

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

June 9, 2021  
Metal One Corporation

## Consolidated Statement of Income

(Unaudited IFRS Results)

(¥ billion)	FY2019	FY2020	Change
Sales*1	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*1</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>Assets</b>			
<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>Liabilities and equity</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	Total (A)	Owners of the parent	Non-controlling interests	Total (B)	
Profit for the year	19.5	2.5	22	6.6	2.5	9.1	-12.9
Gains (Losses) on other investments designated as FVTOCI	-3.8	-0.3	-4.1	-1.1	-0.3	-1.4	2.7
Exchange differences on translating foreign operations	-5.5	-1.4	-6.9	3.4	0.8	4.2	11.1
Other	0	0	0	0.3	0.1	0.4	0.4
Comprehensive income	10.2	0.8	11	9.2	3.1	12.3	1.3

## Number of Consolidated Subsidiaries and Affiliates

Subsidiaries	Affiliates	Total(Consolidated)
91 (←)	34 (-3)	125 (-3)

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

## Consolidated Financial Indicators

	March 31, 2020	March 31, 2021
Shareholders' equity ratio	36.9%	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