

Consolidated Financial Results for the Year Ended March 31, 2022 (FY2021)

June 10, 2022
Metal One Corporation

Consolidated Statement of Income

(IFRS Results)

(¥ billion)	FY2020	FY2021	Change
Revenue	1,417.5	2,007.8	590.3
Gross profit	83.1	119.0	35.9
(Gross profit ratio)	(5.9%)	(5.9%)	(0.0%)
Selling, general and administrative expenses	-71.1	-76.4	-5.3
Provision for doubtful receivables	-1.3	-0.7	0.6
Operating income*1	10.7	41.9	31.2
Gains (losses) on investments	0.6	-5.1	-5.7
Gains (losses) on property, plant and equipment and others	2.4	-1.3	-3.7
Other income (expense)	0.8	1.0	0.2
Finance expense	-1.5	-2.7	-1.2
Share of profit of investments accounted for using the equity method	2.9	10.4	7.5
Profit before tax	15.7	44.3	28.6
Income taxes	-6.6	-11.9	-5.3
Profit for the year	9.1	32.4	23.3
Owners of the parent	6.6	28.1	21.5
Non-controlling interests	2.5	4.3	1.8

*1 Operating income has been disclosed in accordance with Japanese standards for presentation

Consolidated Statement of Financial

(¥ billion)	As of March 31, 2021	As of March 31, 2022	Change
Assets			
Current assets	666.4	884.8	218.4
Cash and cash equivalents	17.6	13.5	-4.1
Trade and other receivables	431.3	514.2	82.9
Inventories	188.9	322.0	133.1
Other current assets	28.6	35.0	6.4
Non-current assets	242.0	227.0	-15.0
Property, plant and equipment	97.8	96.9	-0.9
Intangible assets and goodwill	11.4	10.9	-0.5
Other non-current assets	132.8	119.1	-13.7
Total assets	908.4	1,111.8	203.4
Liabilities and equity			
Current liabilities	418.0	599.2	181.2
Borrowings	146.4	278.5	132.1
Trade and other payables	246.6	294.6	48.0
Other current liabilities	24.9	26.1	1.2
Non-current liabilities	81.5	74.1	-7.4
Borrowings	57.8	53.0	-4.8
Other non-current liabilities	23.7	21.0	-2.7
Total liabilities	499.5	673.3	173.8
Equity attributable to owners of the parent	372.5	400.3	27.8
Common stock and additional paid-in capital	151.0	151.2	0.2
Retained earnings	199.9	220.1	20.2
Other components of equity	21.6	29.0	7.4
Non-controlling interests	36.5	38.2	1.7
Total equity	408.9	438.5	29.6
Total liabilities and equity	908.4	1,111.8	203.4

Overview of Consolidated Results for FY2021

Business environment

In the fiscal year under review, the global economy recovered from the economic slowdown that accompanied the spread of COVID-19, but the pace of recovery was slowed by significant inflation over a broad range of categories. This was spurred mainly by pandemic-related restrictions on movement in numerous countries, rising energy prices, and supply chain disruptions. In Japan, although there were signs of recovery in economic activities, which had slumped because of the pandemic, the recovery remained partial. Production activities faced limitations related to the effects of lockdowns imposed by emergency declaration, the global semiconductor shortage, rising raw material prices, and supply chain disruptions.

Business performance

Regarding the business environment, global steel demand increased year on year due to a restart of economic activities. Demand also rose in Japan with the relative return to normal, after the huge drop in the previous fiscal year, but the recovery remained modest overall. Steel prices increased due to rising raw material prices. In this business environment, the Metal One Group focused on various strategies aimed at developing personnel, shifting management resources, and optimizing our portfolio, including withdrawing from unprofitable businesses, in line with its medium-term management plan Management Strategy 2021. Amid the aforementioned efforts and rising steel market, the Metal One Group's consolidated performance increased from that of the previous fiscal year, with revenue growing to ¥2,007.8 billion, a year-on-year increase of 41.6%. Profit for the year attributable to owners of the parent rose to ¥28.1 billion, a 325.8% increase.

Highlights

1. Revenue and gross profit

Due mainly to a rising steel market, revenue increased ¥590.3 billion, compared to the previous fiscal year, totaling ¥2,007.8 billion (Japan-related: ¥766.2 billion; Overseas-related: ¥1,241.6 billion). Gross profit rose ¥35.9 billion, totaling ¥119.0 billion.

2. Selling, general and administrative expenses

Due to economic activities returning to normal, costs increased ¥5.3 billion year on year, totaling ¥76.4 billion.

3. Gains (losses) on investments and gains (losses) on property, plant and equipment

Due to revising our portfolio, including withdrawing from unprofitable businesses, gains on investments decreased ¥5.7 billion over the previous fiscal year to a loss of ¥5.1 billion, and gains on property, plant and equipment decreased ¥3.7 billion to a loss of ¥1.3 billion.

4. Share of profit of investments accounted for using the equity method

Due to a rising steel market, equity-method investments in Japan and overseas both performed well, and our share of profit increased ¥7.5 billion year on year to ¥10.4 billion.

5. Total assets

Total assets increased ¥203.4 billion, compared to the previous fiscal year end, totaling ¥1,111.8 billion due to an increase in trade and other receivables as well as inventories coinciding with a rise in steel prices and a depreciation of the Japanese yen.

6. Interest-bearing debt

Due to an increase in working capital, the balance of borrowings was ¥331.5 billion, a ¥127.3 billion increase.

7. Total equity

Total equity rose ¥29.6 billion year on year to ¥438.5 billion due mainly to the increase in net income and in other components of equity accompanying the depreciation of the Japanese yen.

Number of Consolidated Subsidiaries and Affiliates

	Subsidiaries	Affiliates	Total (Consolidated)
Invested businesses	69 (-4)	29 (-5)	98 (-9)
Companies in Japan and overseas	18 (—)	—	18 (—)
Total	87 (-4)	29 (-5)	116 (-9)

Note: Figures in parentheses () show changes from the previous year.

Consolidated Financial Indicators

	March 31, 2021	March 31, 2022
Shareholders' equity ratio	41.0%	36.0%
Net D/E ratio	0.5	0.8

Shareholders' equity ratio = Equity attributable to owners of the parent ÷ Total assets
Net D/E ratio = (Borrowings - Cash and cash equivalents) ÷ Equity attributable to owners of parent