
News Release

November 5, 2021

Marubeni-Itochu Steel Inc.
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Results for the First Half of FY2021

Marubeni-Itochu Steel Inc. (MISI; headquartered in Chuo-ku, Tokyo; Tatsuhiko Toshita, President and CEO) announces the following results for the first half of FY2021 (April through September 2021).

Economic Environment

During the first half of fiscal 2021, global economic activity recovered from the COVID-19 pandemic, with the manufacturing industry showing a generally high level of activity. While the supply of components stalled due to factors such as semiconductor shortages and has hindered recovery in some industries, particularly the automotive sector, consumer spending and capital investment were largely on an upward trend. This is in part thanks to growing vaccination rates in developed countries.

Similarly, the Japanese economy has made a significant recovery in both consumer spending and industrial activity levels compared to the previous fiscal year, which was greatly affected by the COVID-19 disaster. This occurred despite automakers cutting back on production since the summer due to the lack of semiconductors.

In the steel industry, global crude steel production between January and June 2021 reached 1,003.9 million tons—a 14.4 percent increase over the same period last year. A steady upturn from the drop in demand the pandemic

caused helped push production up. China, the world's top steel producer, increased its production by 11.8 percent to 563.3 million tons. Japanese steelmakers also produced 30.6 percent more crude steel year-on-year between April and September 2021 to 48.42 million tons, supported by strong domestic demand and exports.

Results of Operations during the Term under Review

Given this more favorable environment—and as manufacturing activity ramped up—our business performance also recovered thanks to the greater demand for steel products. Driven by soaring market prices, the U.S. construction materials business has performed particularly well, surpassing the results of the previous fiscal year and boosting MISI's overall performance. Despite the slow pace of new large-scale projects, the tubular business is also gradually recovering in line with the rise in oil prices and the increase in operating rigs.

As a result, the MISI Group's consolidated results for the first half of the current fiscal year included revenues of ¥1,240.2 billion, operating income of ¥37.9 billion, and profit attributable to owners of the parent of ¥27.2 billion.

Consolidated Statement of Income (Unaudited, IFRS basis)

MISI's consolidated statement of income figures for the first half of FY2021 are as follows:

(Billions of yen)

Category	Result for the First Half of FY2021	Result for the First Half of FY2020	Increase/decrease
Revenue(*1)	1,240.2	741.6	+498.5
Gross profit	81.3	54.4	+26.9
Operating income	37.9	13.1	+24.7
Profit before tax	40.0	11.6	+28.4
Profit attributable to owners of the parent	27.2	6.6	+20.6

Comprehensive income attributable to owners of the parent	25.1	8.1	+17.0
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*1 Since the Accounting Standard for Revenue Recognition is being applied (ASBJ Statement No. 29, March 31, 2020), etc., from the current fiscal year onward, the term “Total volume of trading transactions” has been dropped in favor of “Revenue.”

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