

Consolidated Financial Results for the Year Ended March 31, 2023 (FY2022)

June 12, 2023
Metal One

Consolidated Statement of Income

(Unaudited IFRS Results)

(¥ billion)	FY2021	FY2022	Change
Revenue	2,007.8	2,396.2	388.4
Gross profit	119.0	139.7	20.7
(Gross profit ratio)	(5.9%)	(5.8%)	(▲0.1%)
Selling, general and administrative expenses	-76.4	-84.2	-7.8
Provision for doubtful receivables	-0.7	-0.7	0.0
Operating income*1	41.9	54.8	12.9
Losses on investments	-5.1	-0.2	4.9
Gains (losses) on property, plant and equipment and others	-1.3	0.8	2.1
Other income (expense)	1.0	0.3	-0.7
Finance expense	-2.7	-8.3	-5.6
Share of profit of investments accounted for using the equity method	10.4	8.7	-1.7
Profit before tax	44.3	56.1	11.8
Income taxes	-11.9	-10.9	1.0
Profit for the year	32.4	45.2	12.8
Owners of the parent	28.1	41.5	13.4
Non-controlling interests	4.3	3.7	-0.6

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

Consolidated Statement of Financial

(¥ billion)	As of March 31, 2022	As of March 31, 2023	Change
Assets			
Current assets	884.8	925.7	40.9
Cash and cash equivalents	13.5	15.6	2.1
Trade and other receivables	514.2	543.8	29.6
Inventories	322.0	318.5	-3.5
Other current assets	35.0	47.8	12.8
Non-current assets	227.0	222.8	-4.2
Property, plant and equipment	96.9	97.1	0.2
Intangible assets and goodwill	10.9	11.3	0.4
Other non-current assets	119.1	114.4	-4.7
Total assets	1,111.8	1,148.5	36.7
Liabilities and equity			
Current liabilities	599.2	635.8	36.6
Borrowings	278.5	280.7	2.2
Trade and other payables	294.6	318.4	23.8
Other current liabilities	26.1	36.7	10.6
Non-current liabilities	74.1	53.5	-20.6
Borrowings	53.0	35.1	-17.9
Other non-current liabilities	21.0	18.3	-2.7
Total liabilities	673.3	689.3	16.0
Equity attributable to owners of the parent	400.3	420.3	20.0
Common stock and additional paid-in capital	151.2	151.2	0.0
Retained earnings	220.1	232.8	12.7
Other components of equity	29.0	36.4	7.4
Non-controlling interests	38.2	38.9	0.7
Total equity	438.5	459.2	20.7
Total liabilities and equity	1,111.8	1,148.5	36.7

Overview of Consolidated Results for FY2022

Business environment

In the fiscal year under review, the pace of recovery in the global economy was slowed by rising inflation around the world and increasing interest rates in various countries to counter it. The rise in inflation was spurred by such complex factors as the prolonged Russia-Ukraine conflict and supply chain disruptions caused by another spike in COVID-19 cases in China.

In Japan, despite feeling the effects of rising inflation, the economy gradually recovered as capital investment remained firm against a backdrop of improving business performance and gradually recovering personal consumption on the back of easing restrictions.

Business performance

Regarding the business environment, global steel demand decreased year on year due in part to rising raw material and fuel prices and slowing construction investment amid financial tightening. Demand increased slightly overall in Japan due to a year-on-year increase in the construction, automotive, and industrial machinery sectors despite a decrease in the civil engineering and ship building sectors. Conditions strengthened in the steel market, reflecting soaring raw material prices in product prices and a tightening supply-demand balance as blast furnace manufacturers consolidated facilities.

In this business environment, after establishing the themes of transformation and growth in the Medium-term Management Plan 2024, the Metal One Group worked to transform itself by enhancing its efficiency and differentiation using digital technology as well as to consider and carry out growth strategies in regions with high growth potential based on geopolitical risks.

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 ¥2,396.2 billion, a year-on-year increase of 19.3%. Profit for the year attributable to owners of the parent rose to ¥41.5 billion, a 47.9% increase.

Highlights

1. Revenue and gross profit

Due mainly to a rising steel market, revenue increased ¥388.4 billion, compared to the previous fiscal year, totaling ¥2,396.2 billion (Japan-related: ¥951.9 billion; Overseas-related: ¥1,444.3 billion). Gross profit rose ¥20.7 billion, totaling ¥139.7 billion.

2. Selling, general and administrative expenses

Due in part to foreign exchange effects from yen depreciation, costs increased ¥7.8 billion year on year, totaling ¥84.2 billion.

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

(losses) Due to a rebound from the previous fiscal year, losses on investments amounted to ¥0.2 billion (narrowing ¥4.9 billion year on year) while a ¥0.8 billion gain was recorded on property, plant and equipment, marking a ¥2.1 billion reversal from losses in the previous fiscal year.

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

Due to a decrease in profit of investments using the equity method overseas, the overall share fell ¥1.7 billion year on year to ¥8.7 billion.

5. Total assets

Total assets increased ¥36.7 billion, compared to the previous fiscal year end, totaling ¥1,148.5 billion due mainly to an increase in trade and other receivables attributable to such factors as rising steel prices and the depreciating yen.

6. Interest-bearing debt

Due to the creation of capital as we built up net income, the balance of borrowings was ¥315.8 billion, a ¥15.7 billion increase.

7. Total equity

Total equity rose ¥20.7 billion year on year to ¥459.2 billion due mainly to the increase in net

Number of Consolidated Subsidiaries and Affiliates

	Subsidiaries	Affiliates	Total (Consolidated)
Invested businesses	65 (-4)	22 (-7)	87 (-11)
Companies in Japan and overseas	17 (-1)	—	17 (-1)
Total	82 (-5)	22 (-7)	104 (-12)

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

Consolidated Financial Indicators

	March 31, 2022	March 31, 2023
Shareholders' equity ratio	36.0%	36.6%
Net D/E ratio	0.8	0.7

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