

June 9, 2021

## **Consolidated Financial Results for the Year Ended March 2021**

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Metal One Corporation (headquartered in Chiyoda-ku, Tokyo; President & CEO, Shuichi Iwata) is pleased to announce its consolidated financial results for the year ended March 2021.

■ Consolidated Financial Results for FY2020

■ Consolidated Statement of Financial Position and Consolidated Statement of Income

# Consolidated Financial Results for the Year Ended March 31, 2021 (FY2020)

June 9, 2021  
Metal One Corporation

(Unaudited IFRS Results)

## Consolidated Statement of Income

(¥ billion)	FY2019	FY2020	Change
Sales*	2,045.8	1,666.5	-379.3
<b>Gross profit</b>	<b>104.5</b>	<b>83.1</b>	<b>-21.4</b>
(Gross profit ratio)	(5.1%)	(5.0%)	(-0.1%)
Selling, general and administrative expenses	-81.9	-71.1	10.8
Provision for doubtful receivables	0.3	-1.3	-1.6
<b>Operating income*</b>	<b>22.9</b>	<b>10.7</b>	<b>-12.2</b>
Gains on investments	4.8	0.6	-4.2
Gains (losses) on disposal and sale of property, plant and equipment and others	0.4	3.2	2.8
Impairment losses on property, plant and equipment and others	0.0	-0.9	-0.9
Other income (expense)	0.4	0.8	0.4
Finance expense	-3.9	-1.5	2.4
Share of profit of investments accounted for using the equity method	4.7	2.9	-1.8
<b>Profit before tax</b>	<b>29.3</b>	<b>15.7</b>	<b>-13.6</b>
Income taxes	-7.3	-6.6	0.7
Profit for the year	22.0	9.1	-12.9
<b>Owners of the parent</b>	<b>19.5</b>	<b>6.6</b>	<b>-12.9</b>
Non-controlling interests	2.5	2.5	0.0

For reference: Revenue

1,786.2

1,445.8

\*1 Sales and Operating income have been disclosed in accordance with Japanese standards for presentation

## Consolidated Statement of Financial Position

(¥ billion)	As of March 31, 2020	As of March 31, 2021	Change
<b>Current assets</b>	<b>746.7</b>	<b>666.4</b>	<b>-80.3</b>
Cash and cash equivalents	31.4	17.7	-13.7
Trade and other receivables	468.3	431.5	-36.8
Inventories	224.3	190.3	-34.0
Other current assets	22.7	26.9	4.2
<b>Non-current assets</b>	<b>266.5</b>	<b>242.0</b>	<b>-24.5</b>
Property, plant and equipment	116.4	109.8	-6.6
Intangible assets and goodwill	11.7	11.4	-0.3
Other non-current assets	138.4	120.8	-17.6
<b>Total assets</b>	<b>1,013.2</b>	<b>908.4</b>	<b>-104.8</b>
<b>Current liabilities</b>	<b>513.3</b>	<b>418.0</b>	<b>-95.3</b>
Borrowings	254.3	146.4	-107.9
Trade and other payables	234.3	246.6	12.3
Other current liabilities	24.7	25.0	0.3
<b>Non-current liabilities</b>	<b>90.9</b>	<b>81.5</b>	<b>-9.4</b>
Borrowings	65.9	57.8	-8.1
Other non-current liabilities	25.0	23.7	-1.3
<b>Total liabilities</b>	<b>604.2</b>	<b>499.5</b>	<b>-104.7</b>
<b>Equity attributable to owners of the parent</b>	<b>374.0</b>	<b>372.5</b>	<b>-1.5</b>
Common stock and additional paid-in capital	151.1	151.0	-0.1
Retained earnings	201.6	201.0	-0.6
Other components of equity	21.3	20.5	-0.8
<b>Non-controlling interests</b>	<b>35.0</b>	<b>36.5</b>	<b>1.5</b>
<b>Total equity</b>	<b>409.0</b>	<b>408.9</b>	<b>-0.1</b>
<b>Total liabilities and equity</b>	<b>1,013.2</b>	<b>908.4</b>	<b>-104.8</b>

## Overview of Consolidated Results for FY2020

### Business environment

In the fiscal year under review, the global economy deteriorated sharply due to restrictions on economic activities to control the spread of COVID-19 but later began to recover once restrictions were eased. However, many countries are experiencing new waves of infections, and the global economy's pace of recovery has slowed.

In Japan, consumption slumped because of the pandemic, then showed signs of recovery thanks to growing exports and economic measures; only for the economy to stall due to another wave of infections.

### Business performance

Regarding the business environment, global steel demand declined year on year due to the aforementioned global economic slowdown caused by the COVID-19 pandemic. Demand in Japan also fell due to stagnating economic activity. Steel prices were weak due to this suppressed demand. In this business environment, the Metal One Group focused on various strategies aimed at developing personnel, shifting management resources, and revising our portfolio, including withdrawing from unprofitable businesses, in line with its medium-term management plan Management Strategy 2021. Despite our best efforts as describe above, due to the business environment worsening more than anticipated, the Metal One Group's consolidated performance declined from that of the previous fiscal year, falling to ¥1,666.5 billion in sales, a year-on-year decrease of 18.5%. Profit for the year attributable to owners of the parent dropped to ¥6.6 billion, a 66.2% decrease.

### Highlights

#### 1. Sales and gross profit

Sales decreased ¥379.3 billion, compared to the previous fiscal year, totaling ¥1,666.5 billion due to a decline in business volume and lower average unit costs.

As a result of lower sales and the weaker gross profit ratio, gross profit fell ¥21.4 billion, totaling ¥83.1 billion.

#### 2. Selling, general and administrative expenses

Due mainly to efforts to cut business expenses while business transactions declined overall, costs decreased ¥10.8 billion year on year, totaling ¥71.1 billion.

#### 3. Gains on investments and Gains (Losses) on property, plant and equipment

Following a temporary surge in the previous fiscal year, integrated profit of Metal One Sumisho Tubular Products returned to normal levels. Due primarily to this decline, gains on investments decreased ¥4.2 billion over the previous fiscal year to ¥0.6 billion.

#### 4. Gains (losses) on disposal and sale of property, plant and equipment and others

Due in part to the reduction and sale of assets mainly at Group companies, gains on disposal and sale of property, plant and equipment increased ¥2.8 billion year on year to ¥3.2 billion.

#### 5. Business results by transaction type

The Group's domestic sales reached ¥843.4 billion (51% of total sales), a year-on-year decrease of ¥178.0 billion. Overseas sales reached ¥823.1 billion (49% of total sales), a year-on-year decrease of ¥201.3 billion.

#### 6. Total assets and total equity

Total assets decreased ¥104.8 billion, compared to the previous fiscal year end, totaling ¥908.4 billion due to a decline in trade and other receivables, inventories, and matching borrowings coinciding with a drop in business transactions. Additionally, total equity fell ¥0.1 billion to ¥408.9 billion due mainly to a decrease in other components of equity accompanying a depreciation of the Japanese yen and sales of investment securities.

#### 7. Interest-bearing debt

Due to a decrease in trade and other receivables in connection with lower sales, the balance of borrowings was ¥204.3 billion, a ¥115.9 billion

## Comprehensive Income

(¥ billion)	FY2019		FY2020		Change (B-A)
	Owners of the parent	Non-controlling interests	Owners of the parent	Non-controlling interests	
Profit for the year	19.5	2.5	22	2.5	9.1
Gains (Losses) on other investments designated as FVOCI	-3.8	-0.3	-4.1	-0.3	-1.4
Exchange differences on translating foreign operations	-5.5	-1.4	-6.9	3.4	0.8
Other	0	0	0	0.1	0.4
Comprehensive income	10.2	0.8	11	3.1	1.3

## Number of Consolidated Subsidiaries and Affiliates

Subsidiaries	Affiliates	Total(Consolidated)
91 (→)	34 (→)	125 (→)

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

## Consolidated Financial Indicators

	March 31, 2020	March 31, 2021
Shareholders' equity ratio	36.0%	41.0%
Net D/E ratio	0.8	0.5

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 the parent



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**Metal One Corporation and Subsidiaries**  
**Financial Results for the Year Ended March 2021**

**18th Term**  
(April 1, 2020 to March 31, 2021)

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June 9, 2021

7-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

**Metal One Corporation**

## Consolidated Statement of Financial Position (Unaudited IFRS Results)

(¥ million)							
Assets				Liabilities			
Item	Previous fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)	Change (amount)	Item	Previous fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)	Change (amount)
Current assets	746,721	666,398	-80,323	Current liabilities	513,296	417,970	-95,326
Cash and cash equivalents	31,419	17,731	-13,688	Borrowings	254,341	146,441	-107,900
Trade and other receivables	468,315	431,525	-36,790	Trade and other payables	234,303	246,587	12,284
Other financial assets	1,152	336	-816	Lease liabilities	4,905	3,521	-1,384
Inventories	224,291	190,291	-34,000	Other financial liabilities	200	4,435	4,235
Advance payments to suppliers	5,852	11,108	5,256	Advances from customers	6,664	3,459	-3,205
Assets classified as held for sale	53	—	-53	Income tax payables	2,838	3,069	231
Other current assets	15,639	15,407	-232	Provisions	153	873	720
				Other current liabilities	9,892	9,585	-307
Non-current assets	266,514	242,024	-24,490	Non-current liabilities	90,907	81,524	-9,383
Investments accounted for using the equity method	73,744	68,443	-5,301	Borrowings	65,854	57,827	-8,027
Other investments	60,037	47,150	-12,887	Trade and other payables	780	896	116
Other financial assets	133	697	564	Lease liabilities	10,568	8,673	-1,895
Property, plant and equipment	101,144	97,779	-3,365	Other financial liabilities	21	9	-12
Intangible assets and goodwill	11,653	11,440	-213	Retirement benefit obligation	2,613	2,697	84
Right-of-use assets	15,298	12,039	-3,259	Provisions	940	837	-103
Deferred tax assets	1,901	1,862	-39	Deferred tax liabilities	10,051	10,264	213
Other non-current assets	2,604	2,614	10	Other non-current liabilities	80	321	241
				Total liabilities	604,203	499,494	-104,709
				Equity			
				Equity attributable to owners of the parent	374,000	372,462	-1,538
				Common stock	100,000	100,000	-
				Additional paid-in capital	51,070	50,969	-101
				Other components of equity	21,339	20,472	-867
				Other investments designated as FVTOCI	15,885	12,544	-3,341
				Exchange differences on translating foreign operations	5,454	7,928	2,474
				Retained earnings	201,591	201,021	-570
				Non-controlling interests	35,032	36,466	1,434
				Total equity	409,032	408,928	-104
Total assets	1,013,235	908,422	-104,813	Total liabilities and equity	1,013,235	908,422	-104,813

Consolidated Statement of Income (Unaudited IFRS Results)

(¥ million)

Item	Previous fiscal year April 1, 2019 to March 31, 2020	Current fiscal year April 1, 2020 to March 31, 2021	Year-on-year	
			Change (amount)	Change (percentage)
Sales*	2,045,774	1,666,492	-379,282	-18.5%
Gross profit	104,502	83,124	-21,378	-20.5%
(Gross profit ratio)	(5.1%)	(5.0%)		
Selling, general and administrative expenses	-81,924	-71,125	10,799	-13.2%
Provision for doubtful accounts	288	-1,323	-1,611	-
Operating income*	22,866	10,676	-12,190	-53.3%
Gains on investments	4,756	555	-4,201	-88.3%
Gains (losses) on disposal and sale of property, plant and equipment and others	382	3,209	2,827	740.1%
Impairment losses on property, plant and equipment and others	-40	-854	-814	2035.0%
Other income	3,199	4,579	1,380	43.1%
Other expense	-2,626	-3,806	-1,180	44.9%
Finance income	2,008	1,605	-403	-20.1%
Finance costs	-5,940	-3,129	2,811	-47.3%
Share of profit of investments accounted for using the equity method	4,671	2,857	-1,814	-38.8%
Profit before tax	29,276	15,692	-13,584	-46.4%
Income taxes	-7,257	-6,600	657	-9.1%
Profit for the year	22,019	9,092	-12,927	-58.7%
Profit for the year attributable to owners of the parent	19,518	6,590	-12,928	-66.2%
Profit for the year attributable to non- controlling interests	2,501	2,502	1	0.0%

\*Sales and Operating income have been disclosed in accordance with Japanese standards for presentation.