

# **Hitachi Metals, Ltd. Financial Results for the First Nine Months of Fiscal Year 2021 (April 1 to December 31, 2021)**

## **[Table of Contents]**

- 1. Overview**
- 2. Operating Results by Segment**
- 3. Financial Condition**
- 4. Consolidated Cash Flows**
- 5. Operating Forecast for FY2021**

January 31, 2022

# 1. Overview

## 1-1. Overview of 1Q-3Q of FY2021 (Apr-Dec) (1)

### Management environment

- (1) Economies continued to recover despite semiconductor shortage and international logistics disruption
- (2) Raw material prices and transportation cost soared
- (3) Labor shortage worsened in North America

\*The contents on this page are based on estimates by Hitachi Metals, Ltd. which reference various materials.

### Trends at Hitachi Metals (Revenues)

- (1) Revenues increased year on year
- (2) Trends in business fields (YoY)
  - [Automobiles]** Demand for molds and tool steel bounced back. Inventory levels in the market continue to trend below adequate levels.  
Sales of industrial equipment remained brisk. Sales of automotive casting, magnetic materials, and automotive electronic increased year on year, despite the impact of semiconductor shortage and lockdowns in Southeast Asia in 2Q.
  - [Aircraft]** Sales of aircraft-related materials remained weak due to a decrease in demand for aircraft components.
  - [FA / robots]** Capital expenditure demand related to manufacturing, mainly for automobiles and smartphones, increased.
  - [Semiconductors / smartphones]** Demand for use in telecommunications equipment increased
  - [Medical devices]** Demand recovered for tubes used in catheters and demand was brisk for CT scintillators.

## Adjusted operating income (loss)

- Income rose year on year on the back of the recovery in demand and fixed costs reduction such as personnel expenses.
- Specialty Steel Products, Magnetic Materials and Applications / Power Electronics Materials exceeded forecasts.
- Negatively impacted by a decline in automotive-related demand due to semiconductor shortage and the deterioration in productivity of Functional Components and Equipment (Waupaca) owing to labor shortage in North America.

## FY2021 Earnings forecasts

Revenues: Expected to increase slightly due to the anticipated effects of the cheaper yen and the sliding-scale raw material price system.

Adjusted operating income: Revised downward as Functional Components and Equipment is unlikely to achieve targets as in 3Q and raw material prices are expected to continue to soar. While price correction efforts have been made for all products as required amid soaring raw material prices and other miscellaneous costs, major effects of such efforts are unlikely to be realized until the next fiscal year.

# 1-3. Operating Results

¥ billions (Italic letters indicate profit margin.)	FY2020		FY2021				1Q-3Q
	3Q (Oct – Dec)	1Q – 3Q (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q (B)	Year-on-Year (B/A-1)*100[%] or B-A
	US\$1 = ¥105 €1 = ¥125 1 yuan = ¥15.8	US\$1 = ¥106 €1 = ¥122 1 yuan = ¥15.4	US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0	US\$1 = ¥110 €1 = ¥130 1 yuan = ¥17.0	US\$1 = ¥114 €1 = ¥130 1 yuan = ¥17.8	US\$1 = ¥111 €1 = ¥131 1 yuan = ¥17.3	
Revenues	200.6	541.4	226.9	229.5	234.4	690.8	+28%
Adjusted operating income (loss)*	1.9% 3.8	-1.6% -8.6	3.7% 8.5	3.0% 6.8	2.3% 5.3	3.0% 20.6	+29.2
IFRS operating income	0.3% 0.7	-7.0% -37.9	1.9% 4.2	4.6% 10.6	1.8% 4.2	2.8% 19.0	+56.9
Income (loss) before Income Taxes	0.1	-39.4	4.3	11.0	5.2	20.5	+59.9
Net Income (loss) attributable to shareholders of the parent company	-0.5	-33.7	3.0	8.3	2.2	13.5	+47.2

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

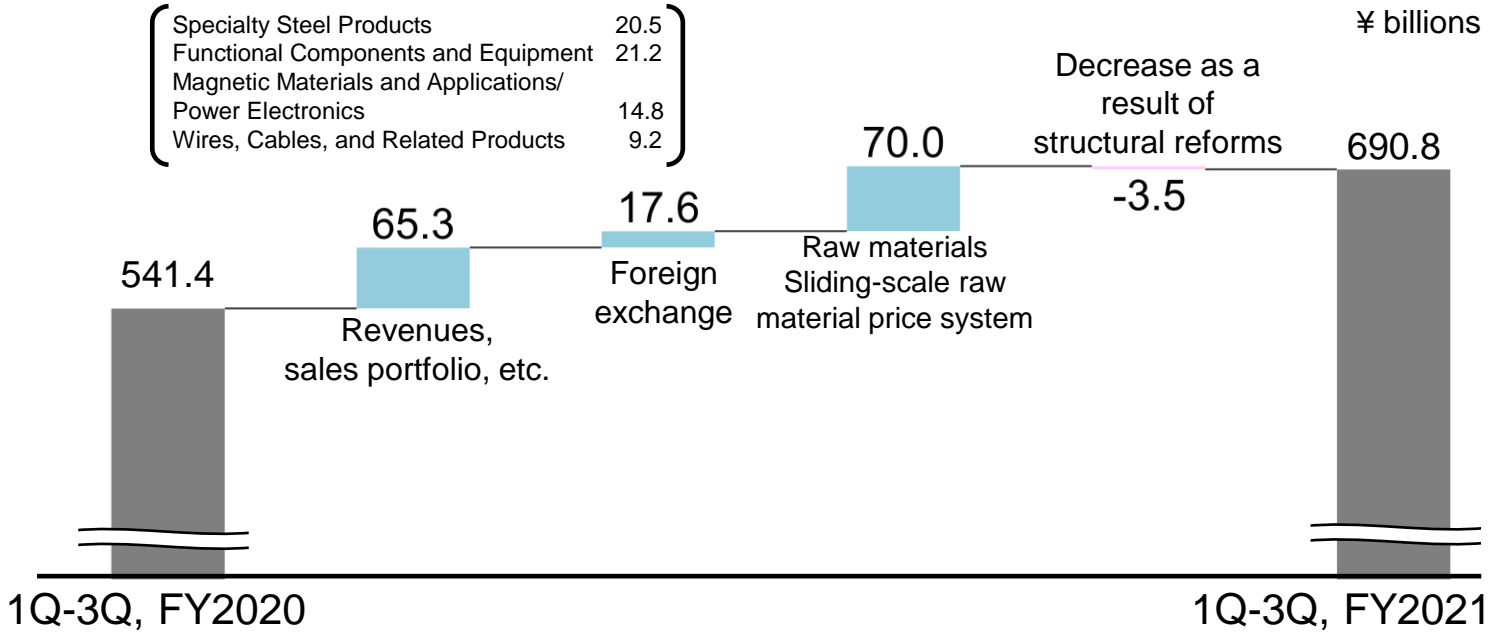
## Sales by region

¥ billions		Japan	North America	China	Other Asian countries	Europe	Others
1Q-3Q,	Revenues	248.8	142.1	52.9	62.3	25.0	10.3
FY2020	Sales ratio	46%	26%	10%	11%	5%	2%
1Q-3Q,	Revenues	298.8	197.3	64.0	86.7	30.6	13.4
FY2021	Sales ratio	43%	29%	9%	13%	4%	2%
Revenues Year-on-Year		+20%	+39%	+21%	+39%	+22%	+30%

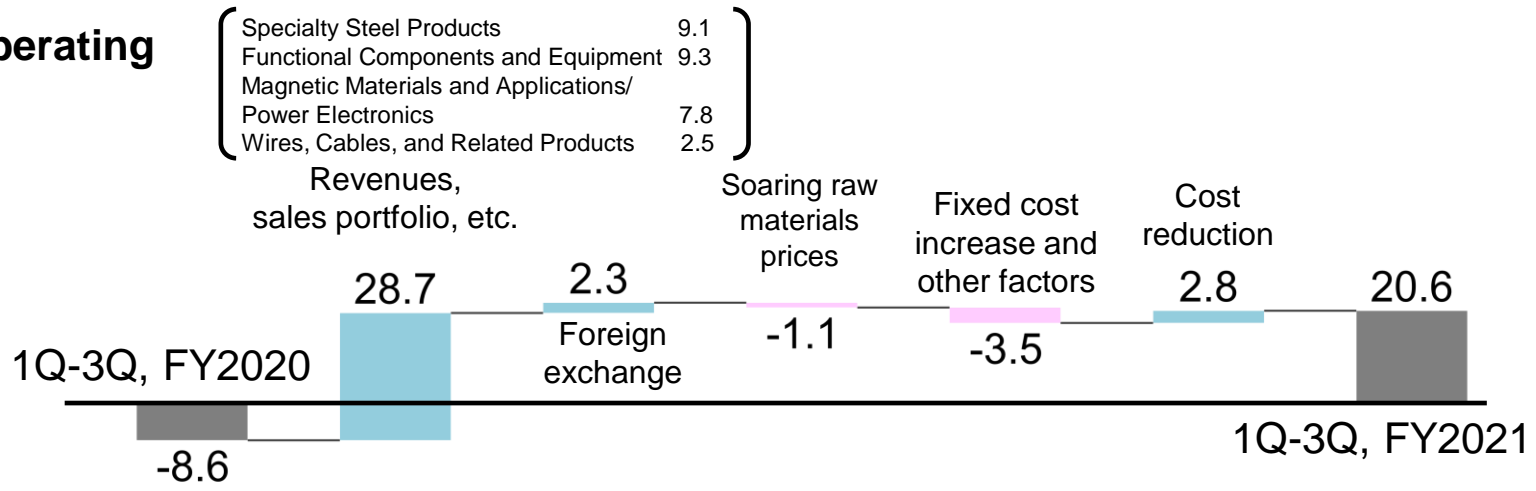
# 1-4. Factors Behind Increase/Decrease in Revenues and Adjusted Operating Income (Year-on-Year)



## [Revenues]



## [Adjusted operating income]



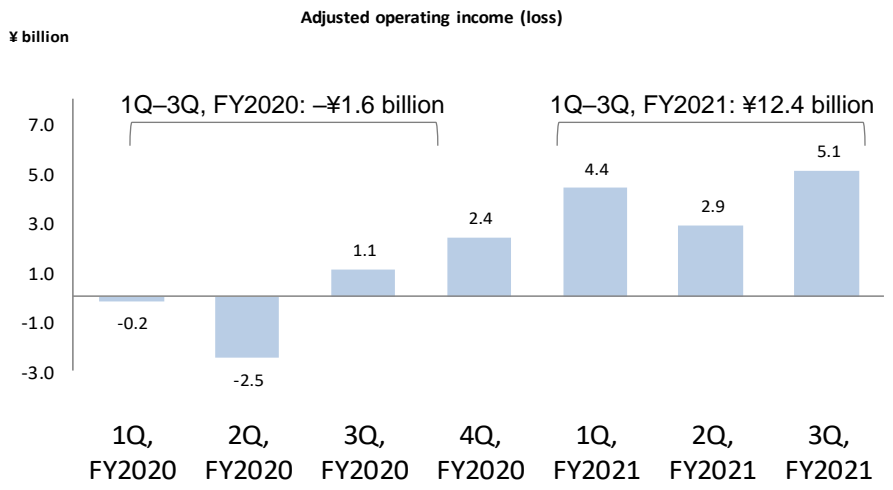
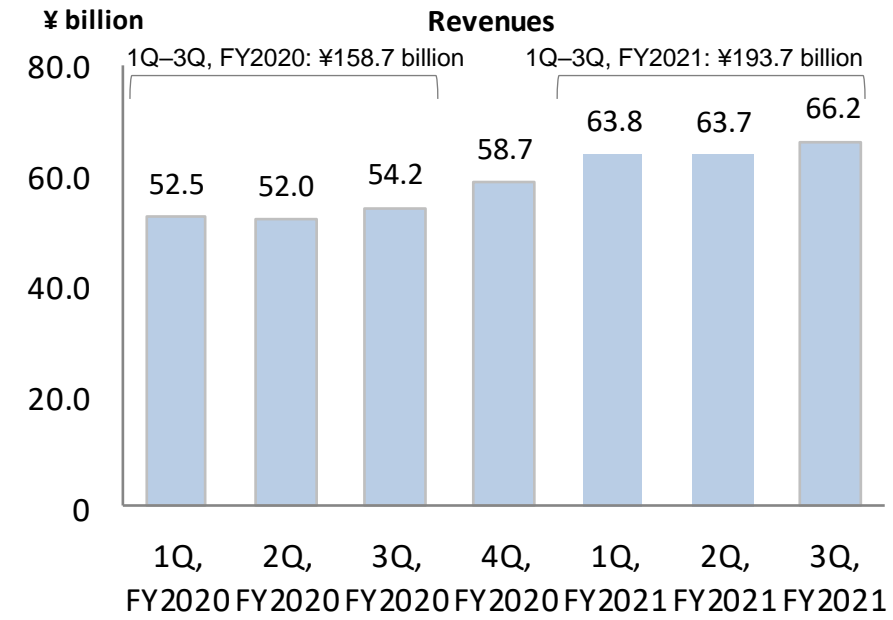
# 2. Operating Results by Segment

## 2-1. Summary of Operating Results

		FY2020				FY2021				1Q-3Q		Year-on-Year (B/A-1)*100[%] or B-A			
		3Q (Oct – Dec)		1Q – 3Q (A)		1Q (Apr – Jun)		2Q (Jul – Sep)		3Q (Oct – Dec)			1Q – 3Q (B)		
¥ billions (Italic letters indicate profit margin.)															
Advanced Metals	Specialty Steel Products	Revenues	54.2	158.7	63.8	63.7	66.2	193.7					+22%		
		Adjusted operating income (loss)	2.0%	1.1	-1.0%	-1.6	6.9%	4.4	4.6%	2.9	7.7%	5.1	6.4%	12.4	+14.0
		IFRS operating income	1.1%	0.6	-5.0%	-8.0	7.2%	4.6	4.1%	2.6	6.8%	4.5	6.0%	11.7	+19.7
	Functional Components and Equipment	Revenues	67.7	171.5	76.1	76.9	74.3	227.3					+33%		
		Adjusted operating income (loss)	-1.8%	-1.2	-6.6%	-11.3	-0.1%	-0.1	-2.9%	-2.2	-5.4%	-4.0	-2.8%	-6.3	+5.0
		IFRS operating income	-3.0%	-2.0	-7.8%	-13.4	-1.4%	-1.1	-2.5%	-1.9	-5.8%	-4.3	-3.2%	-7.3	+6.1
Subtotal *	Revenues	121.9	330.2	139.9	140.6	140.5	421.0					+27%			
	Adjusted operating income (loss)	-0.1%	-0.1	-3.9%	-12.9	3.1%	4.3	0.5%	0.7	0.8%	1.1	1.4%	6.1	+19.0	
	IFRS operating income	-1.1%	-1.4	-6.5%	-21.4	2.5%	3.5	0.5%	0.7	0.1%	0.2	1.0%	4.4	+25.8	
Advanced Components & Materials	Magnetic Materials and Applications/	Revenues	27.7	75.5	31.8	34.1	33.2	99.1					+31%		
		Adjusted operating income (loss)	3.6%	1.0	0.8%	0.6	7.5%	2.4	12.6%	4.3	7.5%	2.5	9.3%	9.2	+8.6
		IFRS operating income	3.2%	0.9	-20.1%	-15.2	7.9%	2.5	13.2%	4.5	8.4%	2.8	9.9%	9.8	+25.0
	Wires, Cables, and Related Products	Revenues	50.8	135.0	55.0	54.7	60.7	170.4					+26%		
		Adjusted operating income (loss)	4.5%	2.3	1.5%	2.0	2.9%	1.6	1.8%	1.0	2.0%	1.2	2.2%	3.8	+1.8
		IFRS operating income	4.7%	2.4	0.3%	0.4	0.7%	0.4	1.5%	0.8	3.8%	2.3	2.1%	3.5	+3.1
Subtotal *	Revenues	78.5	210.5	86.8	88.8	93.9	269.5					+28%			
	Adjusted operating income (loss)	4.2%	3.3	1.2%	2.6	4.6%	4.0	6.0%	5.3	3.9%	3.7	4.8%	13.0	+10.4	
	IFRS operating income	4.2%	3.3	-7.0%	-14.8	3.3%	2.9	6.0%	5.3	5.4%	5.1	4.9%	13.3	+28.1	
Others/Adjustments	Revenues	0.2	0.7	0.2	0.1	0.0	0.3					-57%			
	Adjusted operating income (loss)	0.6	1.7	0.2	0.8	0.5	1.5					-0.2			
	IFRS operating income	-1.2	-1.7	-2.2	4.6	-1.1	1.3					+3.0			
Total	Revenues	200.6	541.4	226.9	229.5	234.4	690.8					+28%			
	Adjusted operating income (loss)	1.9%	3.8	-1.6%	-8.6	3.7%	8.5	3.0%	6.8	2.3%	5.3	3.0%	20.6	+29.2	
	IFRS operating income	0.3%	0.7	-7.0%	-37.9	1.9%	4.2	4.6%	10.6	1.8%	4.2	2.8%	19.0	+56.9	

\*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 remained at a high level.  
Demand was also strong for clad metals mainly for smartphones and batteries.
- **Rolls**  
Increased as demand for steel-frame joints for construction recovered in 3Q and sales of injection molding machine parts remained brisk, despite a decline in sales of rolls

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

[Comparison with forecasts\*]  
Revenues were mostly in line with forecasts.  
Adjusted operating income exceeded forecasts.

\*Previous earnings forecasts (October 2021)

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

¥ billions	FY2020		FY2021				Differences (B/A-1)*100[%] or B-A
	3Q (Oct – Dec)	1Q – 3Q (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q (B)	
Revenues	54.2	158.7	63.8	63.7	66.2	193.7	+22%
Specialty steel* <sup>1</sup>	49.5	143.1	58.4	58.3	61.0	177.7	+24%
Rolls* <sup>1</sup>	4.7	15.6	5.4	5.3	5.4	16.1	+3%
Adjusted operating income (loss)	1.1	-1.6	4.4	2.9	5.1	12.4	+14.0
Adjusted operating margin	2.0%	-1.0%	6.9%	4.6%	7.7%	6.4%	+7.4pt
IFRS operating income	0.6	-8.0	4.6	2.6	4.5	11.7	+19.7

Change by product volume (Year-on-Year)	FY2020		FY2021			
	3Q (Oct – Dec)	1Q-3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q-3Q
Molds and tool steel* <sup>2</sup>	-21%	-28%	+25%	+32%	+35%	+31%
Industrial equipment materials* <sup>2</sup>	-13%	-21%	+34%	+27%	+14%	+25%
Aircraft and energy-related materials* <sup>2</sup>	-45%	-38%	-20%	-9%	+15%	-6%
Electronic Materials * <sup>2</sup>	+4%	+1%	+27%	+27%	+22%	+25%
Rolls* <sup>3</sup>	-27%	-17%	-2%	-1%	+13%	+3%

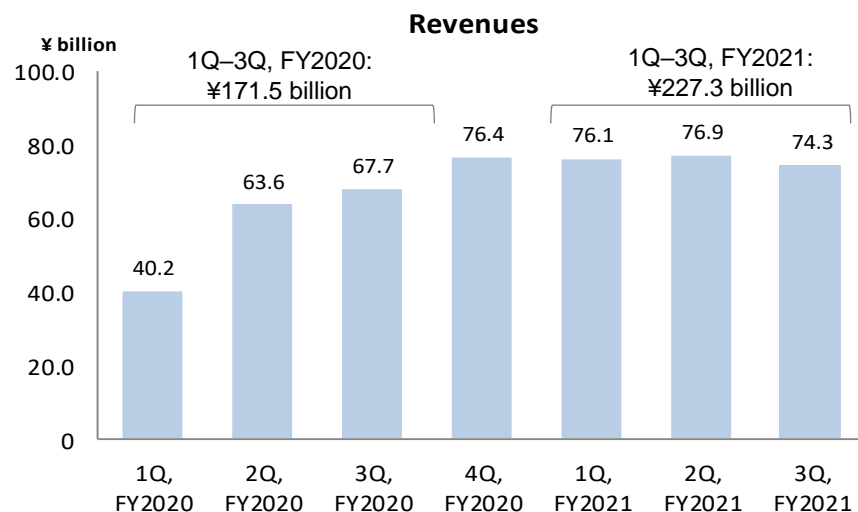
\*1: Simple sum before eliminating intersegment revenues

\*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 negative effects of production adjustments carried out by automobile manufacturers, sales were positively impacted by the rise in raw material prices (sliding-scale price system) as well as an increase in demand for components for commercial vehicles and construction and agricultural equipment in the North America market.

##### Heat-resistant exhaust casting components:

Decreased owing to the changes in product mix and the impact of international logistics disruption

#### •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

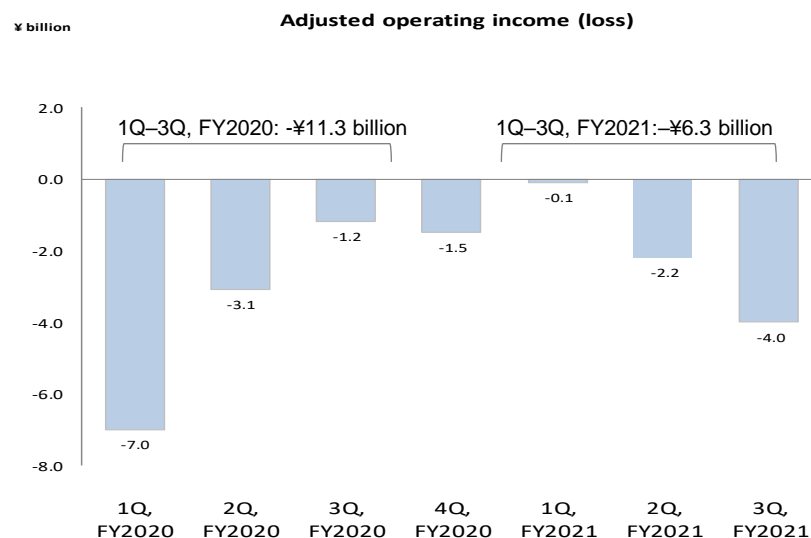
### [Adjusted operating income (loss)]

Income increased reflecting improved profitability of heat-resistant exhaust casting components and a rise in demand in other businesses, despite the worsening profitability of automotive casting components in North America.

### [Comparison with forecasts\*]

Revenues were shored up owing to a rise in raw material prices (sliding-scale price system). Adjusted operating income fell below forecasts due to the deterioration in profitability of Waupaca, a decline in demand reflecting semiconductor shortage, and soaring raw material and other costs.

\*Previous earnings forecasts (October 2021)



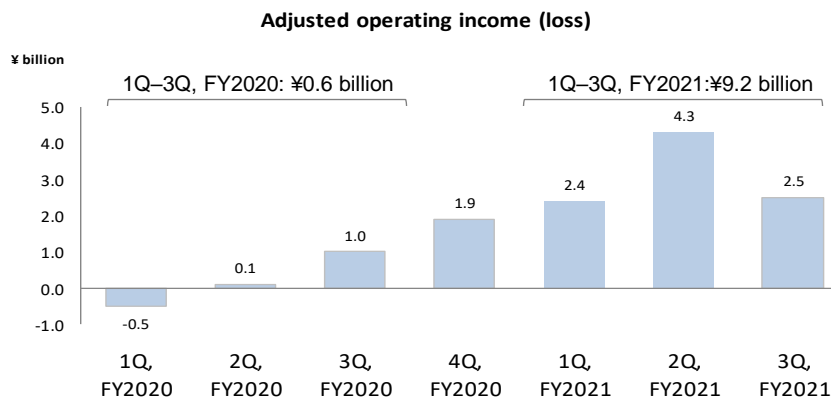
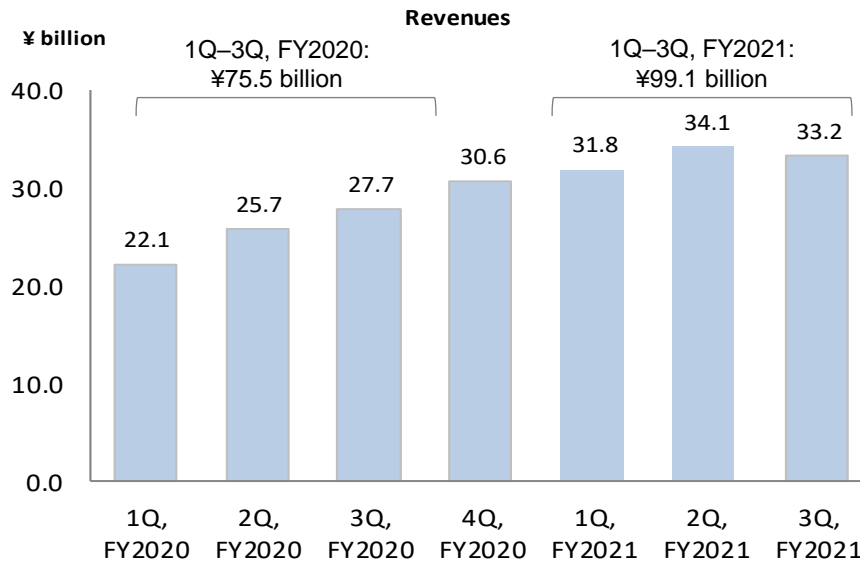
## 2-5. Operating Results by Segment: Functional Components and Equipment (2)

¥ billions	FY2020		FY2021				Differences (B/A-1)*100[%] or B-A
	3Q (Oct – Dec)	1Q – 3Q (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q (B)	
Revenues	67.7	171.5	76.1	76.9	74.3	227.3	+33%
Automotive Casting Products*	56.4	140.3	64.9	64.5	62.0	191.4	+36%
Waupaca Foundry, Inc.*	39.4	101.4	48.4	49.0	48.1	145.5	+43%
Piping Components*	11.3	31.2	11.3	12.3	12.3	35.9	+15%
Adjusted operating income (loss)	-1.2	-11.3	-0.1	-2.2	-4.0	-6.3	+5.0
Adjusted operating margin	-1.8%	-6.6%	-0.1%	-2.9%	-5.4%	-2.8%	+3.8pt
IFRS operating income	-2.0	-13.4	-1.1	-1.9	-4.3	-7.3	+6.1

\*Simple sum before eliminating intersegment revenues

Change by product volume (year-on-year)	FY2020		FY2021			
	Q3 (Oct – Dec)	1Q-3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	Q3 (Oct – Dec)	1Q-3Q
Cast iron products [Waupaca Foundry, Inc.] (weight)	-2%	-23%	+88%	-2%	-4%	+17%
Cast iron products [Other] (weight)	-10%	-30%	+102%	+5%	-8%	+21%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	+21%	-5%	+84%	+13%	-30%	+10%

## 2-6. Operating Results by Segment for 2Q: Magnetic Materials and Applications / Power Electronics (1)



### [Revenues]

(Year-on-Year)

#### • Magnetic Materials and Applications

##### Rare earth magnets:

Increased year on year, despite the negative effect of production adjustments carried out by automobile manufacturers.

Demand trended briskly related to FA/ robots and electronics.

##### Ferrite magnets:

Increased year on year, despite the negative effect of production adjustments carried out by automobile manufacturers.

#### • 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 (loss)]

Income increased due to an increase in demand.

### [Comparison with forecasts\*]

While revenues were in line with forecasts, adjusted operating income exceeded forecasts mainly for Magnetic Materials and Applications.

\*Previous earnings forecasts (October 2021)

## 2-7. Operating Results by Segment:

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

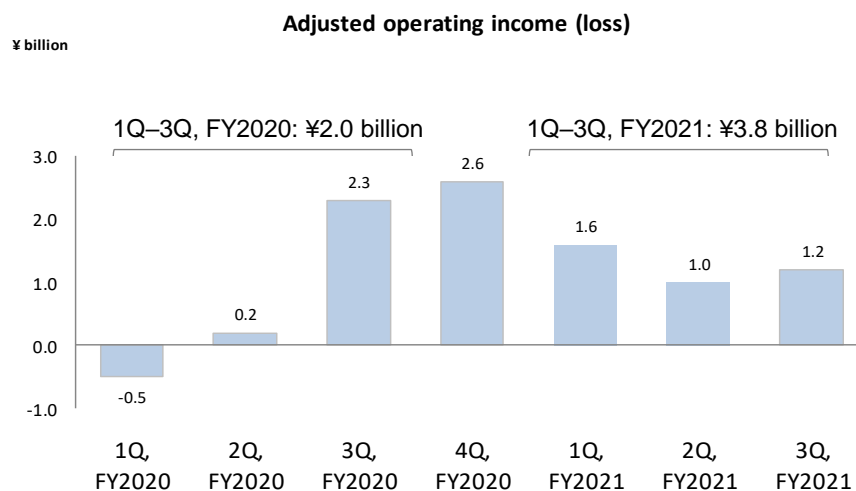
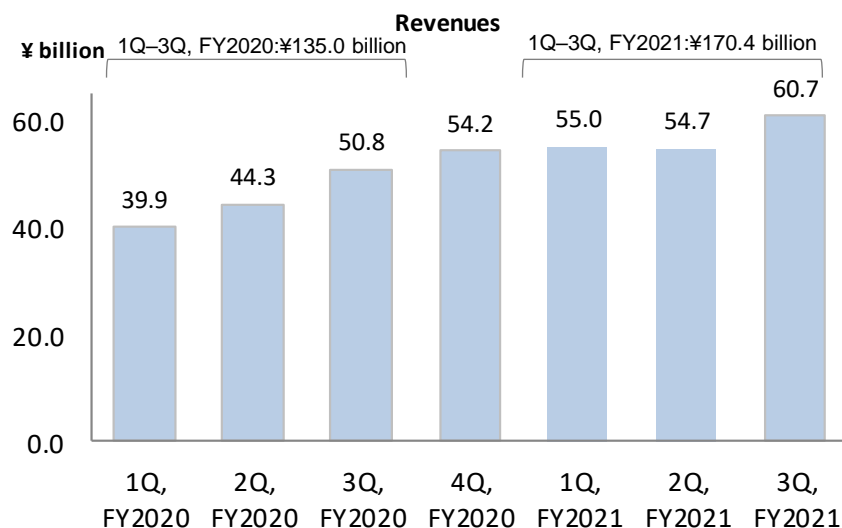


¥ billions	FY2020		FY2021				Differences (B/A-1)*100[%] or B-A
	3Q (Oct – Dec)	1Q – 3Q (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q (B)	
Revenues	27.7	75.5	31.8	34.1	33.2	99.1	+31%
Magnetic Materials and Applications*	18.8	49.4	21.8	23.5	22.2	67.5	+37%
Power Electronics Materials*	9.0	26.2	10.0	10.6	11.0	31.6	+21%
Adjusted operating income	1.0	0.6	2.4	4.3	2.5	9.2	+8.6
Adjusted operating margin	3.6%	0.8%	7.5%	12.6%	7.5%	9.3%	+8.5pt
IFRS operating income	0.9	-15.2	2.5	4.5	2.8	9.8	+25.0

\*Simple sum before eliminating intersegment revenues

Change by product volume (Year-on-Year)	FY2020		FY2021			
	3Q (Oct – Dec)	1Q-3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q-3Q
Rare earth magnets (weight)	-2%	-20%	+47%	+11%	+7%	+20%
Ferrite magnets (weight)	+3%	-19%	+67%	+15%	-16%	+15%

## 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 a rise in raw material prices (sliding-scale price system).

#### • Electric wires and cables

Electrical wire for rolling stock:

Demand decreased from users in China.

Medical devices:

Demand increased for both tubes and cables.

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, the demand increased year on year.

### [Adjusted operating income (loss)]

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

### [Comparison with forecasts\*]

While revenues fell below forecasts for wires and cables for rolling stock and automotive components, overall revenues were in line with forecasts on the back of the sliding-scale price system and brisk sales of electronic wires, etc.

Adjusted operating income fell slightly below forecasts.

\*Previous earnings forecasts (October 2021)



### 3. Financial Condition

¥ billions	End of FY2020	End of December 2021	Differences
	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥115 €1 = ¥131 1 yuan = ¥18.1	
Total Asset	972.2	1,020.7	+48.5
Trade receivables	167.6	191.4	+23.8
Inventories	170.1	220.0	+49.9
Fixed asset	444.9	434.5	-10.4
Total liabilities	480.1	507.8	+27.7
Interest-bearing debt	195.3	202.2	+6.9
Equity attributable to shareholders of the parent company	489.7	510.9	+21.2
Non-controlling interests	2.4	2.0	-0.4
Equity attributable to shareholders of the parent company ratio	50.4%	50.1%	-0.3pt
D/E ratio (times)	0.40	0.40	0.00
NET interest-bearing debt*	96.0	118.5	+22.5

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

Inventories: Increased due to the effects of soaring raw material prices as well as efforts to meet demand  
 Fixed assets: Decreased as the completion amount underran the depreciation expense due to stricter investments

## 4. Consolidated Cash Flows

¥ billions	1Q-3Q FY2020	1Q-3Q FY2021	Year-on-Year
Cash flows from operating activities (Operating CF)	13.1	-16.4	-29.5
Cash flows from investing activities (Investing CF)	5.5	-6.2	-11.7
Free cash flows (FCF)	18.6	-22.6	-41.2
Core free cash flows*	-8.6	-36.2	-27.6

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

Operating CF: Decreased ¥29.5 billion year on year owing mainly to working capital increase

Investing CF : Improved ¥1.8 billion due to stricter investments and ¥9.1 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 during 1Q-3Q, FY2020.

FCF: Decreased ¥41.2 billion reflecting a decline in both cash flows from operating activities and investment activities

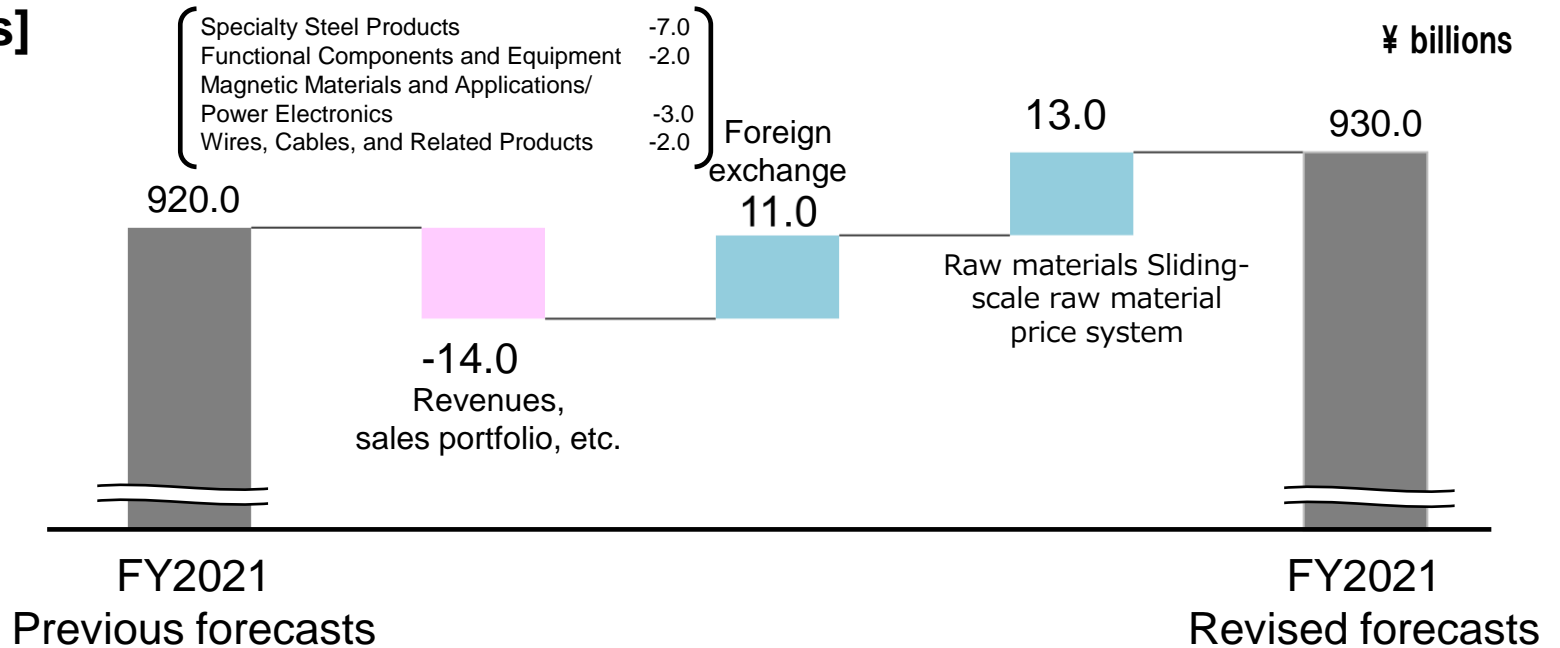


# 5-1. Operating Forecast for FY2021

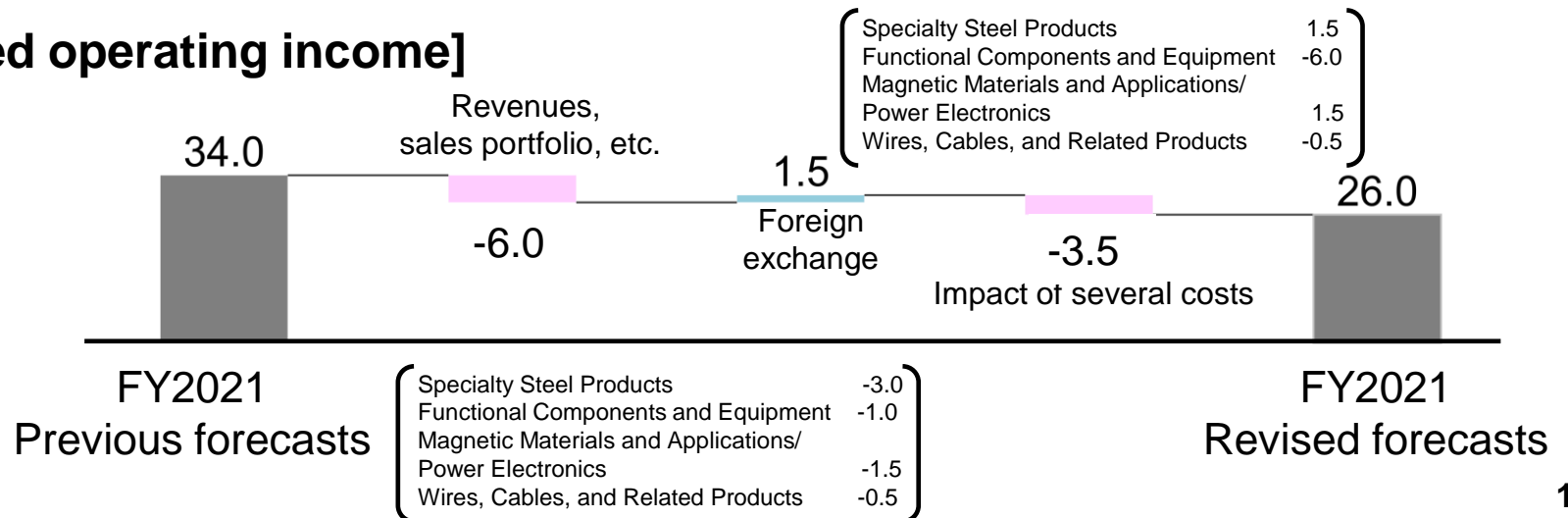
¥ billions  (Italic letters indicate profit margin.)	FY2020		FY2021		FY2021		FY2021		FY2021		Year-on-Year (D/A-1)*100[%] or D-A	Against previous forecasts (D/C-1)*100[%] or D-C
	Actual (A)		1Q-3Q		4Q forecasts		Initial forecasts (B) (Announced on April.26, 2021)	Previous forecasts (C) (Announced on Oct.26, 2021)	Revised forecasts (D)			
			US\$1 = ¥111 €1 = ¥131 1 yuan = ¥17.3		(assuming 4Q rate) US\$1 = ¥110 €1 = ¥128 1 yuan = ¥17.1		US\$1 = ¥111 €1 = ¥131 1 yuan = ¥17.3	(assuming 3Q-4Q rate) US\$1 = ¥105 €1 = ¥125 1 yuan = ¥16.0	(assuming 4Q rate) US\$1 = ¥110 €1 = ¥128 1 yuan = ¥17.1			
Revenues	761.6		690.8		239.2		850.0	920.0	930.0		+22%	+1%
Adjusted operating income (loss)	-0.7% -5.0		3.0% 20.6		2.3% 5.4		4.0% 34.0	3.7% 34.0	2.8% 26.0		+31.0	-8.0
Income (loss) before Income Taxes	-50.6		20.5		-0.5		17.0	17.0	20.0		+70.6	+3.0
Income taxes	8.3		-7.0		0.0		-5.0	-5.0	-7.0		-15.3	-2.0
Net Income (loss) attributable to Shareholders of the Parent Company	-42.3		13.5		-0.5		12.0	12.0	13.0		+55.3	+1.0

# 5-2. Factors for Revising Operating Forecast

## [Revenues]



## [Adjusted operating income]



# 5-3. Operating Result Forecast by Segment

¥ billions (Italic letters indicate profit margin.)		FY2020		FY2021		FY2021		FY2021		FY2021		Year-on-Year (D/A-1)*100[%] or D-A	Against initial forecasts (D/B-1)*100[%] or D-B	Against previous forecasts (D/C-1)*100[%] or D-C
		Actual (A)		1Q-3Q		4Q forecasts		Initial forecasts (B) (Announced on April.26, 2021)		Previous forecasts (C) (Announced on Oct.26, 2021)				
Advanced Metals	Specialty Steel Products	Revenues	217.4	193.7	63.3	245.0	260.0	257.0	+18%	+5%	-1%			
		Adjusted operating income (loss)	0.4% 0.8	6.4% 12.4	7.3% 4.6	5.5% 13.5	6.7% 17.5	6.6% 17.0	+16.2	+3.5	-0.5			
	Functional Components and Equipment	Revenues	247.9	227.3	80.7	265.0	300.0	308.0	+24%	+16%	+3%			
		Adjusted operating income (loss)	-5.2% -12.8	-2.8% -6.3	-2.1% -1.7	1.5% 4.0	-0.3% -1.0	-2.6% -8.0	+4.8	-12.0	-7.0			
	Subtotal *1	Revenues	465.3	421.0	144.0	510.0	560.0	565.0	+21%	+11%	+1%			
		Adjusted operating income (loss)	-2.6% -12.0	1.4% 6.1	2.0% 2.9	3.4% 17.5	2.9% 16.5	1.6% 9.0	+21.0	-8.5	-7.5			
Advanced Components & Material	Magnetic Materials and Applications/ Power Electronics	Revenues	106.1	99.1	34.9	124.0	134.0	134.0	+26%	+8%	0%			
		Adjusted operating income (loss)	2.4% 2.5	9.3% 9.2	6.6% 2.3	7.3% 9.0	8.2% 11.0	8.6% 11.5	+9.0	+2.5	+0.5			
	Wires, Cables, and Related Products	Revenues	189.2	170.4	60.6	217.0	226.0	231.0	+22%	+6%	+2%			
		Adjusted operating income (loss)	2.4% 4.6	2.2% 3.8	3.6% 2.2	3.5% 7.5	3.1% 7.0	2.6% 6.0	+1.4	-1.5	-1.0			
	Subtotal *1	Revenues	295.3	269.5	95.5	341.0	360.0	365.0	+24%	+7%	+1%			
		Adjusted operating income (loss)	2.4% 7.1	4.8% 13.0	4.7% 4.5	4.8% 16.5	5.0% 18.0	4.8% 17.5	+10.4	+1.0	-0.5			
	Others/Adjustments	Revenues	1.0	0.3	-0.3	-1.0	0.0	0.0	-	-	-			
		Adjusted operating income (loss)	-0.1	1.5	-2.0	0.0	-0.5	-0.5	-0.4	-0.5	0.0			
	Total	Revenues	761.6	690.8	239.2	850.0	920.0	930.0	+22%	+9%	+1%			
		Adjusted operating income (loss)	-0.7% -5.0	3.0% 20.6	2.3% 5.4	4.0% 34.0	3.7% 34.0	2.8% 26.0	+31.0	-8.0	-8.0			
		ROIC*2	-	-	-	3.9%	3.9%	3.0%	-	-	-			

\*1 Simple sum before eliminating intersegment revenues

\*2 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)

# Reference Data (1)

¥ billions	FY2017	FY2018	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020	FY2020	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021
	Full-year	Full-year	Full-year	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q-3Q	4Q (Jan – Mar)	Full-year	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q-3Q	4Q forecasts	Revised 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 = ¥105 €1 = ¥125 1 yuan = ¥15.8	US\$1 = ¥106 €1 = ¥122 1 yuan = ¥15.4	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 = ¥114 €1 = ¥130 1 yuan = ¥17.8	US\$1 = ¥111 €1 = ¥131 1 yuan = ¥17.3	(assuming 4Q rate) US\$1 = ¥110 €1 = ¥128 1 yuan = ¥17.1	(assuming 4Q rate) US\$1 = ¥110 €1 = ¥128 1 yuan = ¥17.1
Revenues	988.3	1,023.4	881.4	154.8	186.0	200.6	541.4	220.2	761.6	226.9	229.5	234.4	690.8	239.2	930.0
Adjusted Operating Income (loss) <sup>*1</sup>	65.1	51.4	14.4	-7.3	-5.1	3.8	-8.6	3.6	-5.0	8.5	6.8	5.3	20.6	5.4	26.0
Adjusted operating margin	6.6%	5.0%	1.6%	-4.7%	-2.7%	1.9%	-1.6%	1.6%	-0.7%	3.7%	3.0%	2.3%	3.0%	2.3%	2.8%
Other income	5.4	10.7	8.6	3.1	1.2	1.3	5.6	4.1	9.7	1.1	7.5	2.4	11.0	-	-
Other expenses	-24.2	-19.7	-62.1	-2.2	-28.3	-4.5	-35.0	-19.0	-54.0	-5.4	-3.7	-3.5	-12.6	-	-
IFRS operating income	46.3	42.4	-39.1	-6.4	-32.2	0.7	-37.9	-11.3	-49.2	4.2	10.6	4.2	19.0	-	-
EBIT	48.9	45.3	-38.4	-6.7	-32.1	0.5	-38.3	-10.9	-49.2	4.6	11.4	5.6	21.6	-0.1	21.5
EBITDA	95.0	96.2	16.8	6.6	-18.9	12.4	0.1	1.1	1.2	16.2	23.0	17.2	56.4	11.1	67.5
(Quarterly) Income before income taxes	47.0	43.0	-40.6	-7.1	-32.4	0.1	-39.4	-11.2	-50.6	4.3	11.0	5.2	20.5	-0.5	20.0
(Quarterly) Net income	42.2	31.4	-37.6	-3.3	-29.9	-0.5	-33.7	-8.6	-42.3	3.0	8.3	2.2	13.5	-0.5	13.0
Capital expenditure	91.8	95.4	53.0	7.2	7.4	5.2	19.8	9.0	28.8	5.1	6.4	8.3	19.8	17.2	37.0
Depreciation	46.1	50.9	55.2	13.3	13.2	11.9	38.4	12.0	50.4	11.6	11.6	11.6	34.8	11.2	46.0
R&D expenses	17.7	18.6	15.9	3.5	3.8	3.5	10.8	3.7	14.5	3.1	3.2	3.0	9.3	3.7	13.0
Trade receivables	207.6	195.3	157.7	141.1	157.5	163.9	163.9	167.6	167.6	182.1	186.7	191.4	191.4	-	-
Inventories	190.2	214.8	179.9	183.5	167.1	169.1	169.1	170.1	170.1	190.6	205.7	220.0	220.0	-	-
Interest-bearing debt	160.8	202.1	187.6	215.1	212.6	181.4	181.4	195.3	195.3	199.9	202.4	202.2	202.2	187.0	187.0
Free cash flows	-36.0	-29.7	49.5	4.9	1.7	12.0	18.6	36.2	54.8	-9.9	-1.4	-11.3	-22.6	31.6	9.0
ROIC <sup>*2</sup>	5.8%	5.3%	1.7%	-	-	-	-	-	-	-	-	-	-	-	3.0%
ROE <sup>*3</sup>	7.7%	5.5%	-	-	-	-	-	-	-	-	-	-	-	-	2.6%
ROA <sup>*4</sup>	4.0%	2.9%	-	-	-	-	-	-	-	-	-	-	-	-	1.3%
CCC <sup>*5</sup> (days)	82.7	90.7	87.1	-	-	-	-	-	89.1	-	-	-	-	-	78.9
D/E ratio (times)	0.29	0.34	0.36	0.42	0.44	0.38	0.38	0.40	0.40	0.41	0.40	0.40	0.40	0.37	0.37
Overseas sales ratio	56%	56%	54%	49%	57%	56%	54%	57%	55%	57%	57%	56%	57%	-	57%
Employees	30,390	30,304	29,805	29,542	29,025	28,730	28,730	28,620	28,620	28,278	27,911	27,882	27,882	28,300	28,300
(Quarterly) Basic net income	98.72	73.37	-88.05	-7.81	-69.86	-1.19	-78.86	-20.04	-98.90	7.01	19.36	5.31	31.68	-	30.41
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	1,117.6	1,117.6	1,145.3	1,145.3	1,152.8	1,173.1	1,194.9	1,194.9	1,168.5	1,168.5

\*1 Adjusted operating income (loss) = 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

1Q, FY2020 is indexed at 100

### Weight trends

Product		FY2019				FY2020				FY2021		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Specialty Steel Products	Molds and tool steel	151	156	153	128	100	101	103	130	150	160	163
	CVT belt materials	151	133	146	159	100	129	126	131	166	156	163
	Piston ring materials	227	199	229	214	100	105	253	260	261	253	281
	Organic EL-related components and materials	56	72	103	73	100	100	136	85	114	129	134
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	225	203	174	196	100	183	178	197	188	180	170
	Cast iron products [Other]	233	214	219	201	100	171	197	197	202	180	182
	Heat-resistant exhaust casting components (HERCUNITE™)	141	174	165	169	100	156	199	193	184	178	139
Magnetic Materials and Applications / Power Electronics	Rare earth magnets	152	144	136	130	100	120	133	134	147	133	142
	Ferrite magnets	164	161	161	165	100	127	166	172	167	147	139
	Amorphous metals Metglas®	198	166	154	124	100	125	150	153	144	148	174
Wires, Cables, and Related Products	Electronic components*	198	191	187	164	100	166	204	198	179	166	189

\* 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	Molds and tool steel Specialty steel CVT belt materials	Clad metals Lead frame materials
	Functional Components and Equipment	Piping Components Pipe fittings Polyethylene gas piping systems	Automotive Casting Products Cast iron products	Heat-resistant exhaust casting components (HERCUNITE™)
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Neodymium magnets NEOMAX®	Magnetic Materials and Applications Amorphous metals Metglas®	Ferrite magnets NMF™ Power electronics materials Silicon nitride substrate
	Wires, Cables, and Related Products	Wires and cables 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, automobile-related materials, razor and blade materials, precision cast components, 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 products	HNM™ 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, 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 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.

# Information on Risks Inherent in Future Projections

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. 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