

Hitachi Metals, Ltd. Financial Results for the First Half of Fiscal Year 2021 (April 1 to September 30, 2021)

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October 26, 2021

1-1. Overview of the First Half of FY2021 (1)

- Economies continued to trend toward recovery, mainly in the U.S. and China
- Continued shortage in semiconductors and ongoing chaos in global logistics
- Lock-downs implemented in countries of Southeast Asia due to an expansion of COVID-19
- Raw material prices rose due to rebound in demand
- Trends in markets and business fields

[Automobiles] Production adjustments due to lock-downs in countries of Southeast Asia and due to a chip shortage.

In contrast with 1Q (Apr – Jun), product volume was down in 2Q (Jul – Sep).

In 1H, revenues rose year-on-year.

[Aircraft] Reflecting the impact of COVID-19, demand for aircraft components remained low.

[FA / robots] Demand continued to trend toward recovery in Japan and abroad. In particular, in markets in China, India, and Asia, demand was driven by automotive-related and 5G smartphone-related capital expenditures.

[Semiconductors / smartphones] In addition to automotive-related demand, demand for semiconductors remained strong for information and communications equipment, including smartphones, servers' equipment.

[Medical devices] Priority continued to be placed on COVID-19 infection testing and treatments in the previous fiscal year, but this is currently winding down.

Trends at Hitachi Metals

- Revenues and profit rose year-on-year, reflecting a recovery in demand
 - Trends in business fields
- [Automobiles]** Demand for molds and tool steel rebounded. Inventory levels in the market continue to trend below adequate levels.
Industrial equipment, automotive casting, magnetic materials, and automotive electronic components rose.
The semiconductor shortage impacted mainly automotive casting, magnetic materials, and automotive electronic components.
In 2Q, there was also impacts from lock-downs in countries of Southeast Asia.
- [Aircraft]** Sales of aircraft-related materials remained weak due to a low demand for aircraft.
- [FA / robots]** Capital expenditure demand related to manufacturing, mainly for automobiles and smartphones, increased.
- [Semiconductors / smartphones]** Demand rose in tandem with an increase in use for information communication equipment and a growth in the unit sales of automobiles.
- [Medical devices]** Demand recovered for tubes used in catheters and demand was brisk for CT scintillators.

Earnings forecasts

Revenues: The forecast for revenues was upwardly revised from ¥850 billion to ¥920 billion owing mainly to the impact from the rise in raw material prices (sliding-scale raw material price system) and foreign exchange translations.

Incomes*: The forecast announced on the beginning of FY2021 was reiterated.
Going forward, focus is on uncertainties, primarily automobile production units, the spread of COVID-19, and an impact to the supply chain from a shortage of various components.

1-3. Operating Results

¥ billions (Italic letters indicate profit margin.)	FY2020				FY2021				1H Year-on-Year (C/A-1)*100[%] or C-A	Differences Year-on-Year (D/B-1)*100[%] or D-B
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	Full-year (B)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (C)	Full-year (D) (assuming 3Q-4Q rate)		
	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4	US\$1 = ¥107 €1 = ¥121 1 yuan = ¥15.3	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7	US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥130 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥131 1 yuan = ¥17.0	US\$1 = ¥105 €1 = ¥125 1 yuan = ¥16.0		
Revenues	154.8	186.0	340.8	761.6	226.9	229.5	456.4	920.0	+34%	+21%
Adjusted operating income*	-4.7% -7.3	-2.7% -5.1	-3.6% -12.4	-0.7% -5.0	3.7% 8.5	3.0% 6.8	3.4% 15.3	3.7% 34.0	+27.7	+39.0
IFRS operating income	-4.1% -6.4	-17.3% -32.2	-11.3% -38.6	-6.5% -49.2	1.9% 4.2	4.6% 10.6	3.2% 14.8	—	+53.4	—
Income before income taxes	-7.1	-32.4	-39.5	-50.6	4.3	11.0	15.3	17.0	+54.8	+67.6
(Quarterly) Net income attributable to shareholders of the parent company	-3.3	-29.9	-33.2	-42.3	3.0	8.3	11.3	12.0	+44.5	+54.3

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

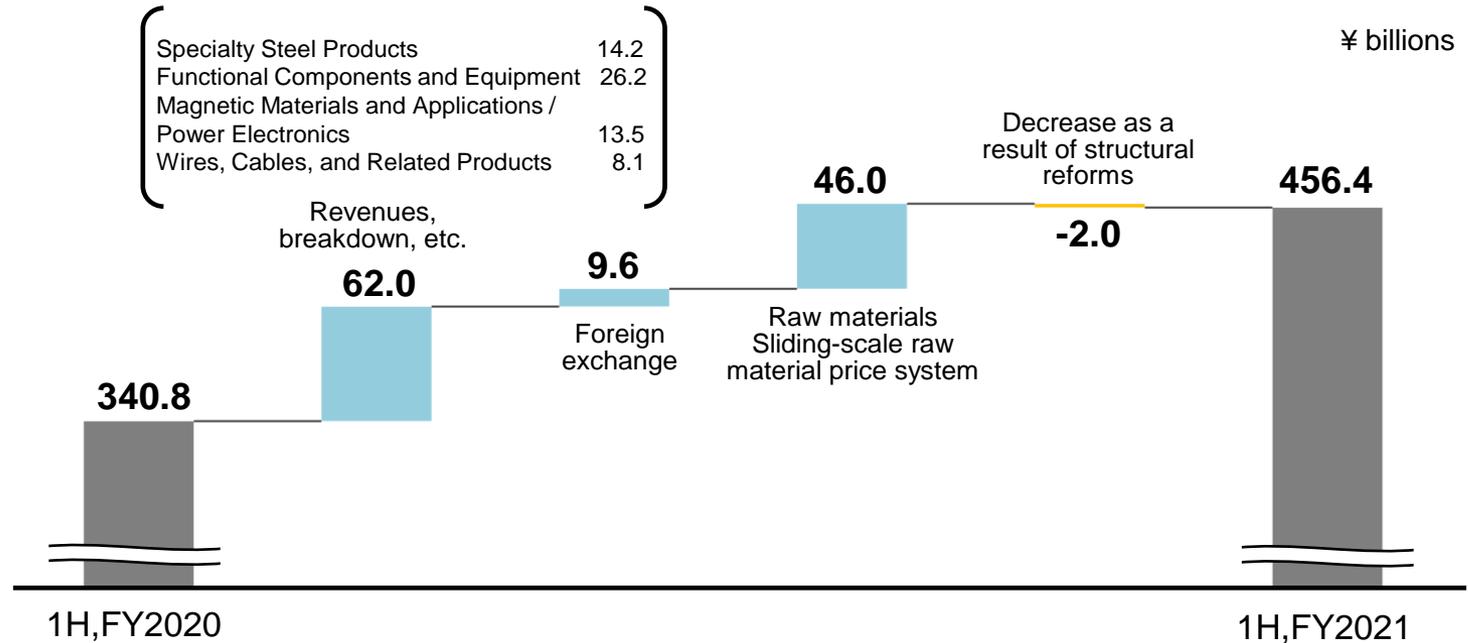
Sales by region

¥ billions		Japan	North America	China	Other Asian countries	Europe	Other
1H, FY2020	Revenues	159.7	87.3	34.0	38.3	15.8	5.7
	Sales ratio	47%	26%	10%	11%	5%	1%
1H, FY2021	Revenues	196.5	131.6	41.2	56.9	21.1	9.1
	Sales ratio	43%	29%	9%	12%	5%	2%
	Revenues Year-on-Year	+23%	+51%	+21%	+49%	+34%	+60%

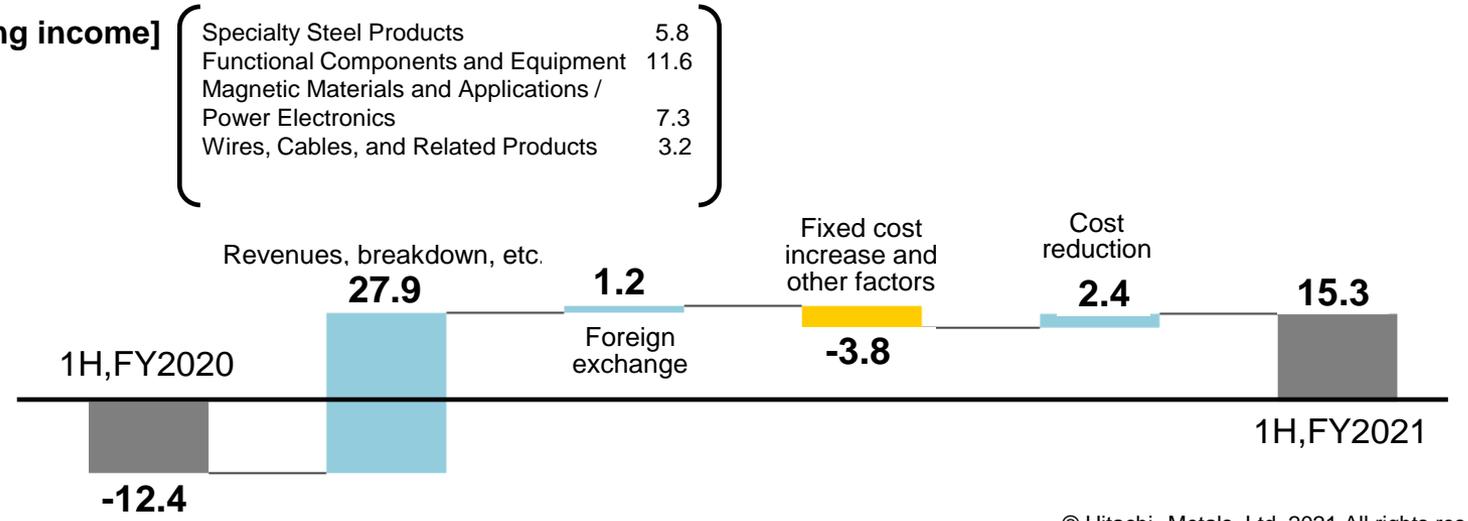
1-4. Factors Behind Increase/Decrease in Revenues and Adjusted Operating Income (Year-on-Year)



[Revenues]



[Adjusted operating income]

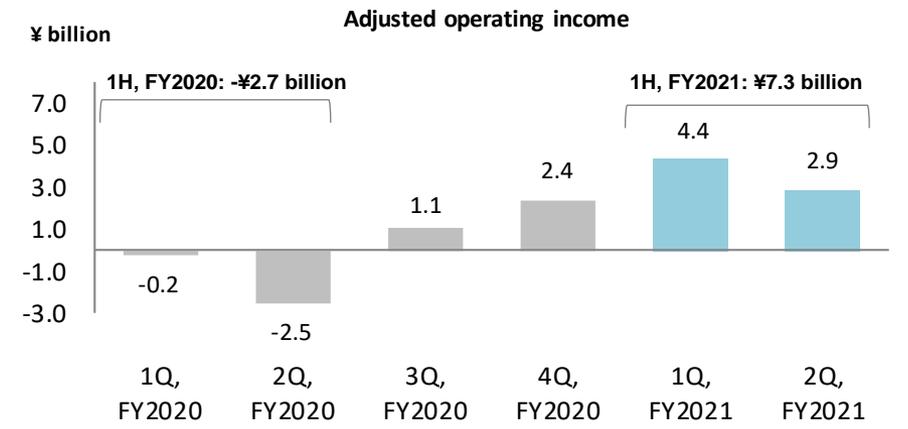
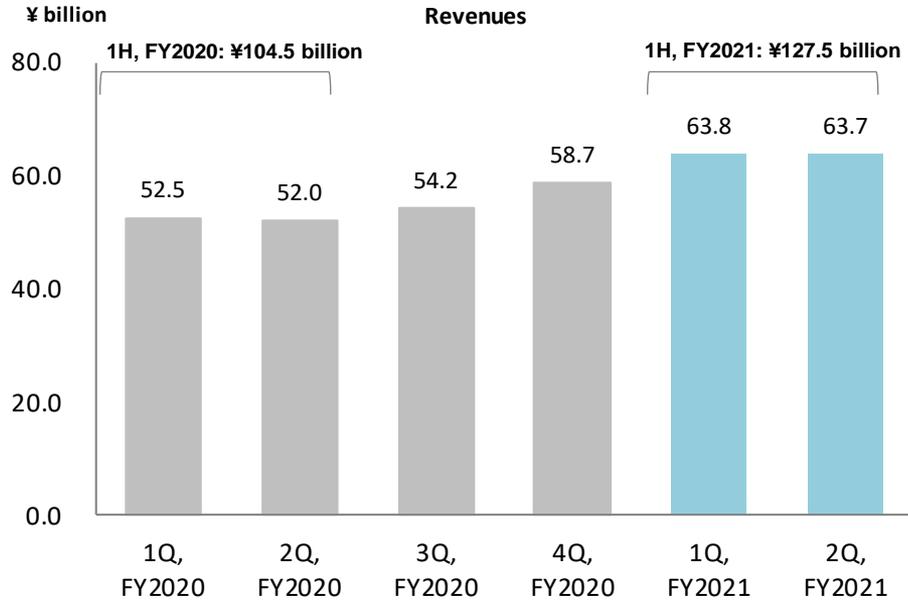


2-1. Operating Results by Segment

¥ billions (Italic letters indicate profit margin.)		FY2020								FY2021								1H		
		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (A)		Full-year (B)		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (C)		Full-year (D) (assuming 3Q-4Q rate)		Year-on-Year (C/A-1)**100[%] or C-A	Differences Year-on-Year (D/B-1)*100[%] or D-B	
		US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4	US\$1 = ¥107 €1 = ¥121 1 yuan = ¥15.3	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7	US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥130 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥131 1 yuan = ¥17.0	US\$1 = ¥105 €1 = ¥125 1 yuan = ¥16.0											
Advanced Metals	Revenues	52.5	52.0	104.5	217.4	63.8	63.7	127.5	260.0	+22%	+20%									
	Specialty Steel Products	Adjusted operating income	-0.4%	-0.2	-4.8%	-2.5	-2.6%	-2.7	0.4%	0.8	6.9%	4.4	4.6%	2.9	5.7%	7.3	6.7%	17.5	+10.0	+16.7
	IFRS operating income	2.9%	1.5	-19.4%	-10.1	-8.2%	-8.6	-5.5%	-12.0	7.2%	4.6	4.1%	2.6	5.6%	7.2	-	-	+15.8	-	
	Functional Components and Equipment	Revenues	40.2	63.6	103.8	247.9	76.1	76.9	153.0	300.0	+47%	+21%								
	Adjusted operating income	-17.4%	-7.0	-4.9%	-3.1	-9.7%	-10.1	-5.2%	-12.8	-0.1%	-0.1	-2.9%	-2.2	-1.5%	-2.3	-0.3%	-1.0	+7.8	+11.8	
	IFRS operating income	-18.2%	-7.3	-6.4%	-4.1	-3.0%	-11.4	-7.7%	-19.1	-1.4%	-1.1	-2.5%	-1.9	-2.0%	-3.0	-	-	+8.4	-	
Subtotal*	Revenues	92.7	115.6	208.3	465.3	139.9	140.6	280.5	560.0	+35%	+20%									
	Adjusted operating income	-7.8%	-7.2	-4.8%	-5.6	-6.1%	-12.8	-2.6%	-12.0	3.1%	4.3	0.5%	0.7	1.8%	5.0	2.9%	16.5	17.8	28.5	
	IFRS operating income	-6.3%	-5.8	-12.3%	-14.2	-9.6%	-20.0	-6.7%	-31.1	2.5%	3.5	0.5%	0.7	1.5%	4.2	-	-	24.2	-	
Advanced Components & Materials	Revenues	22.1	25.7	47.8	106.1	31.8	34.1	65.9	134.0	+38%	+26%									
	Magnetic Materials and Applications/Power Electronics	Adjusted operating income	-2.3%	-0.5	0.4%	0.1	-0.8%	-0.4	2.4%	2.5	7.5%	2.4	12.6%	4.3	10.2%	6.7	8.2%	11.0	+7.1	+8.5
	IFRS operating income	-2.3%	-0.5	-60.7%	-15.6	-33.7%	-16.1	-13.3%	-14.1	7.9%	2.5	13.2%	4.5	10.6%	7.0	-	-	+23.1	-	
	Wires, Cables, and Related Products	Revenues	39.9	44.3	84.2	189.2	55.0	54.7	109.7	226.0	+30%	+19%								
	Adjusted operating income	-1.3%	-0.5	0.5%	0.2	-0.4%	-0.3	2.4%	4.6	2.9%	1.6	1.8%	1.0	2.4%	2.6	3.1%	7.0	+2.9	+2.4	
	IFRS operating income	-0.8%	-0.3	-3.8%	-1.7	-2.4%	-2.0	1.0%	1.8	0.7%	0.4	1.5%	0.8	1.1%	1.2	-	-	+3.2	-	
Subtotal*	Revenues	62.0	70.0	132.0	295.3	86.8	88.8	175.6	360.0	+33%	+22%									
	Adjusted operating income	-1.6%	-1.0	0.4%	0.3	-0.5%	-0.7	2.4%	7.1	4.6%	4.0	6.0%	5.3	5.3%	9.3	5.0%	18.0	+10.0	+10.9	
	IFRS operating income	-1.3%	-0.8	-24.7%	-17.3	-13.7%	-18.1	-4.2%	-12.3	3.3%	2.9	6.0%	5.3	4.7%	8.2	-	-	+26.3	-	
Others/Adjustments	Revenues	0.1	0.4	0.5	1.0	0.2	0.1	0.3	0.0	-40%	-									
	Adjusted operating income	0.9	0.2	1.1	-0.1	0.2	0.8	1.0	-0.5	-0.1	-0.4									
	IFRS operating income	0.2	-0.7	-0.5	-5.8	-2.2	4.6	2.4	-	+2.9	-									
Total	Revenues	154.8	186.0	340.8	761.6	226.9	229.5	456.4	920.0	+34%	+21%									
	Adjusted operating income	-4.7%	-7.3	-2.7%	-5.1	-3.6%	-12.4	-0.7%	-5.0	3.7%	8.5	3.0%	6.8	3.4%	15.3	3.7%	34.0	+27.7	+39.0	
	IFRS operating income	-4.1%	-6.4	-17.3%	-32.2	-11.3%	-38.6	-6.5%	-49.2	1.9%	4.2	4.6%	10.6	3.2%	14.8	-	-	+53.4	-	

*Simple sum before eliminating intersegment revenues

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



[Revenues] (Year-on-Year)

- **Molds and tool steel**
Demand increased in Japan and abroad
- **Industrial equipment materials**
Demand rose for automotive-related products
- **Aircraft and energy-related materials**
Decreased due to ongoing low demand for aircraft-related materials, reflecting impacts mainly from travel restrictions in tandem with the spread of COVID-19
- **Electronic Materials**
Organic EL panel-related components and material demand grew.
Semiconductor packaging material demand was at a high level.
Demand was also strong for clad metals mainly for smartphones and batteries.
- **Rolls**
Sales were on a par year-on-year. Sales were brisk for injection molding machine parts but sales for rolls for steel mills and steel-frame structural parts were slightly down.

[Adjusted operating income]
The income rose owing to an expansion in demand for mainstay products.

[1Q (Apr-Jun) and 2Q (Jul-Sep) comparison]
Revenues in 2Q were shored up owing to a rise in the raw material prices (sliding-scale raw material price system). Adjusted operating income in 2Q decreased due to impact from the number of working days.

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

¥ billions	FY2020			FY2021			Difference (B/A-1)*100[%] or B-A
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (B)	
Revenues	52.5	52.0	104.5	63.8	63.7	127.5	+22%
Specialty steel* ¹	47.0	46.6	93.6	58.4	58.3	116.7	+25%
Rolls* ¹	5.5	5.4	10.9	5.4	5.3	10.7	-2%
Adjusted operating income	-0.2	-2.5	-2.7	4.4	2.9	7.3	+10.0
Adjusted operating margin	-0.4%	-4.8%	-2.6%	6.9%	4.6%	5.7%	+8.3pt
IFRS operating income	1.5	-10.1	-8.6	4.6	2.6	7.2	15.8

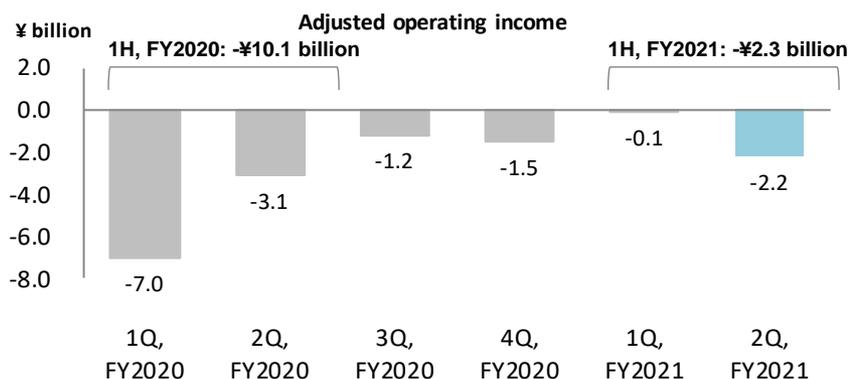
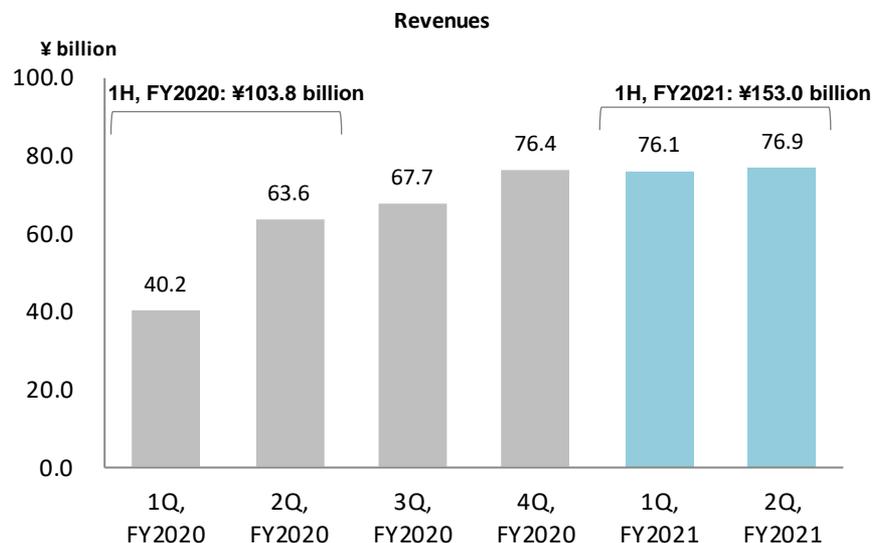
Change by product volume (Year-on-Year)	FY2020			FY2021		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Molds and tool steel*	-30%	-32%	-31%	+25%	+32%	+28%
Industrial equipment materials*	-27%	-23%	-25%	+34%	+27%	+30%
Aircraft and energy-related materials ²	-34%	-37%	-35%	-20%	-9%	-15%
Electronic Materials *	0%	-2%	-1%	+27%	+27%	+27%
Rolls* ³	-10%	-12%	-11%	-2%	-1%	-2%

*1: Simple sum before eliminating intersegment revenues

*2: Indicates the change in revenues calculated using a simplified method

*3: Indicates the change in the simple sum before eliminating intersegment revenues

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



[Revenues]

(Year-on-Year)

- Automotive casting products

Cast iron products:

Although there were impacts from production adjustments implemented by automobiles manufacturers in comparison with the same period a year earlier, overall sales rose versus the sharp fall in automobile sales in the prior year.

In North America, sales of components for commercial vehicles and construction and agricultural equipment rose.

Added impact from the rise in raw material prices (sliding-scale rate material price system)

Heat-resistant exhaust casting components:

Demand rebounded

- Piping components

Pipe fittings:

Increased primarily on the back of a recovery in housing starts in Japan and the U.S.

Semiconductor manufacturing equipment:

Increased on the back of recovery of demand for capital investment.

[Adjusted operating income]

The income improved owing to a recovery in automobile production numbers.

[1Q (Apr-Jun) and 2Q (Jul-Sep) comparison]

Revenues in 2Q were shored up owing to a rise in raw material prices (sliding-scale raw material price system).

Adjusted operating income decreased in 2Q. This was in part due to productivity issues mainly in North America due to a labor shortage, and soaring transport costs.

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

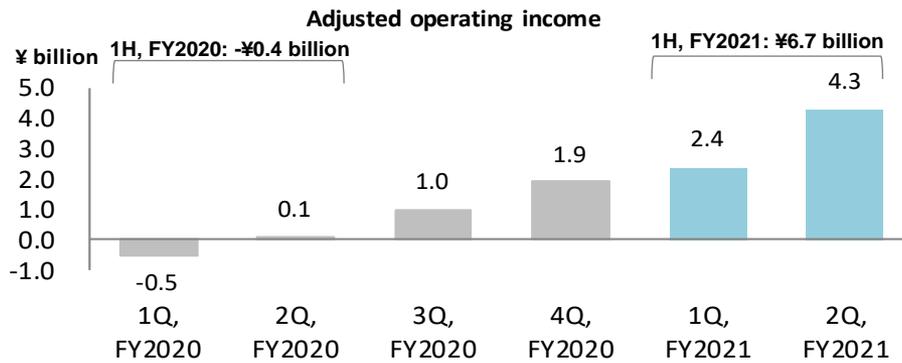
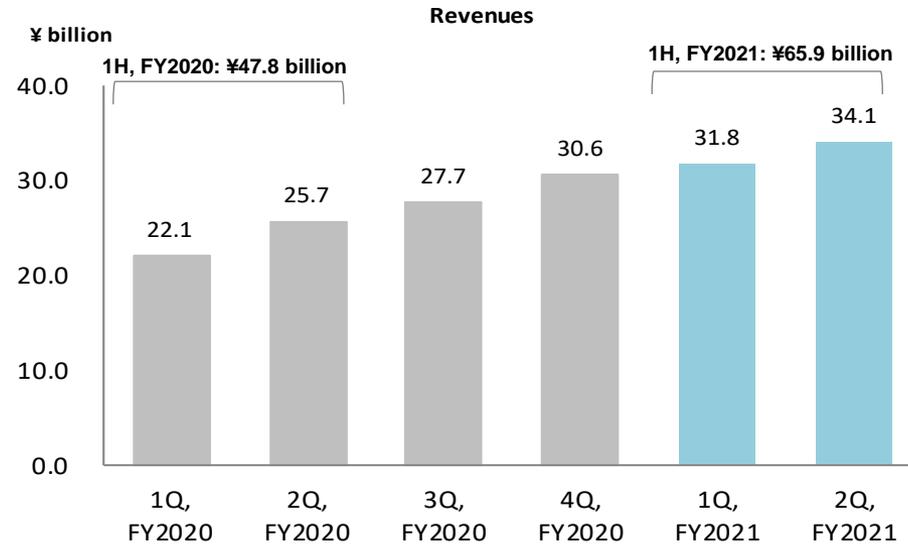
¥ billions	FY2020			FY2021			Differences (B/A-1)*100[%] or B-A
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (B)	
Revenues	40.2	63.6	103.8	76.1	76.9	153.0	+47%
Automotive Casting Products*	30.4	53.5	83.9	64.9	64.5	129.4	+54%
Waupaca Foundry, Inc.*	22.2	39.8	62.0	48.4	49.0	97.4	+57%
Piping Components*	9.8	10.1	19.9	11.3	12.3	23.6	+19%
Adjusted operating income	-7.0	-3.1	-10.1	-0.1	-2.2	-2.3	+7.8
Adjusted operating margin	-17.4%	-4.9%	-9.7%	-0.1%	-2.9%	-1.5%	+8.2pt
IFRS operating income	- 7.3	- 4.1	- 11.4	- 1.1	- 1.9	- 3.0	+8.4

*Simple sum before eliminating intersegment revenues

Change by product volume (Year-on-Year)	FY2020			FY2021		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Cast iron products [Waupaca Foundry, Inc.] (weight)	-55%	-10%	-34%	+88%	-2%	+30%
Cast iron products [Other] (weight)	-57%	-20%	-39%	+102%	+5%	+41%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	-29%	-9%	-18%	+84%	+13%	+41%

2-6. Operating Results by Segment:

Magnetic Materials and Applications / Power Electronics (1)



[Revenues]

- **Magnetic materials and applications**

Rare earth magnets: (Year-on-Year)

Although there were impacts from production adjustments implemented by automobile manufacturers in comparison with the same period a year earlier, overall sales rose versus the sharp fall in automobile sales in the prior year. Demand trended briskly related to FA/robots and electronics.

Ferrite magnets:

Although there were impacts from production adjustments implemented by automobile manufacturers, in comparison with the same period a year earlier, sales rose versus the sharp fall in automobile sales in the prior year.

- **Power electronics materials**

Soft magnetic materials and the applied products:

Demand was brisk for telecommunications applications, including smartphones, tablets, and server equipment.

Demand for amorphous metals also increased, mainly in Asia.

Ceramic components:

Demand grew for automotive applications.

Demand increased for server equipment.

Demand for medical devices continued to trend briskly.

[Adjusted operating income]

The income rose owing to a rise in demand and decline in depreciation expense.

2-7. Operating Results by Segment:

Magnetic Materials and Applications / Power Electronics (2)

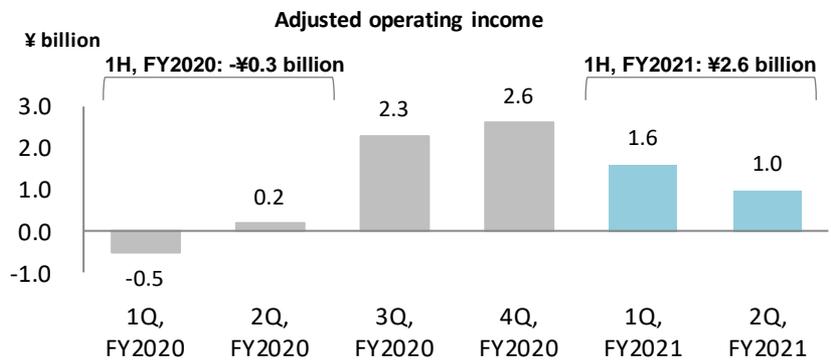
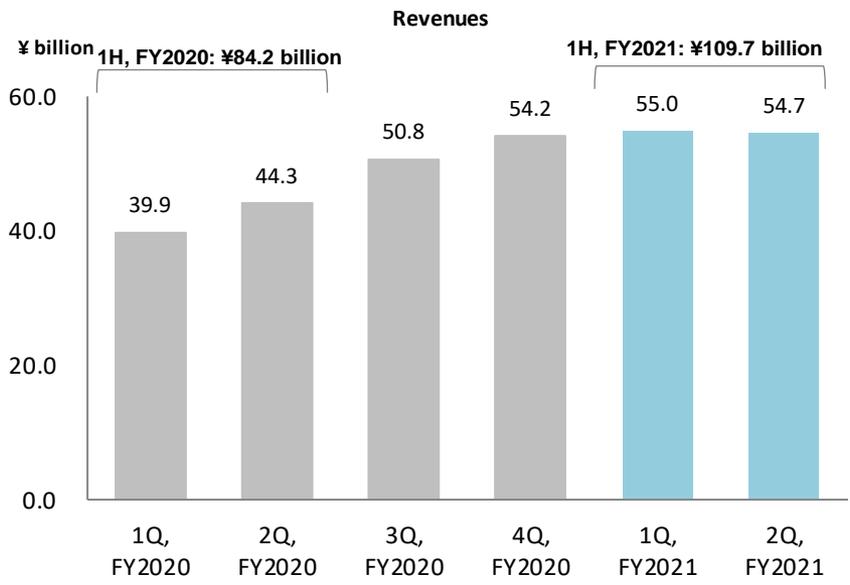


¥ billions	FY2020			FY2021			Difference (B/A-1)*100[%] or B-A
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (B)	
Revenues	22.1	25.7	47.8	31.8	34.1	65.9	+38%
Magnetic Materials and Applications*	13.6	17.0	30.6	21.8	23.5	45.3	+48%
Power Electronics Materials*	8.5	8.7	17.2	10.0	10.6	20.6	+20%
Adjusted operating income	- 0.5	0.1	- 0.4	2.4	4.3	6.7	+7.1
Adjusted operating margin	-2.3%	0.4%	-0.8%	7.5%	12.6%	10.2%	+11.0pt
IFRS operating income	- 0.5	- 15.6	- 16.1	2.5	4.5	7.0	+23.1

*Simple sum before eliminating intersegment revenues

Change by product volume (Year-on-Year)	FY2020			FY2021		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Rare earth magnets (weight)	-36%	-21%	-28%	+47%	+11%	+27%
Ferrite magnets (weight)	-39%	-21%	-30%	+67%	+15%	+38%

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



[Revenues] (Year-on-Year)

Revenues expanded owing mainly to recovery in demand, primarily for automotive electronic components and magnet wires, and due to impact from the rise in the raw material prices (sliding-scale raw material price system).

- **Electric wires and cables**

Wires and cables for rolling stock:

Demand decreased from users in China.

Medical devices:

On a par year-on-year due to a decreased demand in cable sales and despite a recovery in demand for catheter tubes

Magnet wires:

Recovery in demand, mainly for automotive and industrial equipment use

Electronic wires:

Grow in sales of FA/robots use

- **Automotive components**

Although the recovery trend grew sluggish entering into 2Q due to production adjustments implemented by automobile manufacturers, demand increased year on year, versus the sharp drop in automobile sales a year ago.

[Adjusted operating income]

The income was up owing to an uptick in demand for wires and cables, and automotive components.

[1Q (Apr-Jun) and 2Q (Jul-Sep) comparison]

In 2Q, adjusted operating income declined owing to expanded impact from a decrease in demand for wires and cables for rolling stock in China and production adjustments at automotive manufacturers.

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

¥ billions	FY2020			FY2021			Differences (B/A-1)*100[%] or B-A
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (B)	
Revenues	39.9	44.3	84.2	55.0	54.7	109.7	+30%
Adjusted operating income	-0.5	0.2	-0.3	1.6	1.0	2.6	+2.9
Adjusted operating margin	-1.3%	0.5%	-0.4%	2.9%	1.8%	2.4%	+2.8pt
IFRS operating income	-0.3	-1.7	-2.0	0.4	0.8	1.2	+3.2

Change by product volume (Year-on-Year)	FY2020			FY2021		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Rolling stock*	-15%	+10%	-3%	-2%	-18%	-11%
Medical devices*	+14%	-11%	+1%	-7%	+12%	+2%
FA / robots*	+7%	+3%	+5%	+48%	+56%	+52%
Magnet wires*	-27%	-19%	-23%	+72%	+62%	+67%
Electronic components*	-49%	-13%	-32%	+79%	+4%	+32%

*Indicates the change in revenues calculated using a simplified method

Sales ratio in the growth area 42% in 1H FY2020
43% in 1H FY2021

3. Financial Condition

¥ billions	End of FY2020	1H, FY2021	Differences
	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥112 €1 = ¥130 1 yuan = ¥17.3	
Total assets	972.2	1,007.5	+35.3
Trade receivables	167.6	186.7	+19.1
Inventories	170.1	205.7	+35.6
Fixed asset	444.9	433.1	-11.8
Total liabilities	480.1	503.5	+23.4
Interest-bearing debt	195.3	202.4	+7.1
Equity attributable to shareholders of the parent company	489.7	501.6	+11.9
Non-controlling interests	2.4	2.4	0.0
Equity attributable to shareholders of the parent company ratio	50.4%	49.8%	-0.6pt
D/E ratio (times)	0.40	0.40	0.00
NET interest-bearing debt*	96.0	107.8	+11.8

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

Inventories: Continued to rectify input but inventories rose due to impacts from mainly a recovery in demand and the rise in raw material prices

Tangible fixed assets: Decreased as the depreciation expense surpassed the completion amount due to stricter investments

4. Consolidated Cash Flows

¥ billions	1H, FY2020	1H, FY2021	Year-on-Year
Cash flows from operating activities (Operating CF)	- 2.9	- 9.1	- 6.2
Cash flows from investing activities (Investing CF)	9.5	- 2.2	- 11.7
Free cash flows (FCF)	6.6	- 11.3	- 17.9
Core free cash flows*	- 19.6	- 22.3	- 2.7

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

Operating CF : Decreased ¥6.2 billion year on year owing mainly to working capital increase

Investing CF : Improved ¥3.4 billion due to stricter investments and ¥8.4 billion owing to revenue from the sale of fixed assets. Meanwhile, there was negative impact of ¥11.7 billion, mainly attributable to the disappearance of ¥25.4 billion in proceeds from the sale of entities accounted for using the equity method posted back in 2Q, FY2020.

FCF: Decreased ¥17.9 billion reflecting a decline in both cash flows from operating activities and investment activities

Activities to tackle climate change issues

Set CO₂ emissions targets

CO₂ emissions*¹ targets

Medium-term target: 38% reduction by fiscal 2030 (compared to fiscal 2015*²)

Long-term target: Aim for effectively zero emissions (carbon neutral) by fiscal 2050

*1: Absolute total value of Scope 1 (direct CO₂ emissions by the Company)
and Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies)

*2: CO₂ emissions in fiscal 2015: 2,779 thousand t-CO₂/year

- Establishing a concrete plan to reduce CO₂ emissions to go along with its long-term business strategies
- In preparation for the implementation of the disclosure of information conforming with the TCFD framework for FY2022, a scenario analysis and verification of response measures will be conducted for the impact from the transitional risks and physical risks to business operations and finances.

Tender offer bit (TOB) by corporate consortium led by Bain Capital

The TOB is expected to be embarked on by late November

Reference Data (1)

¥ billions	FY2017	FY2018	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020	FY2020	FY2021	FY2021	FY2021	FY2021
	Full-year	Full-year	Full-year	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	3Q (Oct – Dec)	4Q (Jan – Mar)	Full-year	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	Full-year Forecasts
	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥111 €1 = ¥128 1 yuan = ¥16.5	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4	US\$1 = ¥107 €1 = ¥121 1 yuan = ¥15.3	US\$1 = ¥105 €1 = ¥125 1 yuan = ¥15.8	US\$1 = ¥106 €1 = ¥128 1 yuan = ¥16.4	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7	US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥130 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥131 1 yuan = ¥17.0	US\$1 = ¥105 €1 = ¥125 1 yuan = ¥16.0
Revenues	988.3	1,023.4	881.4	154.8	186.0	340.8	200.6	220.2	761.6	226.9	229.5	456.4	920.0
Adjusted operating income* ¹	65.1	51.4	14.4	-7.3	-5.1	-12.4	3.8	3.6	-5.0	8.5	6.8	15.3	34.0
Adjusted operating margin	6.6%	5.0%	1.6%	-4.7%	-2.7%	-3.6%	1.9%	1.6%	-0.7%	3.7%	3.0%	3.4%	3.7%
Other income	5.4	10.7	8.6	3.1	1.2	4.3	1.3	4.1	9.7	1.1	7.5	8.6	-
Other expenses	-24.2	-19.7	-62.1	-2.2	-28.3	-30.5	-4.5	-19.0	-54.0	-5.4	-3.7	-9.1	-
IFRS operating income	46.3	42.4	-39.1	-6.4	-32.2	-38.6	0.7	-11.3	-49.2	4.2	10.6	14.8	-
EBIT	48.9	45.3	-38.4	-6.7	-32.1	-38.8	0.5	-10.9	-49.2	4.6	11.4	16.0	18.5
EBITDA	95.0	96.2	16.8	6.6	-18.9	-12.3	12.4	1.1	1.2	16.2	23.0	39.2	64.5
(Quarterly) Income before income taxes	47.0	43.0	-40.6	-7.1	-32.4	-39.5	0.1	-11.2	-50.6	4.3	11.0	15.3	17.0
(Quarterly) Net income attributable to shareholders of the parent company	42.2	31.4	-37.6	-3.3	-29.9	-33.2	-0.5	-8.6	-42.3	3.0	8.3	11.3	12.0
Capital expenditure	91.8	95.4	53.0	7.2	7.4	14.6	5.2	9.0	28.8	5.1	6.4	11.5	40.0
Depreciation	46.1	50.9	55.2	13.3	13.2	26.5	11.9	12.0	50.4	11.6	11.6	23.2	46.0
R&D expenses	17.7	18.6	15.9	3.5	3.8	7.3	3.5	3.7	14.5	3.1	3.2	6.3	15.5
Trade receivables	207.6	195.3	157.7	141.1	157.5	157.5	163.9	167.6	167.6	182.1	186.7	186.7	-
Inventories	190.2	214.8	179.9	183.5	167.1	167.1	169.1	170.1	170.1	190.6	205.7	205.7	-
Interest-bearing debt	160.8	202.1	187.6	215.1	212.6	212.6	181.4	195.3	195.3	199.9	202.4	202.4	163.3
Free cash flows	-36.0	-29.7	49.5	4.9	1.7	6.6	12.0	36.2	54.8	-9.9	-1.4	-11.3	9.0
ROIC* ²	5.8%	5.3%	1.7%	-	-	-	-	-	-	-	-	-	3.9%
ROE* ³	7.7%	5.5%	-	-	-	-	-	-	-	-	-	-	2.5%
ROA* ⁴	4.0%	2.9%	-	-	-	-	-	-	-	-	-	-	1.3%
CCC* ⁵ (days)	82.7	90.7	87.1	-	-	117.0	-	-	89.1	-	-	89.7	85.8
D/E ratio (times)	0.29	0.34	0.36	0.42	0.44	0.44	0.38	0.40	0.40	0.41	0.40	0.40	0.34
Overseas sales ratio	56%	56%	54%	49%	57%	53%	56%	57%	55%	57%	57%	57%	56%
Employees	30,390	30,304	29,805	29,542	29,025	29,025	28,730	28,620	28,620	28,278	27,911	27,911	27,750
(Quarterly) Basic net income per share (yen)	98.72	73.37	-88.05	-7.81	-69.86	-77.06	-1.19	-20.04	-98.90	7.01	19.36	26.37	28.07
Dividend per share (yen)	26.0	34.0	26.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	0.0
Earnings per share attributable to shareholders of the parent company (yen)	1,316.1	1,375.2	1,216.9	1,195.1	1,119.9	1,119.9	1,117.6	1,145.3	1,145.3	1,152.8	1,173.1	1,173.1	1,112.4

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

*2 Rate of Return on Invested Capital (ROIC) [until FY2017] = 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)

Rate of Return on Invested Capital (ROIC) [from FY2018]= (Adjusted operating income * (1 - Tax rate of 25%) + (Equity in earnings of affiliates) / (Average of beginning and end-year interest-bearing debts + Average of beginning and end-year capital)

*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

Major products and services Weight trends		1Q FY2020 is indexed at 100									
		FY2019				FY2020				FY2021	
		Product	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Specialty Steel Products	Molds and tool steel	151	156	153	128	100	101	103	130	150	160
	CVT belt materials	151	133	146	159	100	129	126	131	166	156
	Piston ring materials	227	199	229	214	100	105	253	260	261	253
	Organic EL-related components and materials	56	72	103	73	100	100	136	85	114	129
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	225	203	174	196	100	183	178	197	188	180
	Cast iron products [Other]	233	214	219	201	100	171	197	197	202	180
	Heat-resistant exhaust casting components (HERCUNITE™)	141	174	165	169	100	156	199	193	184	178
Magnetic Materials and Applications/Power Electronics	Rare earth magnets	152	144	136	130	100	120	133	134	147	133
	Ferrite magnets	164	161	161	165	100	127	166	172	167	147
	Amorphous metals Metglas®	198	166	154	124	100	125	150	153	144	148
Wires, Cables, and Related Products	Electronic components*	198	191	187	164	100	166	204	198	179	173

*Figures for automotive electronic components represent the index of revenues (amount excluding the effects of foreign exchange rates) calculated by a simplified method.

Business Portfolio

Business Headquarters	Business Segment	Industrial Infrastructure	Automobiles	Electronics
Advanced Metals	Specialty Steel Products	Turbine cases Rolls Rolls for steel mills	Specialty steel Molds and tool steel CVT belt materials	Clad metals Lead frame materials
	Functional Components and Equipment	Piping components Pipe fittings Polyethylene gas piping systems	Automotive casting Cast iron products Heat-resistant exhaust casting components (HERCUNITE™)	
Advanced Components & Materials	Magnetic materials and Applications		Neodymium magnets NEOMAX® Magnetic materials	Ferrite magnets NMF™
	Power electronics materials*		Amorphous metals Metglas® Power electronics materials*	Silicon nitride substrate
	Wires, Cables, and Related Products	Wires and cables for rolling stock Cables for FA/industrial robots	Electric wires and cables Automotive components Harnesses for electric parking brakes	

■ Business Operations of Hitachi Metals

Business Headquarters	Business Segment	Business Category	Major products and services
Advanced Metals	Specialty Steel Products	Specialty steel	Molds and tool steel, automotive-related materials, razor and blade materials, precision cast components, and aircraft- and energy-related materials, display-related materials, semiconductor and other package materials, and battery-related materials
		Rolls	Rolls for steel mills, injection molding machine parts, structural ceramic products, and steel-frame joints for construction
	Functional Components and Equipment	Automotive casting	HNMTM 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 (TMGourd 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	Magnetic materials	NEOMAX® rare-earth magnets, ferrite magnets, other various magnets and their applied products
	Power electronics materials*	Power electronics materials*	Soft magnetic materials (Metglas® amorphous metals, FINEMET® nanocrystalline magnetic materials, soft ferrite) and their applied products, and ceramic components
	Wires, Cables, and Related Products	Electric wires and cables	Industrial cables, electronic wires, electric equipment materials, and cable assemblies
		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 certain 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. Factors that could cause such differences include, but are not limited to, the following:

- Risks associated with product demand and market conditions
- Risks associated with competitiveness and development and commercialization of new technologies and products
- Risks associated with raw materials procurement
- Risks associated with changes in foreign exchange rates
- Risks associated with the global expansion of businesses
- Risks associated with impairment losses on fixed assets including property, plant and equipment and goodwill
- Risks associated with product quality
- Risks associated with M&A
- Risks associated with financing activities
- Risks associated with relationship with the parent company
- Risks associated with information security
- Risks associated with environmental regulations
- Risks associated with business reorganization
- Risks associated with intellectual property rights
- Risks associated with securing talent
- Risks associated with laws and regulations, and official regulations
- Risks associated with earthquakes and other natural disasters
- Risks associated with retirement benefit obligations