposits	(6,385)	(240,054)
Increase(decrease) in retirement benefits	583	552
Other, net	8,663	(1,842)
<b>Sub total</b>	<b>23,890</b>	<b>(268,582)</b>
Interest and dividends received	3,567	3,129
Interest paid	(3,797)	(4,155)
Income taxes paid	(4,656)	(11,290)
Arbitration related income	—	145
<b>Net cash provided by (used in) operating activities</b>	<b>19,004</b>	<b>(280,752)</b>
<b>Cash flows from investing activities;</b>		
Payment for time deposits	(14)	(50)
Proceeds from refund of time deposits	73	89
Payment for purchase of property and equipment	(6,332)	(6,287)
Proceeds from sale of property and equipment	1,318	43
Payment for acquisition of investment securities	(2,788)	(6,054)
Proceeds from sale and redemption of investment securities	1,228	2,368
(Increase)decrease in short-term loans receivable, net	1,171	(11,730)
Increase in long-term loans receivable	(4,701)	(239)
Collection of long-term loans receivable	7,715	10,135
Other, net	(1,860)	(3,266)
<b>Net cash used in investing activities</b>	<b>(4,190)</b>	<b>(14,993)</b>
<b>Cash flows from financing activities;</b>		
Increase(decrease) in short-term loans, net	(10,497)	371,112
Increase(decrease) in commercial paper, net	—	40,000
Proceeds from long-term debt	12,098	41,005
Repayments of long-term debt	(22,802)	(30,834)
Payment for redemption of bonds	(10,021)	(10,013)
Payment for cash dividends	(2,242)	(3,255)
Cash dividends paid to minority interest in consolidated subsidiaries	(134)	(133)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(134)	(100)
Other, net	(490)	(961)
<b>Net cash provided by (used in) financing activities</b>	<b>(34,223)</b>	<b>406,820</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,402</b>	<b>1,265</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>(17,006)</b>	<b>112,339</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>67,243</b>	<b>50,892</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>632</b>	<b>1,842</b>
<b>Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries</b>	<b>22</b>	<b>9</b>
<b>Cash and cash equivalents at end of period</b>	<b>50,892</b>	<b>165,083</b>

Financial Results for the Fiscal Year ended March 31, 2022

《Segment information》

Segment information by business category for the fiscal year 2020 and 2021, is as follows:

(Amounts less than one million yen are rounded down)

Fiscal Year ended March 31, 2021

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	896,732	235,347	77,699	100,507	176,043	174,350	1,660,680	84,821	1,745,501	—	1,745,501
Inter-segment	12,002	3,210	1,874	330	7,002	7,064	31,485	3,038	34,523	(34,523)	—
Total	908,734	238,558	79,573	100,837	183,045	181,414	1,692,165	87,860	1,780,025	(34,523)	1,745,501
Segment income	19,239	3,837	766	2,116	5,548	1,739	33,248	1,455	34,704	(5,883)	28,821
Segment assets	398,212	150,656	28,464	41,667	43,034	90,501	752,536	33,187	785,724	38,866	824,590

Other											
Depreciation	4,119	16	347	89	205	216	4,995	379	5,374	104	5,479
Depreciation of Goodwill	390	—	22	—	54	—	468	—	468	—	468
Interest income	268	1,001	0	2	24	496	1,795	3	1,798	51	1,850
Interest expenses	2,512	1,639	272	417	195	387	5,425	169	5,594	(1,830)	3,764
Equity in earnings (losses) of affiliates	547	(32)	25	—	44	63	648	209	858	—	858
Investment in affiliates	5,834	—	211	—	585	1,864	8,496	1,505	10,002	—	10,002
Property, plant and equipment and Intangible assets increase	6,012	89	249	142	293	158	6,945	638	7,583	199	7,782

Fiscal Year ended March 31, 2022

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Primary Metal	Metal Recycling	Foods	Energy & Living Materials	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	983,651	195,597	127,573	116,167	280,397	333,558	2,036,946	127,103	2,164,049	—	2,164,049
Inter-segment	24,512	6,373	4,015	531	10,371	339	46,144	3,186	49,330	(49,330)	—
Total	1,008,164	201,970	131,588	116,699	290,769	333,898	2,083,090	130,289	2,213,379	(49,330)	2,164,049
Segment income	35,958	7,247	2,883	3,024	6,784	6,722	62,620	3,726	66,346	(3,628)	62,718
Segment assets	563,951	701,699	41,650	52,480	55,050	140,510	1,555,341	51,476	1,606,818	108,575	1,715,394

Other											
Depreciation	4,676	21	361	74	213	286	5,633	381	6,014	108	6,123
Depreciation of Goodwill	392	—	—	—	—	—	392	—	392	—	392
Interest income	345	549	0	2	30	774	1,702	0	1,703	28	1,731
Interest expenses	3,343	2,509	364	424	259	575	7,476	258	7,735	(3,661)	4,073
Equity in earnings of affiliates	1,737	1,070	60	—	88	364	3,321	—	3,321	—	3,321
Investment in affiliates	8,029	1,019	263	—	674	1,980	11,967	—	11,967	—	11,967
Property, plant and equipment and Intangible assets increase	9,512	107	288	181	298	150	10,540	857	11,397	163	11,561

Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section and machinery section.
2. Adjustments are as follows:
  - (1) Adjustments for segment income include intersegment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.
  - (2) Adjustments for segment assets include Group assets that have not been distributed to reportable segments. These group assets consist mainly of cash and cash equivalents, investment securities and assets of administrative departments.
  - (3) Adjustments for depreciation include mainly depreciation and amortization expenses of group assets.
  - (4) Adjustments for interest income and interest expenses include intersegment elimination, revenue and expense that have not been distributed to reportable segments.
  - (5) Adjustments for property, plant and equipment and intangible assets increase are increases in Group assets.
3. Segment income or loss is adjusted between ordinary income on the consolidated statements of income and comprehensive income.
4. Since the 1st Quarter of the fiscal year 2021, the Company has changed its method of classification of business segments, integrating a part of the Steel business into the Primary Metal business. The classification change also applies to segment information for the previous fiscal year.
5. Since January 2022, the Company has changed its method of classification of business segments, integrating a part of the Overseas sales subsidiaries business into the Foods business. The classification change also applies to segment information for the previous fiscal year.
6. From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). For this reason, we change the method of calculating revenue for business segments as well. As a result of this change, compared to the previous method, net sales for this fiscal year decreased by 237,244 million yen in the Steel segment, 276,974 million yen in the Primary metal segment, 853 million yen in the Metal recycling segment, 1,522 million yen in the Foods segment, 554 million yen in the Energy & Living Materials segment, 60,041 million yen in overseas sales subsidiaries and decreased 1,959 million yen in the Other segment. In addition, segment income in the Steel segment increased by 114 million yen, and segment assets in the Steel segment decreased 22,565 million yen.

# Highlights of Consolidated Financial Results for the FY2021

(Japan GAAP)

HANWA Co., Ltd.

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

## Outline of Financial Results for the FY2021

- During the fiscal year, economic activity progressed on a recovery trend. Net sales increased to 2,164 billion yen, as transaction volume increased in Steel businesses, and prices of steel and non-ferrous metals trended upward. Profits expanded in all business segments. Operating income increased by 113% YoY, to 62.3 billion yen, while ordinary income increased by 118% YoY, to 62.7 billion yen, as equity in earnings of affiliates expanded, mainly in the Steel business, and net income attributable to owners of the company increased by 122% to 43.6 billion yen.
- We plan to pay 100 yen as the annual (50 yen as the interim and 50 yen as the year-end) dividend.

Operating Results	FY2020	FY2021	Year-on-year		Main Factors
			Change	rate	
<b>Net sales</b>	<b>1,745.5</b>	<b>2,164.0</b>	—*	—*	(Net sales) Net sales increased to 2,164 billion yen, as transaction volume swelled in Steel businesses, and prices of steel and nonferrous metals trended upward.  *From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). For this reason, rates of increase/decrease YoY are not shown for net sales.  (SG&A expenses) SG & A expenses increased by 5.9 billion yen YoY, with newly consolidated subsidiaries contributing 0.7 billion yen to this figure. Personnel expenses rose by 3.1 billion yen YoY, with 0.5 billion yen of this figure deriving from newly consolidated subsidiaries.  (Non-operating income/expenses) Non-operating income increased by 2.5 billion yen and non-operating expenses increased by 1.8 billion yen. The main impacts on ordinary income were as follows. Interest income : decrease of 0.1 billion yen(YoY) Equity in earnings of affiliates : increase of 2.4 billion yen(YoY) Interest expenses : increase of 0.3 billion yen(YoY) Foreign exchange loss: increase of 0.7 billion yen (YoY)  (Extraordinary gain/loss) Gain on sale of investment securities : 1.4 billion yen Loss on devaluation of investments securities : 1.0 billion yen
<b>Gross profit</b>	<b>79.9</b>	<b>119.0</b>	<b>39.0</b>	<b>49%</b>	
SG&A expenses	50.6	56.6	5.9	12%	
<b>Operating income</b>	<b>29.2</b>	<b>62.3</b>	<b>33.1</b>	<b>113%</b>	
Non-operating income	5.8	8.4	2.5	44%	
Non-operating expenses	6.2	8.0	1.8	29%	
<b>Ordinary income</b>	<b>28.8</b>	<b>62.7</b>	<b>33.8</b>	<b>118%</b>	
Extraordinary gain	0.7	1.5	0.8	124%	
Extraordinary loss	0.6	1.1	0.4	69%	
<b>Income before income taxes and others</b>	<b>28.8</b>	<b>63.1</b>	<b>34.2</b>	<b>119%</b>	
Income taxes	8.9	18.7	9.7	109%	
<b>Net income</b>	<b>19.8</b>	<b>44.4</b>	<b>24.5</b>	<b>124%</b>	
Owners of the parent(loss)	19.6	43.6	24.0	122%	
Non-controlling interests(loss)	0.2	0.7	0.5	224%	
EPS (yen)	482.74	1,073.34	590.60	122%	
<b>Comprehensive income</b>	<b>27.3</b>	<b>50.2</b>	<b>22.9</b>	<b>84%</b>	

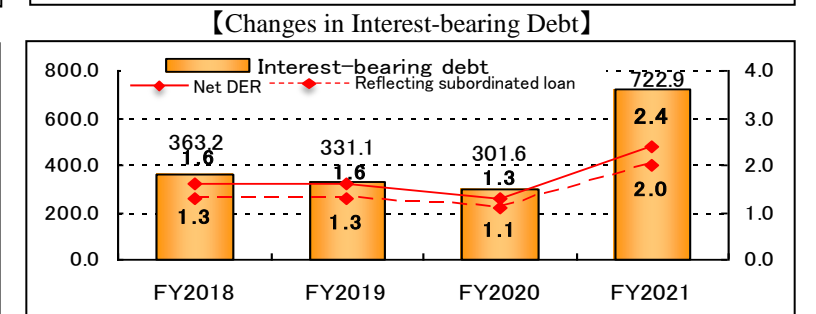
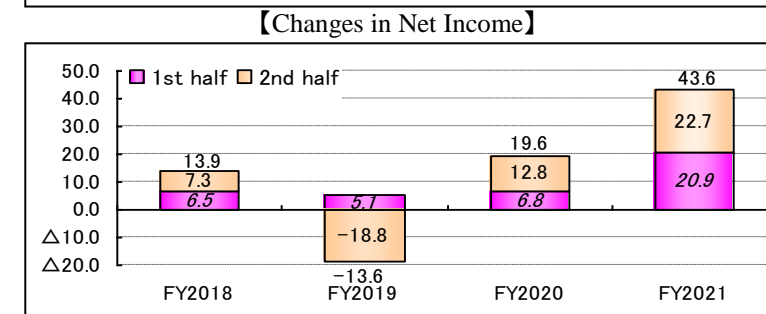
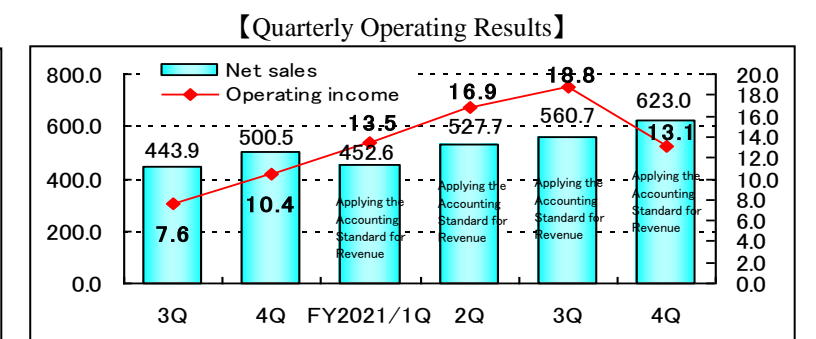
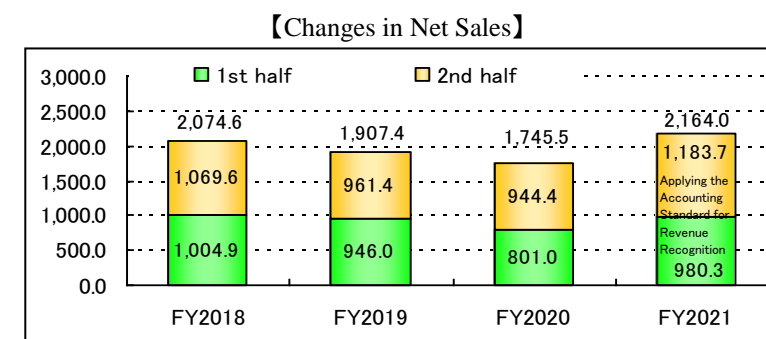
Financial Position	Mar. 2021	Mar. 2022	Comparison with Mar. 2021		Main Factors
			Change	rate	
<b>Total assets</b>	<b>824.5</b>	<b>1,715.3</b>	<b>890.8</b>	<b>108%</b>	(Overview) Due to hedge transactions which involve valuation gains or losses attributable to counter parties based on contracts, long-term guarantee deposits and short-term loans payable increased. In addition, due to the market-value accounting treatment of the hedge transaction, accounts receivable-other and commodity forwards contracts liabilities in which equivalent to valuation losses attributable to counter parties  (Total Assets) Total assets increased by 108% from the end of the previous fiscal year, mainly because of an increase in long-term guarantee deposits and accounts receivable-other.  (Liabilities) Liabilities increased by 133% from the end of the previous fiscal year, mainly as a result of increases in short-term loans payable and commodity forwards contracts liabilities. As interest-bearing debt increased by 140%, net debt-equity ratio was turned into 235% (*203%).  (Net assets) Total net assets increased 25% from the end of the previous fiscal year because of accumulation of retained earnings from net income attributable to owners of parent. Shareholders' equity ratio was 13.8% (*15.3%), which is 9.1 percentage points lower than at the end of the previous fiscal year. *Reflecting equity credit attributes of the subordinated loan
(Current assets)	630.0	1,272.0	641.9	102%	
(Fixed assets)	194.4	443.3	248.8	128%	
<b>Total liabilities</b>	<b>632.7</b>	<b>1,474.8</b>	<b>842.1</b>	<b>133%</b>	
(Interest-bearing debt)	301.6	722.9	421.2	140%	
(Net interest-bearing debt)	250.7	557.4	306.7	122%	
Net DER	133%/105%*	235%/203%*	102pt	85%	
<b>Total net assets</b>	<b>191.8</b>	<b>240.4</b>	<b>48.6</b>	<b>25%</b>	
(Equity capital)	179.7	222.0	42.3	24%	
(Valuation & translation adjustments)	9.4	15.0	5.5	59%	
(Minority interests)	2.6	3.3	0.7	28%	
BPS (yen)	4,656.17	5,834.98	1,178.81	25%	
Shareholders' equity	189.2	237.1	47.9	25%	
Shareholders' equity ratio	22.9/26.0%*	13.8/15.3%*	-9.1pt	-40%	

Cash Flow	FY2020	FY2021	YoY		Main Factors
			Change	rate	
Cash flows from operating activities	19.0	(280.7)	(299.7)	—	(Operating cash flows) Due mainly to increase in long-term guarantee deposits.
Cash flows from investing activities	(4.1)	(14.9)	(10.8)	258%	(Investment cash flows) Due mainly to increase in execution of short-term loans receivable and purchase of tangible fixed assets.
Cash flows from financing activities	(34.2)	406.8	441.0	—	(Financial cash flows) Due mainly to increase in short-term loans payable for long-term guarantee deposits.
Cash and cash equivalents at end of period	50.8	165.0	114.1	224%	

Segment Information	Net sales			Segment income			Main Factors
	FY2020	FY2021	rate	FY2020	FY2021	rate	
Steel	908.7	1,008.1	—	19.2	35.9	87%	(Steel business) Segment income and profit margin grew. Transaction volume increased amid an upward trend in demand for steel. Steel products prices continued to rise amid mounting raw-material costs. (Primary metals business) Segment income increased as steel and non-ferrous metal manufacturers resumed operation, transaction volume in stainless-steel base metals and alloys remained strong and nickel prices rose. As a result, profit margin expanded. (Metal recycling business) Segment income increased. With base metals trending at a high level, profit margin was secured by expansion of aluminum and copper-scrap sales, while transaction volume in stainless-scrap increased through utilization of the cargo-collection and inventory functions of subsidiaries. (Foods business) Profit margin expanded as transaction volume with volume retailers increased and the product prices followed a rising trend. Segment income also increased amid improved profitability at consolidated subsidiaries in the U.S.. (Energy & Living Materials business) Segment income increased. With prices for crude oil and petroleum products on a rising trend, profit margin was secured as transaction volume in palm kernel shells (PKS) and wood pellets increased, while transaction volume in daily necessities and household goods increased. (Overseas sales subsidiaries) Segment income increased. Transaction volume in steel increased in some countries, including Indonesia and Singapore, while transaction volume in imported steel materials increased amid mounting tightening supply in the U.S..
*Primary Metal	238.5	201.9	—	3.8	7.2	89%	
Metal Recycling	79.5	131.5	—	0.7	2.8	276%	
Foods	100.8	116.6	—	2.1	3.0	43%	
Energy& Living Materials	183.0	290.7	—	5.5	6.7	22%	
Overseas sales subsidiaries	181.4	333.8	—	1.7	6.7	286%	
Total for reportable segments	1,692.1	2,083.0	—	33.2	62.6	88%	
Other	87.8	130.2	—	1.4	3.7	156%	
<b>Total</b>	<b>1,780.0</b>	<b>2,213.3</b>	—	<b>34.7</b>	<b>66.3</b>	<b>91%</b>	
Adjustment	(34.5)	(49.3)	—	(5.8)	(3.6)	-38%	
<b>Consolidated</b>	<b>1,745.5</b>	<b>2,164.0</b>	—	<b>28.8</b>	<b>62.7</b>	<b>118%</b>	

\* Since the 1st Quarter of the fiscal year 2021, the Company has changed its method of classification of business segments, integrating a part of the Steel business into the Primary Metal business. Since January 2022, the Company has changed its method of classification of business segments, integrating a part of the Overseas sales subsidiaries business into the Foods business. Please note that comparison on a YoY basis is made in accordance with the classification method after the changing.

Topics	Details
Apr.	Acquired the shares in Suzuki-Sumiden Wire Products Guangzhou Co., Ltd. (SWPG), a manufacturer of high-quality stainless wire in China.
Sep.	Acquired the shares in Da Ming International Holdings Limited, a holding company of Daming Group which is one of China's largest distributor of steel products and also a comprehensive steel service center.
Oct.	Hanwa Trading (Shanghai) Co., Ltd., a consolidated subsidiary of the Company, acquired the shares in JiangYin XiaoDa Metal Products Manufacturing Co., Ltd..
Feb.	The Board of Directors resolved that Yoichi Nakagawa will assume the post of Representative Director and President on April 1, 2022.
Mar.	Obtained the Digital Transformation Certification



Forecast (Annual)	FY2021	FY2022 (estimated)	
		change	rate
Net sales	2,164.0	2,400.0	11%
Operating income	62.3	55.0	Δ12%
Ordinary income	62.7	50.0	Δ20%
Net income attributable to owners of parent	43.6	36.5	Δ16%

Cash Dividends	FY2020	FY2021	FY2022 (estimated)
Year-end (yen)	30.00	50.00	50.00
Annual (yen)	60.00	100.00	100.00
Dividend payout ratio	12%	9%	11%