

Date: May 13, 2022

Contact:
General Manager
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At a meeting of the Board of Directors held today, Hanwa Co., Ltd.(hereinafter: “Hanwa” or “the Company”) passed a resolution to establish a new subsidiary company to strengthen the "SOKOKA" (quick delivery, small lots, processing) business in eastern Japan, based on the fundamental policy of the Medium-Term Business Plan.

A resolution was also passed for a company split (hereinafter: the company split), with this new company serving as the successor and the Company and its wholly-owned subsidiary Daisun Co., Ltd. (hereinafter: Daisun) as the splitting companies.

In addition, since this company split will be a simple absorption type carried out between the Company and its wholly-owned subsidiary, a portion of the disclosure items and content will be omitted.

1. Purpose of this restructuring

The Company is establishing Hanwa Daisun Co., Ltd. (hereinafter: Hanwa Daisun) in order to strengthen the "SOKOKA" (quick delivery, small lots, processing) business in eastern Japan, based on the basic policy of the Medium-Term Business Plan.

Hanwa Daisun will be established as a merger of Hanwa’s expertise in fields such as steel frame engineering, project operation, and multi-perspective wide-ranging business expansion with the adaptability of Daisun in handling business aspects such as warehousing and small lot sales, and this new company will join a portion of the bar steel department at Hanwa’s Tokyo Head Office with the North Kanto Branch and Daisun’s Tokyo Branch and North Kanto Sales Office. In addition to the promotion of "SOKOKA" business, Hanwa Daisun will also work on the development of civil engineering, plant, and manufacturing fields within the engineering business.

Hanwa Daisun will also establish a new large-scale logistics center in Ota-shi, Gunma for unified storage, processing, and distribution. This center will coordinate with Hanwa’s North Kanto Steel Center, Hanwa Logistics Tokyo Co., Ltd., and Tohan Steel Co., Ltd., striving to build the ideal logistics framework through this cooperation.

2. Subsidiary establishment**(1) New company overview (planned)**

Trade name	Hanwa Daisun Co., Ltd.
Representative	Daigo Matsumoto, Representative Director, President
Business content	Sales and manufacturing of general steel materials and construction products
Capital	30 million yen
Date of establishment	June 1, 2022
Major shareholders and holdings ratio	Hanwa Co., Ltd.: 100%
Accounting period	March 31

(2) Subsidiary establishment method

On June 1, 2022, Hanwa Daisun will be established with 100% financing by Hanwa, and the succession of the Company and Daisun’s business through the company split is scheduled to be conducted on October 1, 2022.

(3) Subsidiary establishment schedule

Board of Directors resolution	May 13, 2022
New company establishment	June 1, 2022 (planned)

3. Company splitting

(1) Company split schedule

Resolution by the Company's Board of Directors	May 13, 2022
Resolution by Daisun's Board of Directors	July 31, 2022 (planned)
Company split contract signing date	August 1, 2022 (planned)
Company split effective date	October 1, 2022 (planned)

(Note) The company split will be carried out without the approval of a resolution by a general meeting of stockholders because it is a simple absorption split as defined in Article 784-2 of the Companies Act.

(2) Company splitting method

The method is an absorption split with Hanwa and Daisun as splitting companies and Hanwa Daisun as the successor company.

(3) Allocation for the company split

Although the company split is being carried out between the parent company and the wholly-owned subsidiary, no split compensation will be provided to Hanwa, while 520,000 shares of Hanwa Daisun will be provided to Daisun as absorption split compensation. The planned allocation will be adjusted to a 66:34 ratio between Hanwa and Daisun.

(4) Handling of share warrants and warrant bonds related to this company split

Not applicable.

(5) Changes to capital resulting from the company split

There will be no changes to Hanwa's capital resulting from the company split.

(6) Rights and obligations taken on by the successor company

Among the assets, debts, contractual status, and other rights and obligations related to this company split, those specified by the absorption split contract will be inherited by the successor company.

(7) Expectations for debt fulfillment

Hanwa has determined that this company split will not cause any problems for the appropriate fulfillment of company debts.

4. Overview of companies involved in the company split (as of the end of March 2022)

	Split company	Split company	Successor company
(1) Name	Hanwa Co., Ltd.	Daisun Co., Ltd.	Hanwa Daisun Co., Ltd.
(2) Address	4-3-9 Fushimi-machi, Chuo-ku, Osaka-shi, Osaka	4-5-7 Itachibori, Nishi-ku, Osaka-shi, Osaka	1-13-1 Tsukiji, Chuo-ku, Tokyo
(3) Representative's title and name	Hironari Furukawa, Representative Director, President	Masaki Konishi, Representative Director, President	Daigo Matsumoto, Representative Director, President
(4) Business content	Sales of various types of products such as iron and steel, metal raw materials, nonferrous metals, foodstuffs, oil and chemical products, lumber, and machinery; steel and nonferrous metal manufacturing; amusement facility management and operations, etc.	Sales and standard warehousing of general steel materials and iron and steel construction products	Sales and manufacturing of general steel materials and construction products
(5) Capital	45,651 million yen	200 million yen	30 million yen
(6) Date of establishment	April 1, 1947	August 4, 1948	June 1, 2022 (planned)
(7) Number of issued shares	42,332,640 shares	2,000,000 shares	1,000,000 shares
(8) Accounting period	March 31	March 31	March 31
(9) Major shareholders and holdings ratio	The Master Trust Bank of Japan, Ltd. (Trust) 13.78% Hanwa Clients' Stock Investment Association 5.02%	Hanwa Co., Ltd. 100%	Hanwa Co., Ltd. 100%

	Custody Bank of Japan, Ltd (Trust) 4.93%		
	JP MORGAN CHASE BANK 385632 4.47%		
	Sumitomo Mitsui Banking Corporation 3.76%		
(10) Financial status and business performance in the preceding fiscal year (ending March 2022)			
	Hanwa Co., Ltd. (Consolidated)	Daisun Co., Ltd. (Unconsolidated)	Hanwa Daisun Co., Ltd. (Unconsolidated)
Net assets	240,497 million yen	2,687 million yen	(Expected value on June 1, 2022)
Total assets	1,715,394 million yen	9,295 million yen	
Net assets per share	5,834.98 yen	1,343.62 yen	
Net sales	2,164,049 million yen	18,265 million yen	
Operating profit	62,367 million yen	1,051 million yen	
Operating income	62,718 million yen	1,066 million yen	
Net income for the year	43,617 million yen	736 million yen	
Net income for the year per share	1,073.34 yen	368.40 yen	

(Note) The information listed for Hanwa Daisun Co., Ltd. is the current expected overview as of the establishment date for this new company.

5. Overview of inheriting business departments

(1) Content of inheriting business departments

Hanwa Daisun Co., Ltd. will inherit a portion of the bar steel department at Hanwa's Tokyo Head Office and the entirety of its North Kanto Branch, as well as Daisun's Tokyo Branch and North Kanto Sales Office, and will carry out steel material sales with a focus on bar steel.

(2) Performance of inheriting business departments (fiscal year ended March 2022)

Net sales	12,925 million yen
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(3) Inherited asset and liability items and amounts (as of March 31, 2022)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	— million yen	Current debts	— million yen
Fixed assets	3,614 million yen	Fixed liabilities	435 million yen
Total assets	3,614 million yen	Total liabilities	435 million yen

6. Conditions following the company split

(1) Hanwa and Daisun (splitting companies)

There will be no changes to Hanwa's trade name, business content, head office address, representative, capital, or accounting period following the company split. In addition, the impact on net assets and total assets is not yet confirmed.

(2) Hanwa Daisun

Trade name	Hanwa Daisun Co., Ltd.
Representative	Daigo Matsumoto, Representative Director, President
Business content	Sales and manufacturing of general steel materials and construction products
Capital	30 million yen
Date of establishment	June 1, 2022 (planned)
Major shareholders and holdings ratio	Hanwa Co., Ltd.: 66.0%, Daisun Co., Ltd.: 34.0%
Accounting period	March 31

7. Future forecast

This company split is expected to have a minimal impact on Hanwa's consolidated business results.