

# Hitachi Metals

## Financial Results for the First Three Months of Fiscal Year 2019 (April 1, 2019 to June 30, 2019)

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July 26, 2019

# 1-1. Business Environment

## Overview

- China's economy slowed down mainly due to the trade conflict with the U.S.
- The effects spread across the global economy especially to Europe and Asia.

## By region

- [U.S.] Although the economy showed a moderate recovery on the whole, there are concerns of a slowdown as represented by the emerging effects of China's economic slowdown on agriculture.
- [China] The future of the trade issues with the U.S. is uncertain. A slowdown trend in domestic demand is clear.
- [Japan] Entered a recessionary phase due to the effects of China's economic slowdown and the planned consumption tax hike.
- [Europe and Asia] Uncertainty continued reflecting China's economic slowdown and policy uncertainties in many countries (such as Brexit).

## By market

- [Automobiles] Automotive sales decreased year on year for 10 consecutive months in the global markets especially in China.
- [FA/robots] Demand declined significantly.  
Sluggish demand is highly likely to continue for a longer period of time although it is expected to recover in the second half.
- [Smartphones/5G] Demand for 5G-related infrastructure increased, but sales of smartphones weakened.
- [Semiconductors] There were signs of recovery in some products.

## Both revenues and income decreased year on year, but cash flow improved.

### ● Sales by product area

#### [Automobiles]

- Demand for many mainstays decreased due to decreased automotive sales in the global markets. Mainstays include: molds and tool steel, specialty steel automotive components (CVT belt materials and piston ring materials), the casting components business in the U.S., ferrite magnets, and electronic components of cable materials.

#### [FA/robots]

- Significant decline in demand greatly affected rare earth magnets and cable materials.

#### [Smartphones]

- Weak sales of smartphones affected rare earth magnets and specialty steel (electronic materials).

#### [Semiconductors]

- Positive trend towards recovery in copper lead frame materials and the inventory adjustment of nickel series was almost completed.

### ● Income decreased due to a fall in raw material prices

- Downside risk of ¥2.1 billion as a whole, which occurred mainly in the specialty steel segment.

# 1-3. Overview of the Company's Performance (2)

- Implemented measures to improve operational efficiency and raise cash flows
  - Free cash flow improved by ¥6.4 billion year on year.
  - Implemented measures to actively reduce work in process (reduction of ¥4.4 billion compared to the previous quarter (the end of 4Q) of FY2018)
  - Promoting the reduction of the risk of raw material price fluctuations through reducing inventories
- “Businesses with issues”
  - Heat-resistant exhaust casting components:  
Improvement in production efficiency stagnated, but it will start to reap the benefits at full scale from 4Q of FY2019 through technical measures that can be reliably expected to improve efficiency.
  - Aluminum wheels:  
Dealing with production based on the withdrawal plan  
(deficit will continue until withdrawal is completed.)
  - Planning and proceeding with structural reforms mainly in other underperforming businesses
- Reduction in fixed costs
  - Brought forward the timing of reaping the benefits of reducing fixed costs and other measures  
Annual target of ¥2.4 billion (vs. FY2018)  
→Reduction of ¥4.7 billion in 1Q, FY2019 (vs. 1Q, FY2018)  
(reduction of ¥6.4 billion excluding depreciation)

# 1-4. Operating Results for the First Quarter of Fiscal Year 2019

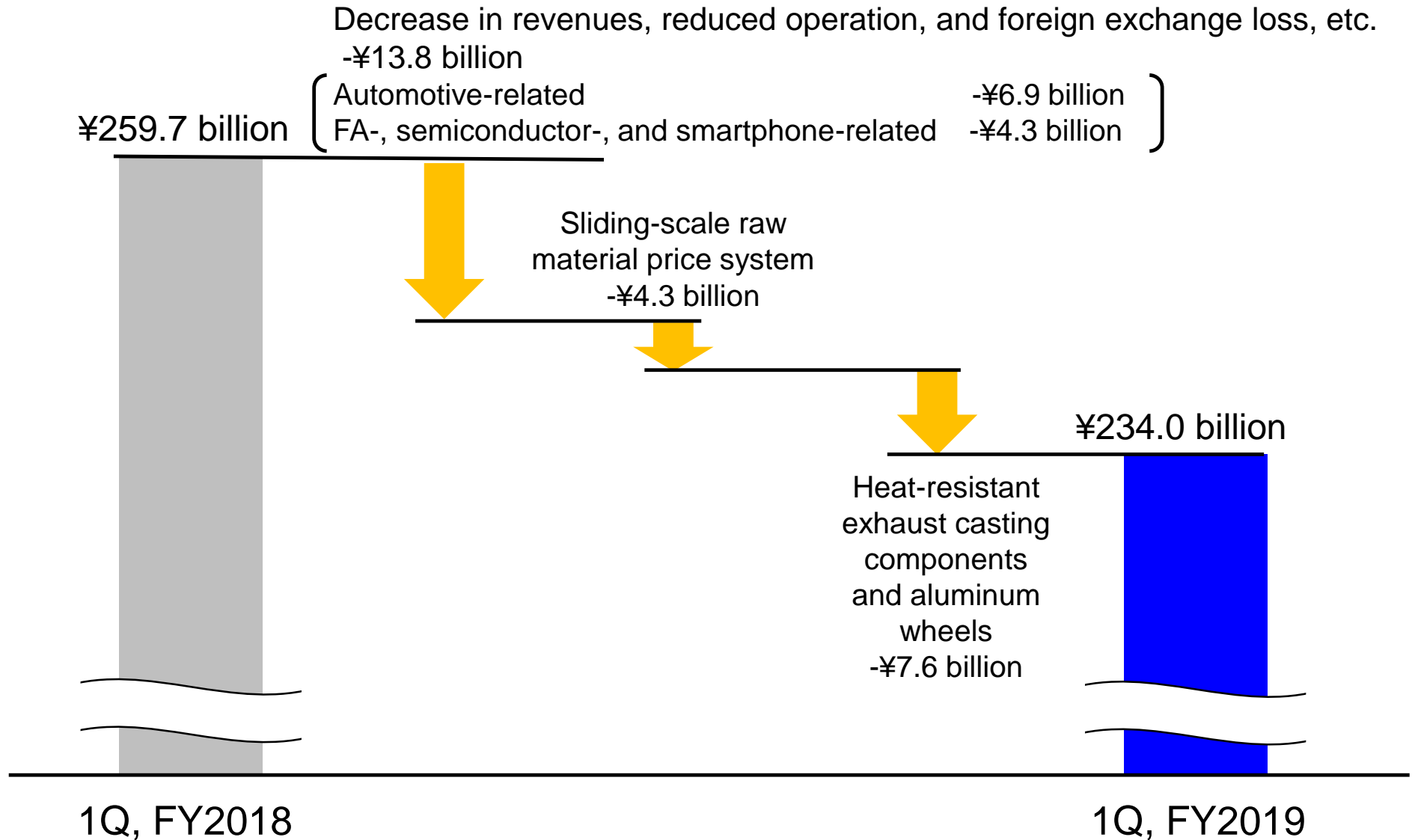
¥ billions Profit margin in brackets	1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year
Revenues	259.7	234.0	-10%
Adjusted operating income*	[6.2%] 16.0	[2.4%] 5.5	-10.5
IFRS operating income	[7.9%] 20.6	[2.2%] 5.2	-15.4
Income before income taxes	21.4	4.5	-16.9
Net income attributable to shareholders of the parent company	17.0	3.2	-13.8
Overseas sales ratio	57%	55%	-2%

## Overseas sales

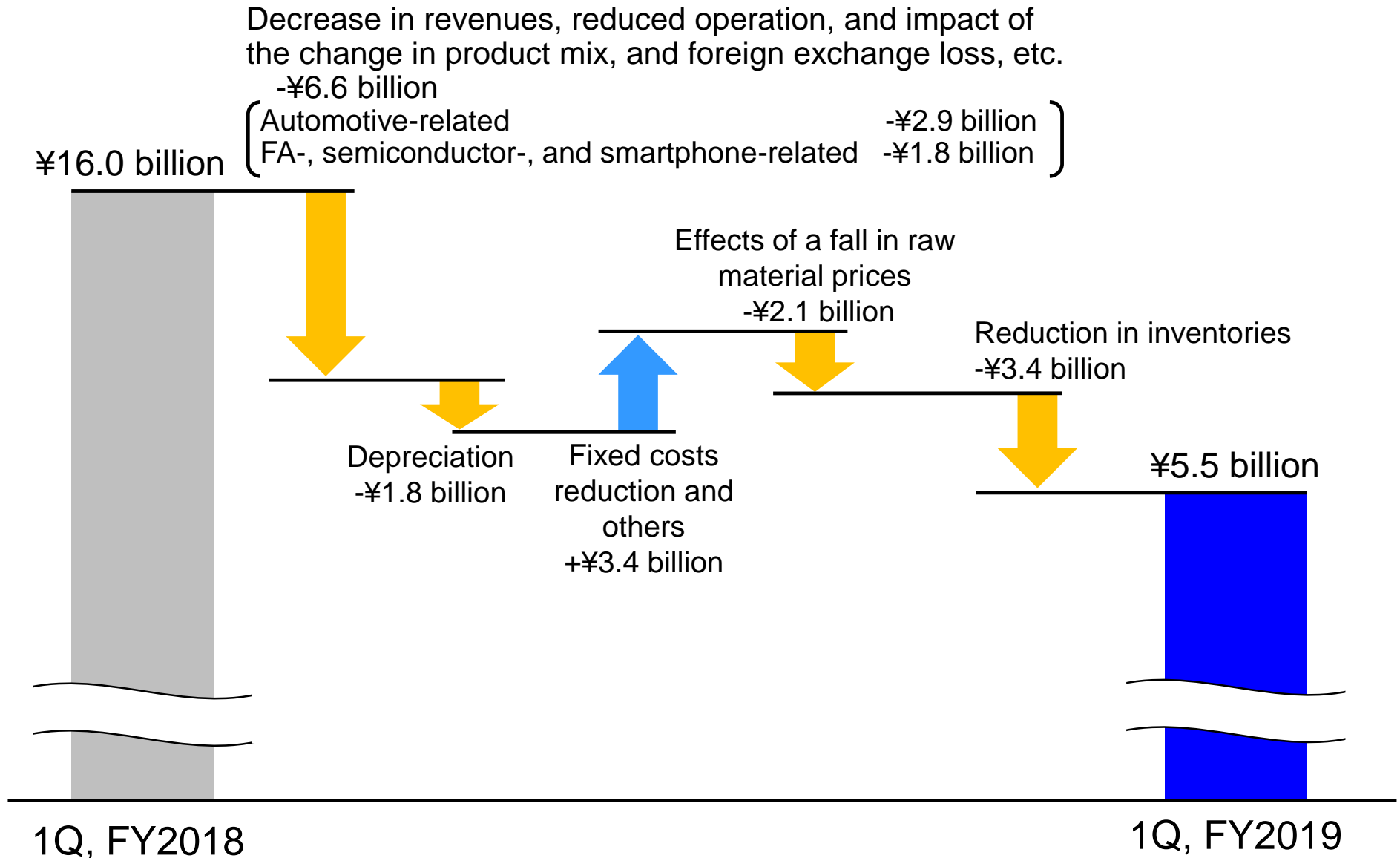
¥ billions		North America	China	Other Asian countries	Europe	Other	Total
1Q, FY2019	Revenues	69.1	16.1	27.0	11.7	5.4	129.3
	Ratio	30%	7%	11%	5%	2%	55%
1Q, FY2018	Revenues	78.9	20.4	31.5	13.6	2.6	147.0
	Ratio	31%	8%	12%	5%	1%	57%

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

# 1-5. Factors Behind Increase/Decrease in Revenues (Year-on-Year)



# 1-6. Factors Behind Increase/Decrease in Adjusted Operating Income (Year-on-Year)



## To improve profitability from the second quarter onwards

- Demand forecast for mainstays:

- Demand is expected to bottom out in the second quarter.

- [Areas with uncertainties]

- Automobiles and FA/robots: Demand trends are under scrutiny.
    - The magnet materials business: Promote the optimization of the global production system

- [Strong products]

- Power electronics materials:

- Strong demand for automotive applications continues and demand for 5G-related applications is expected to increase.

- Rolls and wires, cables, and related products for medical use: Solid demand continues.
      - Semiconductor-related products such as lead frame materials: Signs of recovery

- Continue the reduction of inventories

- Significantly reduce the incremental inventory in FY2018 by the end of 2Q, FY2019 (10% decrease expected year on year)

- Optimize fixed costs in line with the business strategy and ensure implementation of structural reforms.



# Hitachi Metals

## Financial Results for the First Three Months of Fiscal Year 2019

### (April 1, 2019 to June 30, 2019)

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1. Financial Results for the First Quarter of FY2019
- 2. Financial Results for the First Quarter of FY2019 by Segment**
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# 2-1. Operating Results by Segment for the First Quarter of Fiscal Year 2019

¥ billions Profit margin in brackets		1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year	
Advanced Metals	Specialty Steel Products	Revenues	69.4	63.7	-8%
		Adjusted operating income	[10.7%] 7.4	[0.8%] 0.5	-6.9
		Operating income of the segment	[10.8%] 7.5	[1.1%] 0.7	-6.8
	Functional Components and Equipment	Revenues	93.7	83.3	-11%
		Adjusted operating income	[3.5%] 3.3	[2.4%] 2.0	-1.3
		Operating income of the segment	[2.7%] 2.5	[2.0%] 1.7	-0.8
	Subtotal <sup>©</sup>	Revenues	163.1	147.0	-10%
		Adjusted operating income	[6.6%] 10.7	[1.7%] 2.5	-8.2
		Operating income of the segment	[6.1%] 10.0	[1.6%] 2.4	-7.6
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Revenues	36.3	30.6	-16%
		Adjusted operating income	[2.5%] 0.9	[-0.7%] -0.2	-1.1
		Operating income of the segment	[18.2%] 6.6	[-0.7%] -0.2	-6.8
	Wires, Cables, and Related Products	Revenues	60.0	56.0	-7%
		Adjusted operating income	[6.0%] 3.6	[3.2%] 1.8	-1.8
		Operating income of the segment	[5.2%] 3.1	[3.4%] 1.9	-1.2
	Subtotal <sup>©</sup>	Revenues	96.3	86.6	-10%
		Adjusted operating income	[4.7%] 4.5	[1.8%] 1.6	-2.9
		Operating income of the segment	[10.1%] 9.7	[2.0%] 1.7	-8.0
Others/Adjustments	Revenues	0.3	0.4	—	
	Adjusted operating income	0.8	1.4	+0.6	
	Operating income of the segment	0.9	1.1	+0.2	
Total	Revenues	259.7	234.0	-10%	
	Adjusted operating income	[6.2%] 16.0	[2.4%] 5.5	-10.5	
	IFRS operating income	[7.9%] 20.6	[2.2%] 5.2	-15.4	

© Simple sum before eliminating intersegment revenues

Remarks: As of April 1, 2019, soft magnetic components and materials were transferred from the Specialty Steel Products segment to the Magnetic Materials and Applications segment, and the name of the Magnetic Materials and Applications segment was changed to the Magnetic Materials and Applications / Power Electronics segment. The figures in the FY2018 actual results were adjusted retrospectively to reflect this segment change (the actual results after retrospective adjustment have not been audited).

## 2-2. Operating Results by Segment: Specialty Steel Products (1)

### [Revenues]

Decreased due to a decline in demand and a fall in raw material prices (sliding-scale raw material price system)

#### ▪ Molds and tool steel

Decreased due to a fall in raw material prices as well as a decline in demand in international markets mainly in China and inventory adjustments in Japan

#### ▪ Rolls

Rolls: Both domestic sales and exports increased  
Injection molding machine parts:  
Remained unchanged year on year

#### ▪ Industrial equipment materials

Decreased on the back of a decline in demand for environment-conscious products related to automobiles and a fall in raw material prices

#### ▪ Aircraft- and energy-related materials

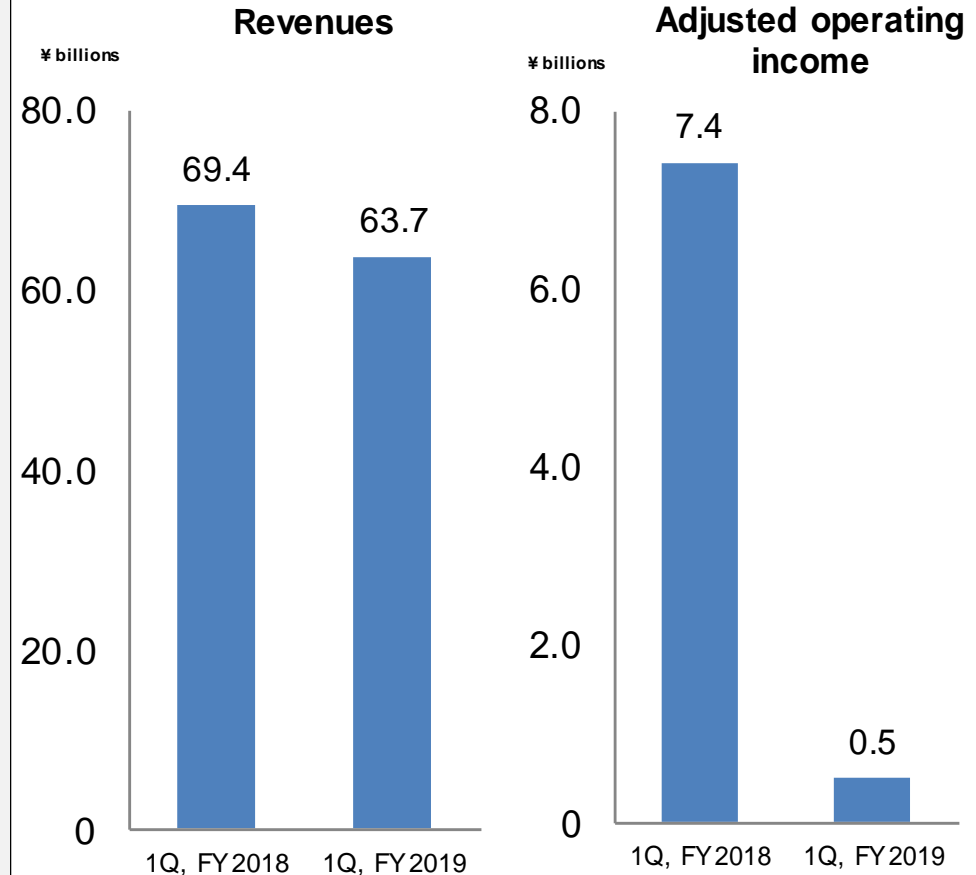
Increased due to an increase in demand for aircraft-related components and materials

#### ▪ Electronic materials

Decreased due to a decline in demand for organic EL panel-related materials, smartphone-related materials, and semiconductor package components, despite an increase in sales of battery-related components

### [Adjusted operating income]

Decreased due to a decline in demand for the Company's mainstays and production adjustments, a fall in raw material prices, as well as an active reduction of work in process



## 2-3. Operating Results by Segment: Specialty Steel Products (2)

¥ billions		1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year
Specialty Steel Products	Revenues	69.4	63.7	-8%
	Molds and tool steel <sup>□</sup>			-13%
	Rolls <sup>□</sup>			+1%
	Industrial equipment materials <sup>□</sup>			-11%
	Aircraft- and energy-related materials <sup>□</sup>			+30%
	Electronic materials <sup>□</sup>			-13%
	Adjusted operating income	7.4	0.5	-6.9
	Adjusted operating margin	10.7%	0.8%	-9.9%
	Operating income of the segment	7.5	0.7	-6.8

□ Indicates the change in revenues calculated by a simplified method

# 2-4. Operating Results by Segment: Functional Components and Equipment (1)

## [Revenues]

Decreased due to a fall in raw material prices (sliding-scale raw material price system), a drop in automotive sales, and the withdrawal from the aluminum wheel business

### ▪ Casting components for automobiles

Cast iron products: Decreased due to a decline in demand for light trucks, passenger vehicles, and agricultural machinery, as well as a fall in raw material prices, despite an increase in demand for commercial vehicles and construction machinery in the U.S.

Heat-resistant casting components: Decreased mainly due to a decrease in sales of new vehicles in China and Europe

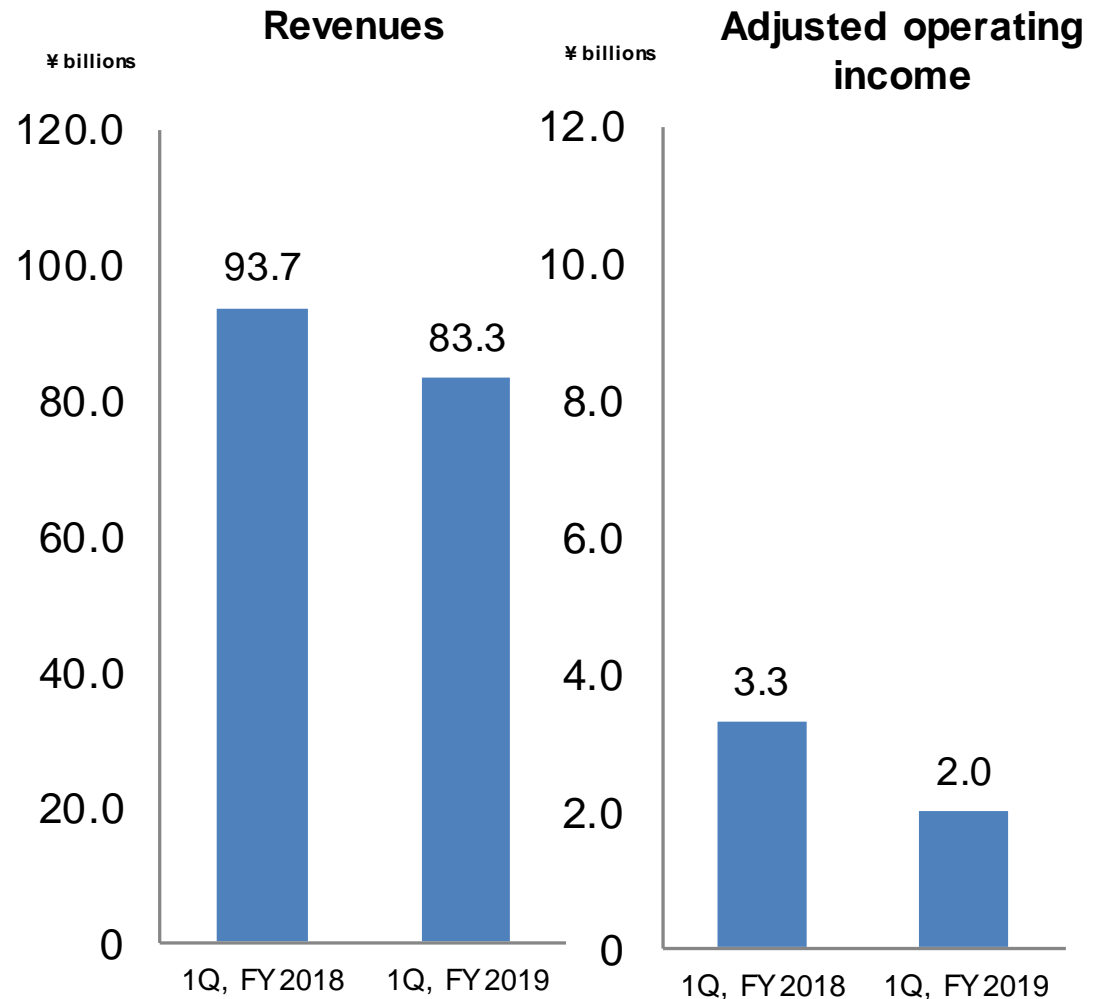
### ▪ Piping components

Pipe fittings: Remained unchanged year on year due to a decline in exports to the Middle East despite an increase in sales to the US and domestic

Semiconductor manufacturing equipment: Decreased due to the delay of some capital investment projects

## [Adjusted operating income]

Decreased largely due to a decrease in sales from the automotive casting components business in the U.S., which is the Company's core business, despite some improvements made in the "businesses with issues"



## 2-5. Operating Results by Segment: Functional Components and Equipment (2)

¥ billions		1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year
Functional Components and Equipment	Revenues	93.7	83.3	-11%
	Casting components for automobiles <sup>©</sup>	82.0	72.2	-12%
	Waupaca Foundry, Inc.	55.2	53.0	-4%
	Cast iron products (weight)			-5%
	Heat-resistant exhaust casting components (HERCUNITE™) (weight)			-37%
	Piping components <sup>©</sup>	11.6	11.1	-4%
	Adjusted operating income	3.3	2.0	-1.3
	Adjusted operating margin	3.5%	2.4%	-1.1%
	Operating income of the segment	2.5	1.7	-0.8

© Simple sum before eliminating intersegment revenues

## 2-6. Operating Results by Segment:

### Magnetic Materials and Applications / Power Electronics (1)

#### [Revenues]

Decreased due to a decrease in demand for magnetic materials and applications for FA/robots and automotive applications

#### ▪ **Magnetic materials**

##### Rare earth magnets

Demand for FA/robots declined significantly.  
Demand for automotive components also decreased.

##### Ferrite magnets

Demand for automotive components decreased.

#### ▪ **Power electronics materials:** Increased mainly in the automotive area

##### Soft magnetic materials and their applied products

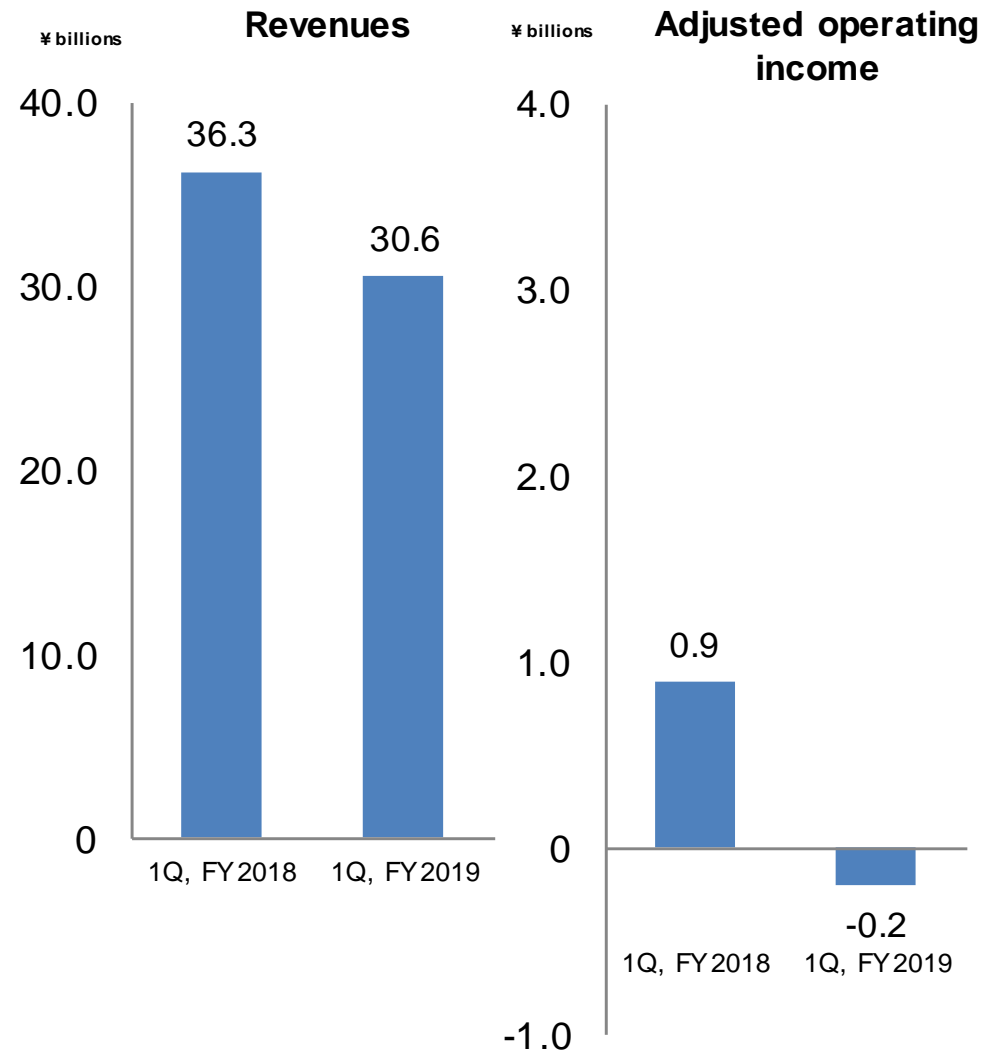
Decline in demand for amorphous metals for transformers and some components for the use of consumer equipment, despite an increase in demand for the use of automotive components

##### Ceramic components

Increased due to an increase in demand mainly for the use of automotive electronic components

#### [Adjusted operating income]

Decreased due to a decrease in demand for magnetic materials and applications



## 2-7. Operating Results by Segment:

### Magnetic Materials and Applications / Power Electronics (2)



¥ billions		1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year
Magnetic Materials and Applications / Power Electronics	Revenues	36.3	30.6	-16%
	Rare earth magnets (weight)			-9%
	Ferrite magnets (weight)			-13%
	Power Electronics Materials <sup>□</sup>			+2%
	Adjusted operating income	0.9	-0.2	-1.1
	Adjusted operating margin	2.5%	-0.7%	-3.2%
	Operating income of the segment*	6.6	-0.2	-6.8

□ Indicates the change in revenues calculated by a simplified method

\* Operating income of the segment decreased as a result of recording a gain on bargain purchase, etc. in the three months ended June 30, 2018, which was generated from making Santoku a consolidated subsidiary.



# 2-8. Operating Results by Segment: Wires, Cables, and Related Products (1)

## [Revenues]

Decreased due to a decline in demand

- **Electric wires and cables**

Overall sales of wires, cables, and related products decreased year on year.

Medical use: Both probe cables and tubes increased.

Wires for rolling stock: Decreased as large-scale projects entered the in-between season

Magnet wires: Decreased both for automotive and industrial applications

Electronic wires: Decreased mainly for the use of FA/robots

- **Automotive components**

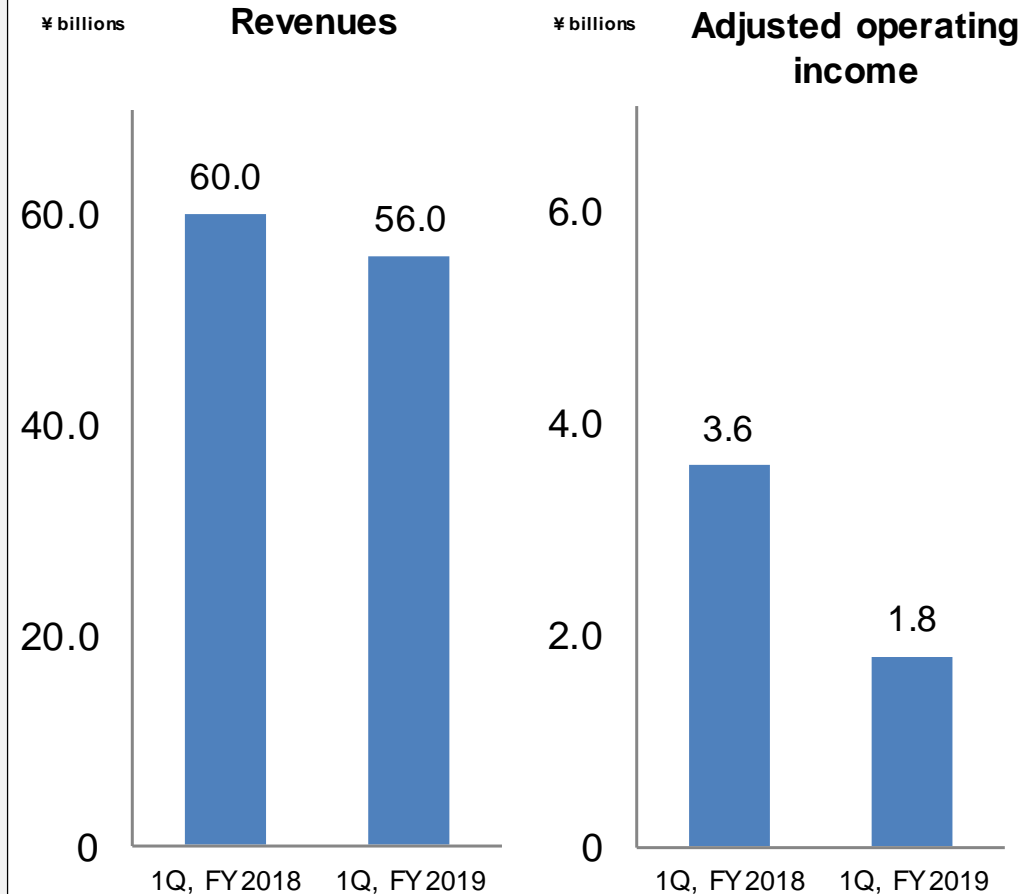
Overall sales of automotive components decreased year on year.

Automotive electronic components: Various sensors and harnesses increased

Brake hoses: Decreased

## [Adjusted operating income]

Decreased mainly due to a decline in demand for the Company's mainstays



## 2-9. Operating Results by Segment: Wires, Cables, and Related Products (2)

¥ billions		1Q (Apr – Jun), FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	1Q (Apr – Jun), FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Year-on- Year
Wires, Cables, and Related Products	Revenues	60.0	56.0	-7%
	Focus sectors			
	Rolling stock <sup>□</sup>			-21%
	Medical devices <sup>□</sup>			+10%
	Automotive electronic components <sup>□</sup>			-2%
	FA, robots <sup>□</sup>			-47%
	Magnet wires <sup>□</sup>			-20%
	Adjusted operating income	3.6	1.8	-1.8
	Adjusted operating margin	6.0%	3.2%	-2.8%
Operating income of the segment	3.1	1.9	-1.2	

□ Indicates the change in revenues calculated by a simplified method

Sales proportion of the focus sectors: 1Q, FY2019: 40%  
1Q, FY2018: 43%

### 3. Assets, Liabilities, and Net Assets

¥ billions	March 31, 2019 US\$1 = ¥111 € 1 = ¥125 1 yuan = ¥16.5	June 30, 2019 US\$1 = ¥108 € 1 = ¥122 1 yuan = ¥15.7	Change
Total assets	1,099.3	1,098.5	-0.8
Trade receivables	195.3	196.7	+1.4
Inventories	214.8	211.1	-3.7
Total liabilities	504.1	516.1	+12.0
Interest-bearing debt	202.1	239.0	+36.9
Equity attributable to shareholders of the parent company	588.0	575.5	-12.5
Non-controlling interests	7.2	6.9	- 0.3
Equity attributable to shareholders of the parent company ratio	53.5%	52.4%	-1.1%
D/E ratio (times)	0.34	0.42	+0.08

- Inventories decreased by ¥3.7 billion through the measures to improve cash flow.
- Interest-bearing debts increased by ¥36.9 billion mainly due to the effect of the first year in which IFRS 16 “Leases” was adopted (¥17.4 billion), in addition to short-term funding.

## 4. Consolidated Cash Flows

¥ billions	1Q, FY2018	1Q, FY2019	Year-on-Year
Cash flows from operating activities (Operating CF)	10.8	7.0	- 3.8
Cash flows from investing activities (Investing CF)	-29.4	-19.2	+10.2
Free cash flows (FCF)	-18.6	-12.2	+6.4
Core free cash flows*	-19.8	-13.1	+6.7

**Free cash flow increased by ¥6.4 billion year on year, by taking measures such as reducing working capital and selecting investments carefully, despite a decrease in income.**

\* Core free cash flows = Cash flows from operating activities – Capital expenditure

# Reference Data (1)

¥ billions	FY2016	FY2017	FY2018	1Q (Apr – Jun),	1Q (Apr – Jun),	FY2019
	Actual US\$1 = ¥108 € 1 = ¥119 1 yuan = ¥16.1	Actual US\$1 = ¥111 € 1 = ¥130 1 yuan = ¥16.8	Actual US\$1 = ¥111 € 1 = ¥128 1 yuan = ¥16.5	FY2018 US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	FY2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	Forecast US\$1 = ¥110
Revenues	910.5	988.3	1,023.4	259.7	234.0	1,000.0
Adjusted operating income <sup>*1</sup>	66.0	65.1	51.4	16.0	5.5	54.0
Adjusted operating margin	7.2%	6.6%	5.0%	6.2%	2.4%	5.4%
Other income	14.1	5.4	10.7	6.8	0.9	
Other expenses	-11.8	-24.2	-19.7	-2.2	-1.2	
IFRS operating income	68.3	46.3	42.4	20.6	5.2	
EBIT	68.5	48.9	45.3	21.9	5.1	40.0
Income before income taxes	66.0	47.0	43.0	21.4	4.5	38.0
Net income attributable to shareholders of the parent company	50.6	42.2	31.4	17.0	3.2	28.5
Interest-bearing debt	194.5	160.8	202.1	183.4	239.0	
Capital expenditure	63.8	91.8	95.4	22.7	11.6	62.0
Depreciation	43.0	46.1	50.9	12.2	13.9	60.0
R&D expenses	18.0	17.7	18.6	4.5	4.0	18.5
D/E ratio (times)	0.36	0.29	0.34	0.32	0.42	0.36
Earnings per share (basic) (yen)	118.32	98.72	73.37	39.82	7.58	66.66
Dividend per share (yen)	26.0	26.0	34.0			34.0
Equity per share attributable to shareholders of the parent company (yen)	1,254.9	1,316.1	1,375.2	1,357.4	1,345.9	1,401.2
Employees	28,754	30,390	30,304	31,086	30,354	30,900
ROIC <sup>*2</sup>	7.0%	5.8%	4.1%			3.5%
ROE <sup>*3</sup>	9.8%	7.7%	5.5%			4.8%
ROA <sup>*4</sup>	4.9%	4.0%	2.9%			2.5%
CCC <sup>*5</sup>	71.1	82.7	90.7			84.2
Overseas sales ratio	56%	56%	56%	57%	55%	56%

\*1 Adjusted operating income = Revenues – Sales cost – Selling, general, & administrative expenses

\*2 Rate of Return on Invested Capital (ROIC) = Net income attributable to shareholders of the parent company / (average of beginning and end-year interest-bearing debts + average of beginning and end-year equity attributable to shareholders of the parent company)

\*3 Return on equity attributable to shareholders of the parent company (ROE) = Net income attributable to shareholders of the parent company / Average of beginning and end-year equity attributable to shareholders of the parent company \* 100

\*4 Return on total assets (ROA) = Net income attributable to shareholders of the parent company / Average of beginning and end-year total assets \* 100

\*5 Cash Conversion Cycle (CCC) = Working capital (trade receivables + inventories – debts) / daily average revenues

# Reference Data (2)

## Major products' volume trends (weight basis)

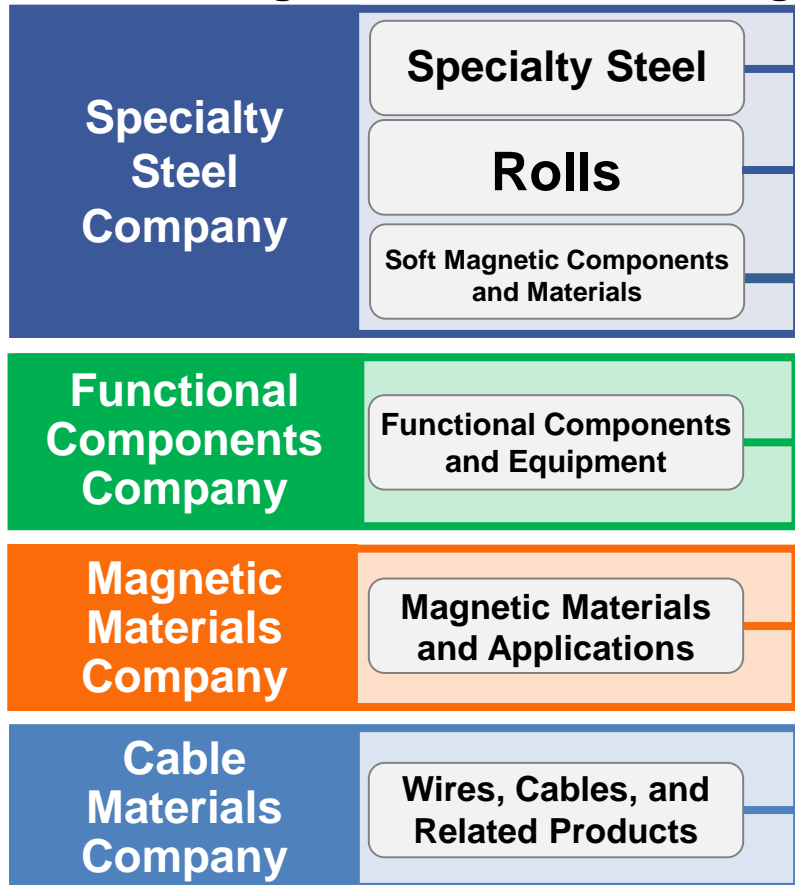
Index numbers calculated by taking the value of 1Q FY2018 as 100

Product		FY2017				FY2018				FY2019
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Specialty Steel Products	Molds and tool steel	101	94	92	99	100	98	87	87	80
	CVT belt materials	93	104	109	119	100	106	112	100	99
	Piston ring materials	98	91	90	96	100	96	98	93	89
	Organic EL-related materials	49	80	85	106	100	87	87	79	95
Magnetic Materials and Applications	Rare earth magnets	101	103	107	100	100	100	93	87	91
Functional Components and Equipment	Cast iron products	99	91	86	97	100	94	91	96	95
	Heat-resistant exhaust casting components (HERCUNITE™)	99	97	104	100	100	88	82	71	63

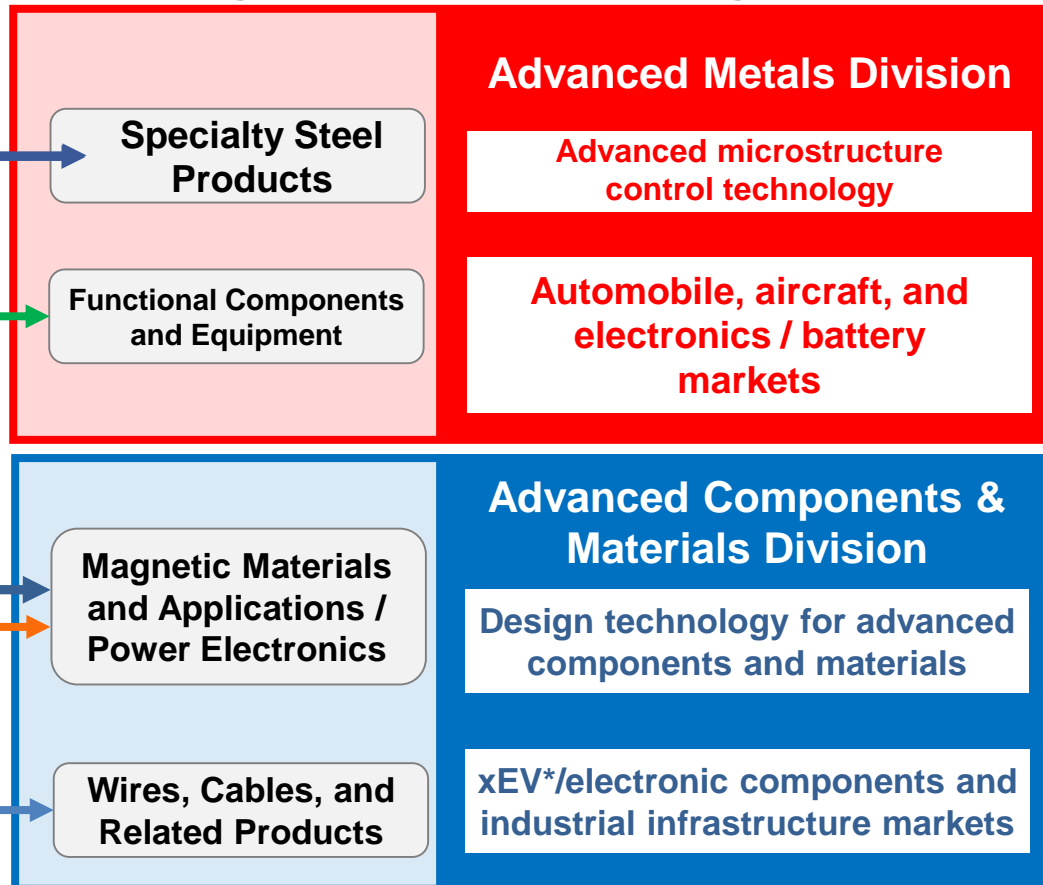
## Shift from four-company organization to two-divisional organization

- Commonality among markets / customer needs / elemental technologies  
→ maximize the synergy between segments
- Effective use of resources, enhance strategy function & governance

### ■ Before organizational restructuring



### ■ After organizational restructuring



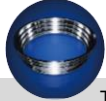









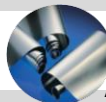

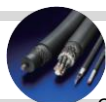
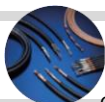



# (For reference) Business Operations by Market

## (From April 2019)



### Business Portfolio

Business Divisions	Business Segments	Industrial Infrastructure	Automobiles	Electronics
Advanced Metals	Specialty Steel	 <b>Tool Steel &amp; Rolls</b> 		
		 <b>Industrial, Aircraft &amp; Energy Materials</b> 		
	Functional Components and Equipment	<b>Piping Components</b>  	<b>Casting Components for Automobiles</b>  	<b>Electronic Materials</b>  
Advanced Components & Materials	Magnetic Materials and Applications/ Power Electronics	 <b>Magnetic Materials</b> 		
		 <b>Power Electronics Materials</b> 		
	Wires, Cables, and Related Products	  <b>Electric Wires and Cables</b>		
<b>Automotive Components</b> 				



# (For reference) Business Operations of Hitachi Metals (From April 2019)

## Business Operations

Business Divisions	Business Segments	Business	Principal Products
Advanced Metals	Specialty Steel	Tool Steel & Rolls	Molds and tool steel, various rolls for steel mills, injection molding machine parts, structural ceramic products, and steel-frame joints for construction
		Industrial, Aircraft & Energy Materials	Automobile-related materials, razor and blade materials, precision cast components, and aircraft- and energy-related materials
		Electronic Materials	Display-related materials, semiconductor and other package materials, and battery-related materials
	Functional Components and Equipment	Casting Components for automobiles	HNM™ high-grade ductile cast iron products, cast iron products for transportation equipment, HERCUNITE™ heat-resistant exhaust casting components, and aluminum components
		Piping Components	Piping and infrastructure components (Gourd™ brand pipe fittings, various valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Advanced Components & Materials	Magnetic Materials and Applications/ Power Electronics	Magnetic Materials and Applications	NEOMAX® rare-earth magnets, ferrite magnets, other various magnets and their applied products
		Power Electronics Materials	Soft magnetic materials (Metglas® amorphous metals, FINEMET® nanocrystalline magnetic materials, soft ferrite) and its applied products, and ceramic components
	Wires, Cables, and Related Products	Electric Wire & Cable	Industrial cables, electronic wires, electric equipment materials, cable assemblies, and industrial rubber products
		Automotive Components	Automotive electronic components and Brake hoses

The Group's business results are disclosed by business segment.

**This document contains forward-looking statements, such as results forecasts, management plans and dividend forecasts, that are not historical facts.**

**All such forward-looking statements are based upon all available information and upon assumptions and projections that were deemed reasonable at the time the Company prepared this document.**

**Changes to the underlying assumptions or circumstances could cause the actual results to differ substantially.**

**The factors causing such differences include, but are not limited to, the following:**

- Risks associated with market conditions related to product demand
- Risks associated with changes in raw material prices
- Risks associated with financing activities
- Risks associated with changes in foreign exchange rates
- Risks associated with changes in the value of securities
- Risks associated with the global expansion of businesses
- Risks associated with competitiveness and development and commercialization of new technologies and products
- Risks associated with intellectual property rights
- Risks associated with environmental regulations
- Risks associated with product defects
- Risks associated with laws and regulations, and official regulations
- Risks associated with earthquakes and other natural disasters
- Risks associated with information security
- Risks associated with retirement benefit obligations
- Risks associated with relationship with the parent company
- Risks associated with M&A
- Risks associated with securing talent