

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

April 27, 2023

Proterial, Ltd.

- ✓ On January 4, 2023, Hitachi Metals, Ltd. changed its corporate name to Proterial, Ltd. (“the Company,” hereafter)
- ✓ Through the completion of a tender offer for the Company’s common stock by K.K. BCJ-52, a company wholly owned by a consortium led by Bain Capital, and a series of subsequent transactions, the Company became a wholly owned subsidiary of K.K. BCJ-52 on January 5, 2023.
- ✓ The financial figures shown in this material are consolidated figures with the Company at the pinnacle of the group (not including K.K. BCJ-52).

1. Summary of Operating Results (1)

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¥ billions (Italic letters indicate profit margin.)	FY2021 Full year (A) US\$1 = ¥112 €1 = ¥131 1 yuan = ¥17.5		FY2022 1Q (Apr-Jun) US\$1 = ¥130 €1 = ¥138 1 yuan = ¥19.6		FY2022 2Q (Jul-Sep) US\$1 = ¥138 €1 = ¥139 1 yuan = ¥20.2		FY2022 3Q (Oct-Dec) US\$1 = ¥142 €1 = ¥144 1 yuan = ¥19.9		FY2022 4Q (Jan-Mar) US\$1 = ¥132 €1 = ¥142 1 yuan = ¥19.3		FY2022 Full year (B) US\$1 = ¥135 €1 = ¥141 1 yuan = ¥19.8		Year-on-Year (B/A-1)*100[%] or B-A
Revenues		942.7		276.8		291.9		279.0		271.2		1,118.9	+19%
Adjusted operating income*	2.8%	26.8	4.3%	11.8	4.6%	13.3	3.9%	10.9	4.8%	13.1	4.4%	49.1	+22.3
IFRS Operating Income	2.8%	26.7	3.5%	9.8	3.9%	11.4	2.7%	7.6	3.7%	10.0	3.5%	38.8	+12.1
Income before income taxes		32.7		19.9		18.5		-3.4		8.3		43.3	+10.6
Net income (loss) attributable to shareholders of the parent company		12.0		15.1		14.2		-1.3		-4.7		23.3	+11.3

* Adjusted operating income = Revenues - Sales cost - Selling, general & administrative expenses

Sales by Region

¥ billions		Japan	North America	China	Other Asia	Europe	Others	International Total
FY2021	Revenues	402.2	274.4	85.7	119.2	42.3	18.9	540.5
	Sales ratio	43%	29%	9%	13%	4%	2%	57%
FY2022	Revenues	430.0	375.8	91.6	139.4	57.4	24.7	688.9
	Sales ratio	38%	35%	8%	12%	5%	2%	62%
Revenues Year-on-Year		+7%	+37%	+7%	+17%	+36%	+31%	+27%

2. Summary of Operating Results (2)

		¥ billions (Italic letters indicate profit margin.)	FY2021 Full year (A)	FY2022 Full year (B)	Year-on-Year (B/A-1)*100[%] or B-A
Advanced Metals	Specialty Steel Products	Revenues	261.8	288.0	+10%
		Adjusted operating income	6.5% 17.1	8.6% 24.9	+7.8
		IFRS Operating Income	6.1% 15.9	8.6% 24.7	+8.8
	Functional Components and Equipment	Revenues	314.0	416.0	+32%
		Adjusted operating income (loss)	-3.1% -9.6	1.3% 5.4	+15.0
		IFRS Operating Income (loss)	-3.6% -11.3	1.1% 4.4	+15.7
	Subtotal*	Revenues	575.8	704.0	+22%
		Adjusted operating income	1.3% 7.5	4.3% 30.3	+22.8
		IFRS Operating Income	0.8% 4.6	4.1% 29.1	+24.5
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics Materials	Revenues	136.2	157.4	+16%
		Adjusted operating income	9.4% 12.8	8.1% 12.7	-0.1
		IFRS Operating Income	9.5% 12.9	6.9% 10.9	-2.0
	Wires, Cables, and Related Products	Revenues	230.2	257.7	+12%
		Adjusted operating income	2.3% 5.2	1.4% 3.7	-1.5
		IFRS Operating Income	1.6% 3.7	0.9% 2.4	-1.3
	Subtotal*	Revenues	366.4	415.1	+13%
		Adjusted operating income	4.9% 18.0	4.0% 16.4	-1.6
		IFRS Operating Income	4.5% 16.6	3.2% 13.3	-3.3
Others/Adjustments	Revenues	0.5	-0.2	-	
	Adjusted operating income	1.3	2.4	+1.1	
	IFRS Operating Income (loss)	5.5	-3.6	-9.1	
Total	Revenues	942.7	1,118.9	+19%	
	Adjusted operating income	2.8% 26.8	4.4% 49.1	+22.3	
	IFRS Operating Income	2.8% 26.7	3.5% 38.8	+12.1	

* Simple sum before intersegment revenues

Revenues

- ✓ On the demand (weight/ volume, etc.) front, there were increases for automotive casting products and power electronics, despite declines for specialty steel products, rare earth magnets and ferrite magnets, etc.
- ✓ Revenue rose in all segments, reflecting rising raw material prices (sliding scale rate material price system) and the depreciation of the yen. As a result, total revenue rose 19% year on year, to ¥1,118.9 billion.

Adjusted operating income

- ✓ Despite sharply rising raw material and energy costs in addition to higher logistics expenses, due to various cost-cutting measures, sales price revisions and increased profits from the depreciation of the yen, adjusted operating income increased by ¥22.3 billion year on year to ¥49.1 billion.
- ✓ By segment, Specialty Steel Products, Functional Components, and Equipment achieved increases. Magnetic Materials and Applications/ Power Electronics remained mostly flat. Wires, Cables, and Related Products segment experienced a decrease, in part due to sluggish productivity in automotive components.

3. Financial Conditions

¥ billions	End of FY2021 US\$1 = ¥122 €1 = ¥137 1 yuan = ¥19.3	End of FY2022 US\$1 = ¥134 €1 = ¥146 1 yuan = ¥19.4	Fluctuation
Total assets	1,069.7	1,064.6	-5.1
Trade receivables	187.3	206.3	+19.0
Inventories	228.4	245.9	+17.5
Fixed assets	449.6	450.4	+0.8
Total liabilities	538.6	868.3	+329.7
Interest-bearing debt	196.9	384.2	+187.3
Equity attributable to shareholders of the parent company	527.6	196.3	-331.3
Non-controlling interests	3.5	3.4	-0.1
Equity attributable to shareholders of the parent company ratio	49.3%	18.4%	-30.9 pt
D/E ratio (times)	0.37	1.96	+1.59
NET interest-bearing debt*	72.3	308.0	+235.7

*NET interest-bearing debt = Interest-bearing debt - Cash and cash equivalents

4. Consolidated Cash Flows

¥ billions	FY2021	FY2022	Year-on-Year
Cash flows from operating activities (Operating CF)	29.9	44.0	+14.1
Cash flows from investing activities (Investing CF)	-6.4	-30.6	-24.2
Free cash flow (FCF)	23.5	13.4	-10.1

Operating CF: Increased ¥14.1 billion year-on-year due to improved working capital and increased net income.

Investing CF: Decreased ¥24.2 billion year-on-year due to proceeds from sales of assets in FY2021, etc.

✓ Strengthening the organizational structure to accelerate transformation and growth

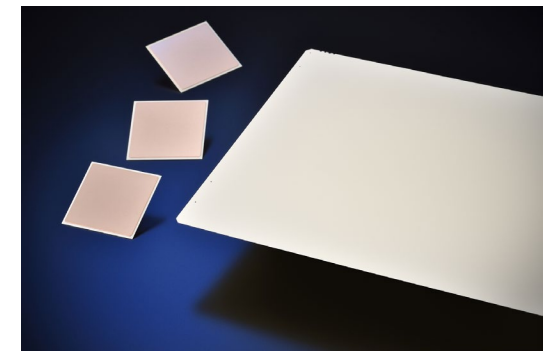
Proterial strengthened its organizational structure on April 1, 2023. The Company has changed its structure to a business unit structure in which each unit reports directly to the CEO to pursue more agile business management. It has divided the Technology, Research & Development Division into the Manufacturing & Engineering Division and R&D Division. The strengthening of the organizational structure enables Proterial to build a global Proterial operating system to achieve operational excellence (world class organizational management), which will be a source of its competitiveness, and to accelerate transformation and growth.

Reference: “Organizational Structure Effective April 1, 2023” announced on Mar. 8th, 2023

<https://www.proterial.com/e/press/pdf/2023/20230308en.pdf>

✓ Increasing the production of silicon nitride substrates for xEV power semiconductors

Investments are made to increase the production of silicon nitride (Si_3N_4) substrates at Proterial Ferrite Electronics, Ltd. Silicon nitride substrates are important components that are used particularly for xEV power semiconductors to control motors and for power conversion. Demand for silicon nitride substrates is increasing rapidly and is expected to continue to grow. Proterial will invest in silicon nitride substrates to increase production and sales and thereby to contribute to creating a decarbonized society.



Silicon nitride substrate

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