

June 10, 2022

Consolidated Financial Results for the Year Ended March 2022

Metal One Corporation (headquartered in Chiyoda-ku, Tokyo; President & CEO, Ko Imamura) is pleased to announce its consolidated financial results for the year ended March 2022.

■ Consolidated Financial Results for FY2021

■ Consolidated Statement of Financial Position and Consolidated Statement of Income

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



**Metal One Corporation and Subsidiaries
Financial Results for the Year Ended March 2022**

19th Term
(April 1, 2021 to March 31, 2022)

June 10, 2022

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

Metal One Corporation

Consolidated Statement of Financial Position (IFRS Results)

(¥ million)

Assets				Liabilities			
Item	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)	Change (amount)	Item	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)	Change (amount)
Current assets	666,398	884,812	218,414	Current liabilities	417,969	599,241	181,272
Cash and cash equivalents	17,575	13,539	- 4,036	Borrowings	146,441	278,544	132,103
Trade and other receivables	431,339	514,209	82,870	Trade and other payables	246,587	294,565	47,978
Other financial assets	492	573	81	Lease liabilities	3,521	3,721	200
Inventories	188,913	322,042	133,129	Other financial liabilities	4,435	4,321	- 114
Advance payments to suppliers	11,108	13,636	2,528	Advances from customers	3,459	2,727	- 732
Income tax receivables	4,354	2,393	- 1,961	Income tax payables	3,069	5,657	2,588
Other current assets	12,617	18,420	5,803	Other current liabilities	10,457	9,706	- 751
Non-current assets	242,024	226,961	- 15,063	Non-current liabilities	81,524	74,055	- 7,469
Investments accounted for using the equity method	68,443	70,980	2,537	Borrowings	57,827	53,043	- 4,784
Other investments	47,150	31,704	- 15,446	Trade and other payables	896	1,178	282
Other financial assets	697	189	- 508	Lease liabilities	8,673	7,652	- 1,021
Property, plant and equipment	97,779	96,937	- 842	Other financial liabilities	9	57	48
Intangible assets and goodwill	11,440	10,942	- 498	Retirement benefit obligation	2,697	2,344	- 353
Right-of-use assets	12,039	11,103	- 936	Deferred tax liabilities	10,264	8,560	- 1,704
Deferred tax assets	1,862	2,751	889	Other non-current liabilities	1,158	1,221	63
Other non-current assets	2,614	2,355	- 259	Total liabilities	499,493	673,296	173,803
				Equity			
				Equity attributable to owners of the parent	372,463	400,326	27,863
				Common stock	100,000	100,000	-
				Additional paid-in capital	50,969	51,227	258
				Other components of equity	21,592	29,044	7,452
				Other investments designated as IFTOCI	13,664	10,556	- 3,108
				Exchange differences on translating foreign operations	7,928	18,488	10,560
				Retained earnings	199,902	220,055	20,153
				Non-controlling interests	36,466	38,151	1,685
				Total equity	408,929	438,477	29,548
Total assets	908,422	1,111,773	203,351	Total liabilities and equity	908,422	1,111,773	203,351

Consolidated Statement of Income (IFRS Results)

(¥ million)

Item	Previous fiscal year April 1, 2020 to March 31, 2021	Current fiscal year April 1, 2021 to March 31, 2022	Year-on-year	
			Change (amount)	Change (percentage)
Revenue	1,417,513	2,007,820	590,307	41.6%
Cost of sales	- 1,334,389	- 1,888,796	- 554,407	41.5%
Gross profit	83,124	119,024	35,900	43.2%
Selling, general and administrative expenses	- 72,448	- 77,078	- 4,630	6.4%
Gains (losses) on investments	555	- 5,109	- 5,664	-
Gains (losses) on disposal and sale of property, plant and equipment and others	3,209	- 439	- 3,648	-
Impairment losses on property, plant and equipment and others	- 854	- 815	39	-4.6%
Other income	4,579	2,447	- 2,132	-46.6%
Other expense	- 3,806	- 1,407	2,399	-63.0%
Finance income	1,605	1,091	- 514	-32.0%
Finance costs	- 3,129	- 3,789	- 660	21.1%
Share of profit of investments accounted for using the equity method	2,857	10,417	7,560	264.6%
Profit before tax	15,692	44,342	28,650	182.6%
Income taxes	- 6,600	- 11,948	- 5,348	81.0%
Profit for the year	9,092	32,394	23,302	256.3%
Profit for the year attributable to:				
Owners of the parent	6,590	28,064	21,474	325.9%
Non-controlling interests	2,502	4,330	1,828	73.1%