

June 12, 2023

## **Consolidated Financial Results for the Year Ended March 2022**

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Metal One Corporation (headquartered in Chiyoda-ku, Tokyo; President & CEO, Keisuke Kitamura) is pleased to announce its consolidated financial results for the year ended March 2023.

■ Consolidated Financial Results for FY2022

■ Consolidated Statement of Financial Position and Consolidated Statement of Income

# 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
<b>Gross profit</b>	<b>119.0</b>	<b>139.7</b>	<b>20.7</b>
(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
<b>Operating income*1</b>	<b>41.9</b>	<b>54.8</b>	<b>12.9</b>
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
<b>Profit before tax</b>	<b>44.3</b>	<b>56.1</b>	<b>11.8</b>
Income taxes	-11.9	-10.9	1.0
Profit for the year	32.4	45.2	12.8
<b>Owners of the parent</b>	<b>28.1</b>	<b>41.5</b>	<b>13.4</b>
<b>Non-controlling interests</b>	<b>4.3</b>	<b>3.7</b>	<b>-0.6</b>

\*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
<b>Assets</b>			
<b>Current assets</b>	<b>884.8</b>	<b>925.7</b>	<b>40.9</b>
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
<b>Non-current assets</b>	<b>227.0</b>	<b>222.8</b>	<b>-4.2</b>
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
<b>Total assets</b>	<b>1,111.8</b>	<b>1,148.5</b>	<b>36.7</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>	<b>599.2</b>	<b>635.8</b>	<b>36.6</b>
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
<b>Non-current liabilities</b>	<b>74.1</b>	<b>53.5</b>	<b>-20.6</b>
Borrowings	53.0	35.1	-17.9
Other non-current liabilities	21.0	18.3	-2.7
<b>Total liabilities</b>	<b>673.3</b>	<b>689.3</b>	<b>16.0</b>
<b>Equity attributable to owners of the parent</b>	<b>400.3</b>	<b>420.3</b>	<b>20.0</b>
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
<b>Non-controlling interests</b>	<b>38.2</b>	<b>38.9</b>	<b>0.7</b>
<b>Total equity</b>	<b>438.5</b>	<b>459.2</b>	<b>20.7</b>
<b>Total liabilities and equity</b>	<b>1,111.8</b>	<b>1,148.5</b>	<b>36.7</b>

## 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)
<b>Total</b>	<b>82 (-5)</b>	<b>22 (-7)</b>	<b>104 (-12)</b>

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



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**Metal One Corporation and Subsidiaries  
Financial Results for the Year Ended March 2023**

20th Term

(April 1, 2022 to March 31, 2023)

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June 12, 2023

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

**Metal One Corporation**

## Consolidated Statement of Financial Position (IFRS)

(¥ million)

Assets				Liabilities			
Item	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)	Change (amount)	Item	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)	Change (amount)
Current assets	884,812	925,676	40,864	Current liabilities	599,241	635,828	36,587
Cash and cash equivalents	13,539	15,599	2,060	Borrowings	278,544	280,710	2,166
Trade and other receivables	514,209	543,784	29,575	Trade and other payables	294,565	318,424	23,859
Other financial assets	573	904	331	Lease liabilities	3,721	3,420	-301
Inventories	322,042	318,526	-3,516	Other financial liabilities	4,321	810	-3,511
Advance payments to suppliers	13,636	21,882	8,246	Advances from customers	2,727	17,517	14,790
Income tax receivable	2,393	4,065	1,672	Income tax payable	5,657	4,209	-1,448
Other current assets	18,420	20,916	2,496	Other current liabilities	9,706	10,738	1,032
Non-current assets	226,961	222,787	-4,174	Non-current liabilities	74,055	53,476	-20,579
Investments accounted for using the equity method	70,980	69,862	-1,118	Borrowings	53,043	35,130	-17,913
Other investments	31,704	28,956	-2,748	Trade and other payables	1,178	1,007	-171
Other financial assets	189	357	168	Lease liabilities	7,652	5,844	-1,808
Property, plant and equipment	96,937	97,062	125	Other financial liabilities	57	40	-17
Intangible assets and goodwill	10,942	11,329	387	Retirement benefit obligation	2,344	2,403	59
Right-of-use assets	11,103	9,039	-2,064	Deferred tax liabilities	8,560	8,150	-410
Deferred tax assets	2,751	4,034	1,283	Other non-current liabilities	1,221	902	-319
Other non-current assets	2,355	2,148	-207	Total liabilities	673,296	689,304	16,008
				Equity			
				Equity attributable to owners of the parent	400,326	420,291	19,965
				Common stock	100,000	100,000	-
				Additional paid-in capital	51,227	51,160	-67
				Other components of equity	29,044	36,353	7,309
				Other investments designated as FVTOCI	10,556	9,920	-636
				Exchange differences on translating foreign operations	18,488	26,433	7,945
				Retained earnings	220,055	232,778	12,723
				Non-controlling interests	38,151	38,868	717
				Total equity	438,477	459,159	20,682
Total assets	1,111,773	1,148,463	36,690	Total liabilities and equity	1,111,773	1,148,463	36,690

## Consolidated Statement of Income (IFRS)

(¥ million)

Item	Previous fiscal year April 1, 2021 to March 31, 2022	Current fiscal year April 1, 2022 to March 31, 2023	Year-on-year	
			Change (amount)	Change (percentage)
Revenue	2,007,820	2,396,213	388,393	19.3%
Cost of sales	-1,888,796	-2,256,512	-367,716	19.5%
Gross profit	119,024	139,701	20,677	17.4%
Selling, general and administrative expenses	-77,078	-84,867	-7,789	10.1%
Losses on investments	-5,109	-192	4,917	-96.2%
Gains (losses) on disposal and sale of property, plant and equipment and others	-439	950	1,389	-
Impairment losses on property, plant and equipment and others	-815	-195	620	-76.1%
Other income	2,447	5,381	2,934	119.9%
Other expense	-1,407	-5,108	-3,701	263.0%
Finance income	1,091	1,031	-60	-5.5%
Finance costs	-3,789	-9,328	-5,539	146.2%
Share of profit of investments accounted for using the equity method	10,417	8,734	-1,683	-16.2%
Profit before tax	44,342	56,107	11,765	26.5%
Income taxes	-11,948	-10,885	1,063	-8.9%
Profit for the year	32,394	45,222	12,828	39.6%
Profit for the year attributable to:				
Owners of the parent	28,064	41,516	13,452	0
Non-controlling interests	4,330	3,706	-624	0