

Hitachi Metals, Ltd. Financial Results for the First Half of Financial Year 2022 (April 1 to September 30, 2022)

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October 26, 2022

1. Overview of Operating Results

1-1. Overview of the First Half of FY2022 (1)

Management environment

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

- (1) Material prices remained high due to the impact of the depreciation of the yen to its lowest level in decades.
- (2) The impact of shortage in components and materials continued, and supply-demand conditions for international logistics remained tight.
- (3) There were ongoing effects of China's lockdowns due to its zero COVID-19 policy as well as the conflict in Ukraine.

Revenues

- (1) Increased year on year due to the impact from a rise in raw material prices (sliding-scale rate material price system) and the depreciation of the yen.

- (2) Trends in business categories (YoY)

[Automobiles] As for volume trends by product group, the volume increased for automotive casting products due to demand recovery in the North American market. The volume decreased for industrial equipment materials and magnetic materials due to the impact of production adjustments by automobile manufacturers. Demand for automotive electronic components has started to recover since the beginning of 2Q.

[Aircraft] Demand related to small- and medium-sized passenger aircraft rebounded significantly.

[FA / robots] Capital expenditure demand related to manufacturing, mainly for automobiles and semiconductors, increased.

[Electronics] Demand for use in telecommunications equipment and automobiles increased.

Adjusted operating income / Net income*

Adjusted operating income and net income increased by ¥9.8 billion and ¥18.0 billion, respectively, year on year, reflecting a rise in profit as a result of cost reduction measures and the depreciation of the yen, despite a decline in profit due to soaring raw material prices and electricity and transportation costs.

Sales prices are being revised in response to an increase in expenses and energy cost due to soaring resource prices.

Full-year forecast for FY2022

Sales prices are being revised and cost reduction measures implemented, while effect of the depreciation of the yen is expected to offset the impact of demand trending slightly lower than expected.

The full-year forecast remains unchanged from the previous forecast.

* Net Income attributable to Shareholders of the Parent Company

1-2. Operating Results

¥ billions (Italic letters indicate profit margin.)	FY2021				FY2022				1H	Full-year
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	Full-year (B)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (C)	Full-year (D) (assuming 2H rate)	Year-on-Year	Year-on-Year
	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 = ¥112 €1 = ¥131 1 yuan = ¥17.5	US\$1 = ¥130 €1 = ¥138 1 yuan = ¥19.6	US\$1 = ¥138 €1 = ¥139 1 yuan = ¥20.2	US\$1 = ¥134 €1 = ¥139 1 yuan = ¥19.9	US\$1 = ¥140 €1 = ¥140 1 yuan = ¥20.0	(C/A-1)*100[%] or C-A	(D/B-1)*100[%] or D-B
Revenues	226.9	229.5	456.4	942.7	276.8	291.9	568.7	1,100.0	+25%	+17%
Adjusted operating income*1	3.7% 8.5	3.0% 6.8	3.4% 15.3	2.8% 26.8	4.3% 11.8	4.6% 13.3	4.4% 25.1	6.4% 70.0	+9.8	+43.2
IFRS operating income*2	1.9% 4.2	4.6% 10.6	3.2% 14.8	2.8% 26.7	3.5% 9.8	3.9% 11.4	3.7% 21.2	-	+6.4	-
Income before income taxes	4.3	11.0	15.3	32.7	19.9	18.5	38.4	41.5	+23.1	+8.8
Net income attributable to shareholders of the parent company	3.0	8.3	11.3	12.0	15.1	14.2	29.3	30.0	+18.0	+18.0

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

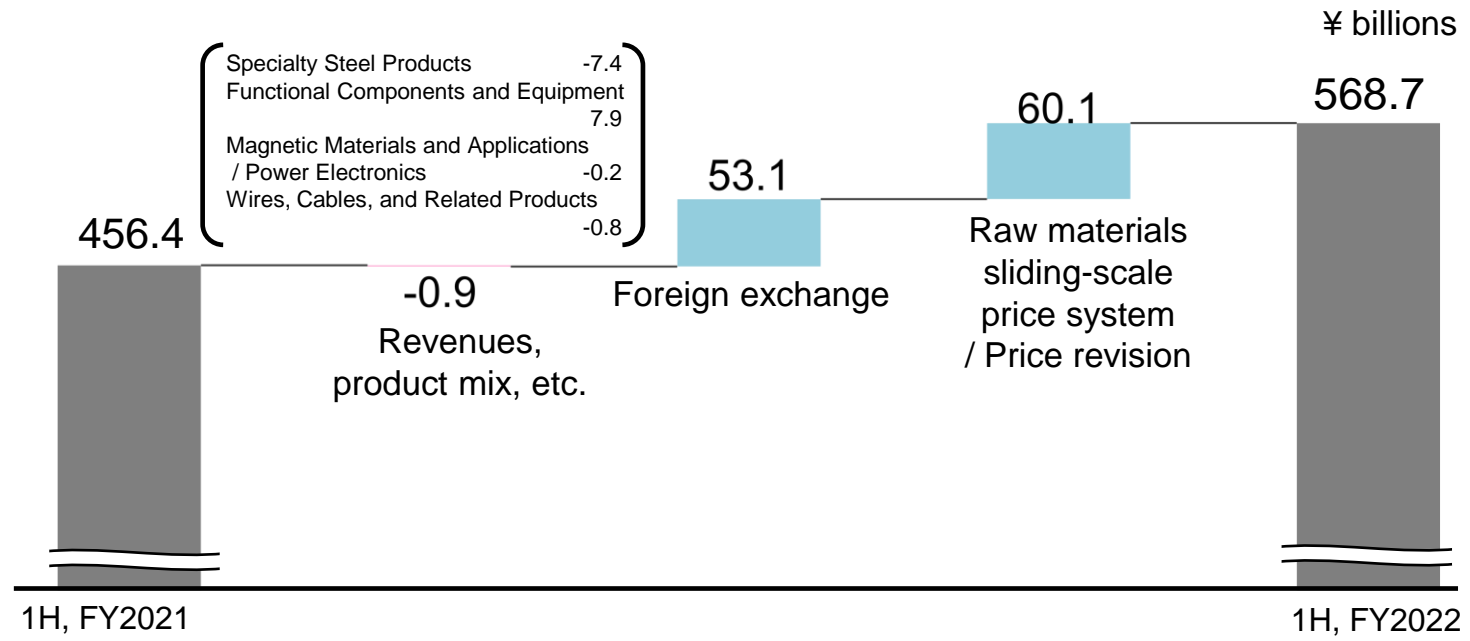
*2 Income before income tax for 1H of FY2022 includes ¥ 12.2 billion in foreign exchange gains.

Sales by region

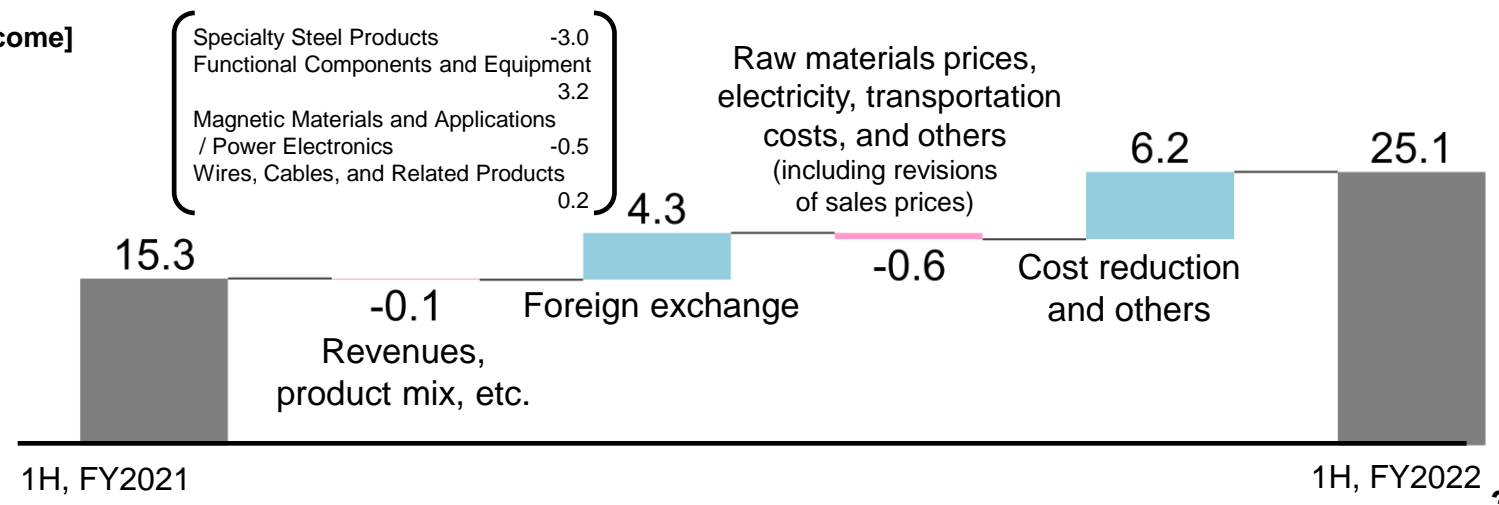
¥ billions		Japan	North America	China	Other Asian countries	Europe	Others
1H,	Revenues	196.5	131.6	41.2	56.9	21.1	9.1
FY2021	Sales ratio	43%	29%	9%	12%	5%	2%
1H,	Revenues	211.5	194.7	48.3	74.2	27.3	12.7
FY2022	Sales ratio	37%	34%	8%	13%	5%	3%
	Revenues year-on-year	+8%	+48%	+17%	+30%	+29%	+40%

1-3. Factors Behind Increase / Decrease in Revenues and Adjusted Operating Income (Year-on-Year)

[Revenues]



[Adjusted operating income]



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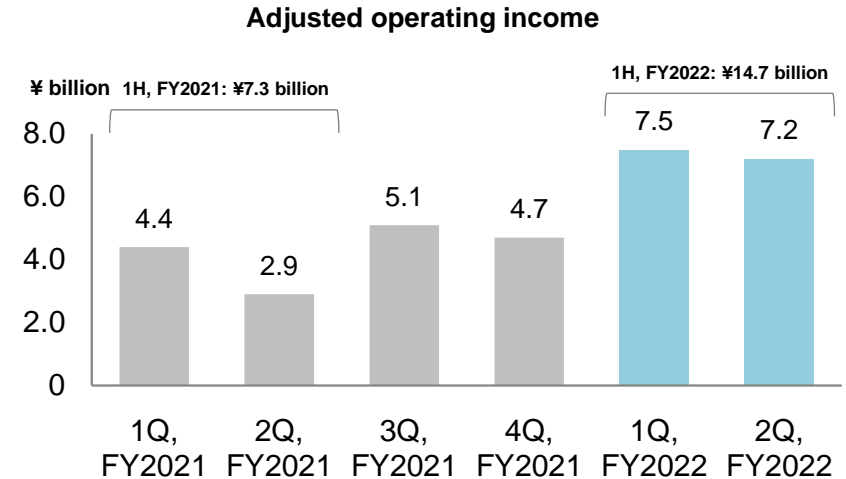
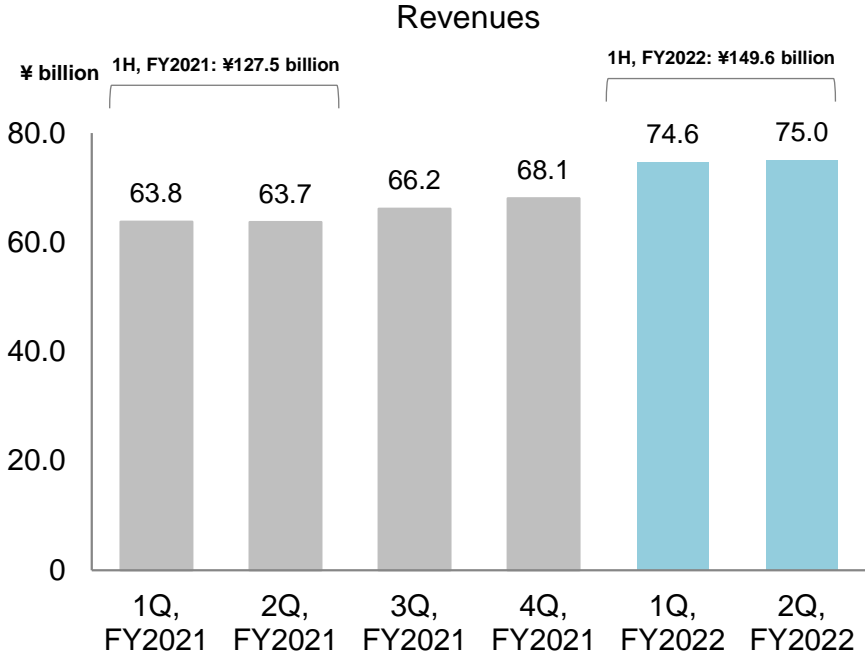
2. Operating Results by Segment

2-1. Summary of Operating Results

		FY2021						FY2022						1H Year-on-Year (B/A-1)*100[%] or B-A
		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (A)		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (B)		
¥ billions (Italic letters indicate profit margin.)		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 = ¥130 €1 = ¥138 1 yuan = ¥19.6		US\$1 = ¥138 €1 = ¥139 1 yuan = ¥20.2		US\$1 = ¥134 €1 = ¥139 1 yuan = ¥19.9		
Advanced Metals	Specialty Steel Products	Revenues	63.8	63.7	127.5	74.6	75.0	149.6	+17%					
	Adjusted operating income	6.9%	4.4	4.6%	2.9	5.7%	7.3	10.1%	7.5	9.6%	7.2	9.8%	14.7	+7.4
	IFRS operating income	7.2%	4.6	4.1%	2.6	5.6%	7.2	10.2%	7.6	9.6%	7.2	9.9%	14.8	+7.6
	Functional Components and Equipment	Revenues	76.1	76.9	153.0	104.7	109.3	214.0	+40%					
	Adjusted operating income (loss)	-0.1%	-0.1	-2.9%	-2.2	-1.5%	-2.3	0.3%	0.3	1.2%	1.3	0.7%	1.6	+3.9
	IFRS operating income (loss)	-1.4%	-1.1	-2.5%	-1.9	-2.0%	-3.0	-0.1%	-0.1	1.2%	1.3	0.6%	1.2	+4.2
	Subtotal *	Revenues	139.9	140.6	280.5	179.3	184.3	363.6	+30%					
	Adjusted operating income	3.1%	4.3	0.5%	0.7	1.8%	5.0	4.4%	7.8	4.6%	8.5	4.5%	16.3	+11.3
	IFRS operating income	2.5%	3.5	0.5%	0.7	1.5%	4.2	4.2%	7.5	4.6%	8.5	4.4%	16.0	+11.8
Advanced Components & Materials	Magnetic Materials and Applications/Power Electronics	Revenues	31.8	34.1	65.9	38.5	41.5	80.0	+21%					
	Adjusted operating income	7.5%	2.4	12.6%	4.3	10.2%	6.7	8.8%	3.4	8.0%	3.3	8.4%	6.7	0
	IFRS operating income	7.9%	2.5	13.2%	4.5	10.6%	7.0	8.8%	3.4	8.4%	3.5	8.6%	6.9	-0.1
	Wires, Cables, and Related Products	Revenues	55.0	54.7	109.7	59.0	66.2	125.2	+14%					
	Adjusted operating income (loss)	2.9%	1.6	1.8%	1.0	2.4%	2.6	-1.0%	-0.6	0.3%	0.2	-0.3%	-0.4	-3.0
	IFRS operating income (loss)	0.7%	0.4	1.5%	0.8	1.1%	1.2	-1.7%	-1.0	-0.6%	-0.4	-1.1%	-1.4	-2.6
	Subtotal*	Revenues	86.8	88.8	175.6	97.5	107.7	205.2	+17%					
	Adjusted operating income	4.6%	4.0	6.0%	5.3	5.3%	9.3	2.9%	2.8	3.2%	3.5	3.1%	6.3	-3.0
	IFRS operating income	3.3%	2.9	6.0%	5.3	4.7%	8.2	2.5%	2.4	2.9%	3.1	2.7%	5.5	-2.7
Others/Adjustments	Revenues	0.2	0.1	0.3	0	-0.1	-0.1	—						
	Adjusted operating income	0.2	0.8	1.0	1.2	1.3	2.5	+1.5						
	IFRS operating income (loss)	-2.2	4.6	2.4	-0.1	-0.2	-0.3	-2.7						
Total	Revenues	226.9	229.5	456.4	276.8	291.9	568.7	+25%						
	Adjusted operating income	3.7%	8.5	3.0%	6.8	3.4%	15.3	4.3%	11.8	4.6%	13.3	4.4%	25.1	+9.8
	IFRS operating income	1.9%	4.2	4.6%	10.6	3.2%	14.8	3.5%	9.8	3.9%	11.4	3.7%	21.2	+6.4

* Simple sum before eliminating intersegment revenues

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



[Revenues] (Year-on-Year)

- **Molds and tool steel**
Increased due partly to the impact from a rise in raw material prices (sliding-scale rate material price system), despite a decline in demand in Japan.
- **Industrial equipment materials**
Increased due to demand for materials related to other industrial equipment remaining virtually unchanged year on year as well as the impact from the rise in raw material prices (sliding-scale raw material price system) among other factors, despite a decline in demand for automotive-related products.
- **Aircraft- and energy-related materials**
Demand related to small- and medium-sized passenger aircraft rebounded significantly among mainstay aircraft-related materials. Increased as a whole as demand also for energy-related materials remained firm.
- **Electronic materials**
Increased as a whole as sales of organic EL panel-related components grew, and semiconductor packaging material demand remained firm, despite a stagnation of demand since the beginning of 2Q.
- **Rolls**
Sales of injection molding machine parts remained virtually unchanged year on year. Sales of various rolls and steel-frame joints for construction increased.

[Adjusted operating income]
Increased reflecting the depreciation of the yen and cost reduction measures on top of a rise in demand for aircraft-and energy-related materials and electronic materials.

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

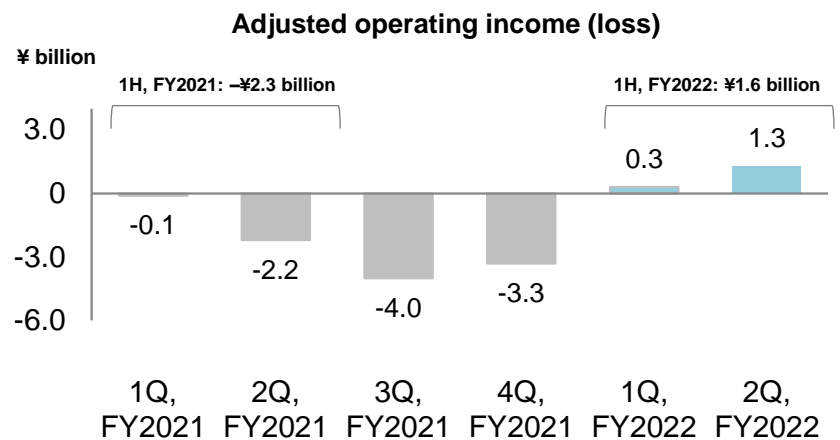
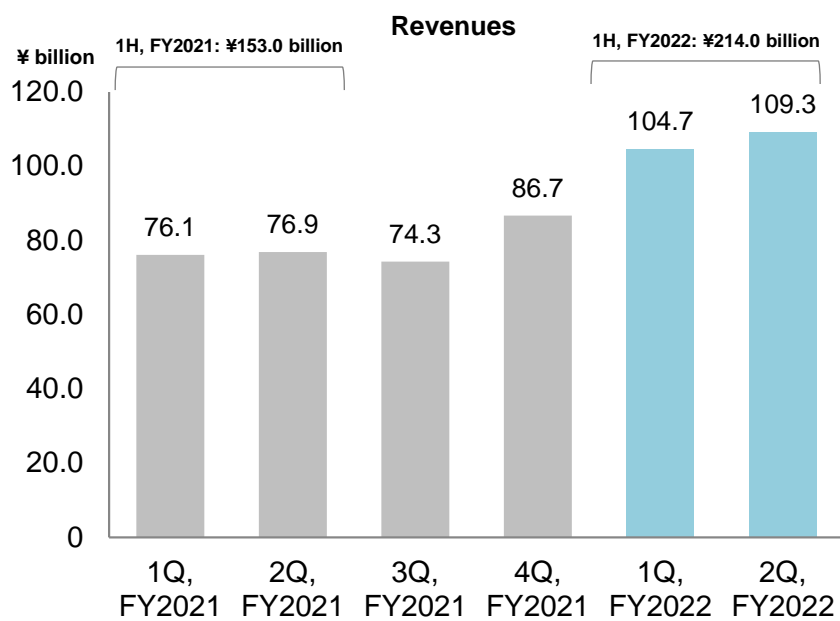
¥ billions	FY2021			FY2022			Differences (B/A-1)*100[%] or B-A
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (A)	1Q (Apr – Jun)	2Q (Jul – Sep)	1H (B)	
Revenues	63.8	63.7	127.5	74.6	75.0	149.6	+17%
Specialty steel* ¹	58.4	58.3	116.7	68.6	68.5	137.1	+17%
Rolls* ¹	5.4	5.3	10.7	6.1	6.4	12.5	+17%
Adjusted operating income	4.4	2.9	7.3	7.5	7.2	14.7	+7.4
Adjusted operating margin	6.9%	4.6%	5.7%	10.1%	9.6%	9.8%	+4.1pt
IFRS operating income	4.6	2.6	7.2	7.6	7.2	14.8	+7.6
Change by product volume (year-on-year)	FY2021			FY2022			
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	
Molds and tool steel* ²	+25%	+32%	+28%	+21%	+17%	+19%	
Industrial equipment materials* ²	+34%	+27%	+30%	-1%	+6%	+2%	
Aircraft-and energy-related materials* ²	-20%	-9%	-15%	+49%	+41%	+45%	
Electronic materials* ²	+27%	+27%	+27%	+22%	+21%	+21%	
Rolls* ³	-2%	-1%	-2%	+13%	+22%	+17%	

*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:

In North America, demand for components for commercial vehicles and construction and agricultural equipment rose. Increased as a whole due to also the impact from a rise in raw material prices (sliding-scale rate material price system) and the depreciation of the yen.
 - Heat-resistant exhaust casting components:

Demand decreased owing to the changes in product mix and the impact of production adjustments by automobile manufacturers.
- Piping components
 - Pipe fittings:

Decreased in Japan compared with the same period of the previous fiscal year when there was a rush in demand before the price revision. Increased as a whole also on the back of a rise in sales as housing starts remained at a high level in the U.S.
 - Semiconductor manufacturing equipment:

Capital expenditure demand remained brisk.

[Adjusted operating income (loss)]

Increased due partly to a rise in demand for commercial vehicles and construction and agricultural equipment in North America, despite a decrease in profit due to soaring raw material and sub-material prices and energy and transportation costs as well as a decline in demand for heat-resistant exhaust casting components.

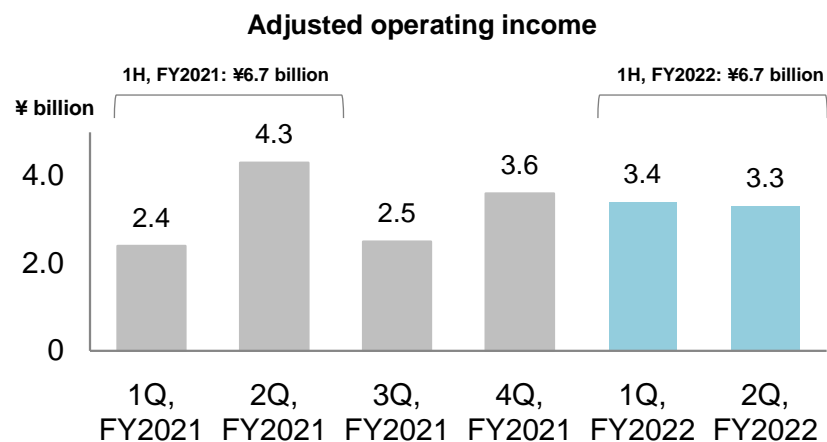
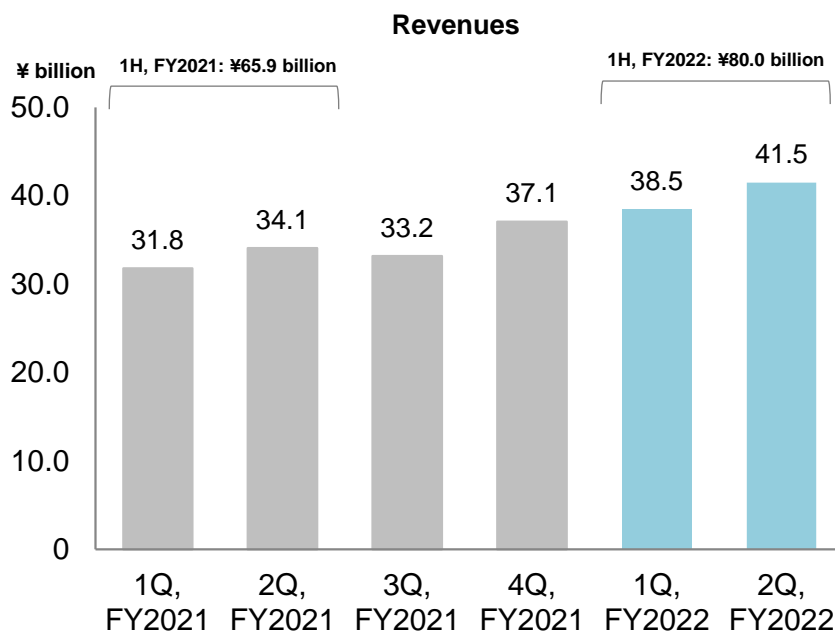
2-5. Operating Results by Segment: Functional Components and Equipment (2)

¥ billions	FY2021			FY2022			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	76.1	76.9	153.0	104.7	109.3	214.0	+40%
Automotive Casting Products*	64.9	64.5	129.4	91.4	95.5	186.9	+44%
Waupaca Foundry, Inc.*	48.4	49.0	97.4	73.9	74.1	148.0	+52%
Piping Components*	11.3	12.3	23.6	13.2	13.9	27.1	+15%
Adjusted operating income (loss)	-0.1	-2.2	-2.3	0.3	1.3	1.6	+3.9
Adjusted operating margin	-0.1%	-2.9%	-1.5%	0.3%	1.2%	0.7%	+2.2pt
IFRS operating income (loss)	-1.1	-1.9	-3.0	-0.1	1.3	1.2	+4.2

* Simple sum before eliminating intersegment revenues

Change by product volume (year-on-year)	FY2021			FY2022		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Cast iron products [Waupaca Foundry, Inc.] (weight)	+88%	-2%	+30%	+6%	+5%	+5%
Cast iron products [Other] (weight)	+102%	+5%	+41%	+4%	+26%	+14%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	+84%	+13%	+41%	-27%	-38%	-32%

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



[Revenues]

(Year-on-Year)

• **Magnetic materials and applications**

Rare earth magnets:

Increased due to the impact from a rise in raw material prices (sliding-scale rate material price system), despite a decline in demand related to automotive electronic components and sluggish demand for use in industrial equipment such as FA/robots.

Ferrite magnets:

Increased due to the impact from a rise in raw material prices (sliding-scale rate material price system), despite a decline in demand related to automotive electronic components.

• **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 and Americas.

Ceramic components:

Increased as a whole as demand grew for automotive applications, and demand related to server equipment and medical devices remained at a high level.

[Adjusted operating income]

Remained virtually unchanged year on year due partly to a rise in demand related to power electronics materials on top of the depreciation of the yen and the promotion of various cost reduction measures, despite a decline in demand for magnetic materials.

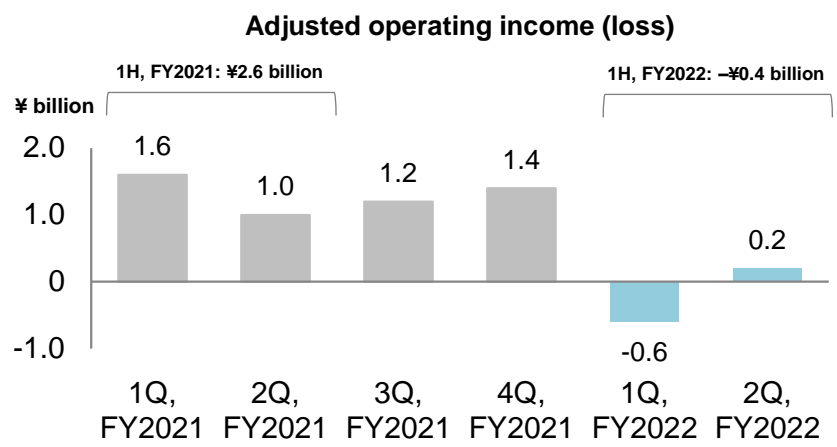
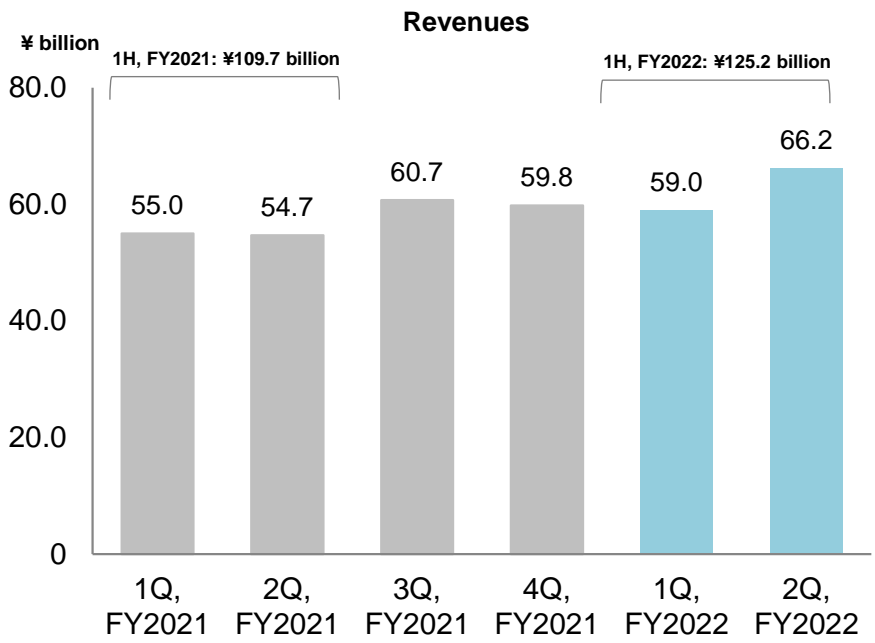
2-7. Operating Results by Segment: Magnetic Materials and Applications / Power Electronics (2)

¥ billions	FY2021			FY2022			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	31.8	34.1	65.9	38.5	41.5	80.0	+21%
Magnetic Materials and Applications*	21.8	23.5	45.3	24.8	26.7	51.5	+14%
Power Electronics Materials*	10.0	10.6	20.6	13.8	14.7	28.5	+38%
Adjusted operating income	2.4	4.3	6.7	3.4	3.3	6.7	0
Adjusted operating margin	7.5%	12.6%	10.2%	8.8%	8.0%	8.4%	-1.8pt
IFRS operating income	2.5	4.5	7.0	3.4	3.5	6.9	-0.1

* Simple sum before eliminating intersegment revenues

Change by product volume (year-on-year)	FY2021			FY2022		
	1Q (Apr – Jun)	2Q (Jul – Sep)	1H	1Q (Apr – Jun)	2Q (Jul – Sep)	1H
Rare earth magnets (weight)	+47%	+11%	+27%	-15%	-15%	-15%
Ferrite magnets (weight)	+67%	+15%	+38%	-14%	-10%	-12%

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



[Revenues] (Year-on-Year)

- **Electric wires and cables**
 - Wires and cables for rolling stock: Increased reflecting the recovery in demand in China.
 - Medical devices: Demand increased for both tubes and cables.
 - Magnet wires: Increased due to the impact from a rise in raw material prices (sliding-scale rate material price system), despite a decline in demand for use in automobiles and industrial equipment.
 - Electronic wires: Grow in sales of FA/robots use. As a result, sales of electric wires and cables increased on the whole.
- **Automotive components**
 - Increased due to the start of recovery in demand since the beginning of 2Q, despite a decline in demand as a result of production adjustments by automobile manufacturers during 1Q.

[Adjusted operating income (loss)]

Posted a loss mainly attributable to a temporary decline in productivity of automotive components after production transfer from North America to Mexico as well as soaring raw material and sub-material prices and energy and transportation costs. Turned profitable in 2Q (July - September) as a result of the promotion of cost reduction measures.

3. Financial Condition

¥ billions	End of FY2021	1H, FY2022	Differences
	US\$1 = ¥122 €1 = ¥137 1 yuan = ¥19.3	US\$1 = ¥145 €1 = ¥142 1 yuan = ¥20.4	
Total asset	1,069.7	1,158.2	+88.5
Trade receivables	187.3	222.8	+35.5
Inventories	228.4	263.7	+35.3
Fixed asset	449.6	474.0	+24.4
Total liabilities	538.6	563.8	+25.2
Interest-bearing debt	196.9	189.3	-7.6
Equity attributable to shareholders of the parent company	527.6	590.7	+63.1
Non-controlling interests	3.5	3.7	+0.2
Equity attributable to shareholders of the parent company ratio	49.3%	51.0%	-
D/E ratio (times)	0.37	0.32	-0.05
NET interest-bearing debt*	72.3	78.4	+6.1

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

Both assets and liabilities increased primarily due to an increase in working capital as a result of the depreciation of the yen and soaring raw material prices.

4. Consolidated Cash Flows

¥ billions	1H, FY2021	1H, FY2022	Year-on-Year
Cash flows from operating activities (Operating CF)	-9.1	16.9	+26.0
Cash flows from investing activities (Investing CF)	-2.2	-15.8	-13.6
Free cash flows (FCF)	-11.3	1.1	+12.4
Core free cash flows*	-22.3	-0.7	+21.6

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

Operating CF: Increased by ¥26.0 billion year on year due primarily to an increase in net income, despite a rise in working capital.

Investing CF: Decreased ¥13.6 billion year on year due to partly proceeds from the sale of assets in FY2021 and an increase in acquisition of fixed assets in FY2022.

5. Status of Ownership Transition

- ✓ The tender offer period for the Company's shares ended on October 25, 2022, and relevant processes were completed.
 - The offer was accepted for a total of 152,194,289 shares, exceeding the planned minimum number of shares to purchase (56,814,701 shares).
 - As of November 1, the offeror will hold 1,521,942 voting rights (ownership ratio: 35.60%), becoming the Company's second largest shareholder. (The largest shareholder is Hitachi, Ltd.)
- ✓ Going forward, a series of transactions are scheduled for delisting and other procedures to complete ownership transition from Hitachi, Ltd. to the Bain Capital-led consortium.
- ✓ The name of the Company will change to Proterial, Ltd. in January 2023.

6. Change of Company Name

■ About the new trade name PROTERIAL

Hitachi Metals, Ltd. will change its trade name to Proterial, Ltd. on January 4, 2023.

PROTERIAL

“Proterial” reflects the essence of our corporate philosophy, which consists of three elements: Mission: “Make the best quality available to everyone;” Vision: “Leading sustainability by high performance;” and Values: “Unflinching integrity” and “United by respect.” It combines “pro-” with the word “material.”

“Pro-” represents our “three pros”:

- **Professional — work that exceeds expectations**
- **Progressive — a spirit that keeps challenging**
- **Proactive —an enterprising attitude**

“Material” refers to the high-performance materials that our original technologies produce and underpinned by the three pros. With our focus on solving customer issues and bringing new levels of value, we promise to contribute to the realization of a sustainable society through the products and services that embody our philosophy.

■ Movie introducing our new company name "PROTERIAL"

<https://www.youtube.com/watch?v=hxknMO7TxUg>

[Click here for movie](#)



Reference Data (1)

¥ billions	FY2018	FY2019	FY2020	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021	FY2022	FY2022	FY2022	FY2022
	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 = ¥128 1 yuan = ¥16.5	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	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 = ¥114 €1 = ¥130 1 yuan = ¥17.8	US\$1 = ¥116 €1 = ¥130 1 yuan = ¥18.3	US\$1 = ¥112 €1 = ¥131 1 yuan = ¥17.5	US\$1 = ¥130 €1 = ¥138 1 yuan = ¥19.6	US\$1 = ¥138 €1 = ¥139 1 yuan = ¥20.2	US\$1 = ¥134 €1 = ¥139 1 yuan = ¥19.9	US\$1 = ¥140 €1 = ¥140 1 yuan = ¥20.0
Revenues	1,023.4	881.4	761.6	226.9	229.5	456.4	234.4	251.9	942.7	276.8	291.9	568.7	1,100.0
Adjusted Operating Income(loss)*1	51.4	14.4	-5.0	8.5	6.8	15.3	5.3	6.2	26.8	11.8	13.3	25.1	70.0
Adjusted operating margin	5.0%	1.6%	-0.7%	3.7%	3.0%	3.4%	2.3%	2.5%	2.8%	4.3%	4.6%	4.4%	6.4%
Other income	10.7	8.6	9.7	1.1	7.5	8.6	2.4	7.0	18.0	1.4	1.1	2.5	-
Other expenses	-19.7	-62.1	-54.0	-5.4	-3.7	-9.1	-3.5	-5.5	-18.1	-3.4	-3.1	-6.5	-
IFRS operating income	42.4	-39.1	-49.2	4.2	10.6	14.8	4.2	7.7	26.7	9.8	11.4	21.2	-
EBIT	45.3	-38.4	-49.2	4.6	11.4	16.0	5.6	12.6	34.2	20.4	19.4	39.8	51.0
EBITDA	96.2	16.8	1.2	16.2	23.0	39.2	17.2	24.3	80.7	32.5	31.5	64.0	98.5
(Quarterly) Income(loss) before income taxes	43.0	-40.6	-50.6	4.3	11.0	15.3	5.2	12.2	32.7	19.9	18.5	38.4	41.5
(Quarterly) Net income (loss) attributable to shareholders of the parent company	31.4	-37.6	-42.3	3.0	8.3	11.3	2.2	-1.5	12.0	15.1	14.2	29.3	30.0
Capital expenditure	95.4	53.0	28.8	5.1	6.4	11.5	8.3	14.5	34.3	5.5	7.0	12.5	-
Depreciation	50.9	55.2	50.4	11.6	11.6	23.2	11.6	11.7	46.5	12.1	12.1	24.2	-
R&D expenses	18.6	15.9	14.5	3.1	3.2	6.3	3.0	3.1	12.4	3.0	3.0	6.0	-
Trade receivables	195.3	157.7	167.6	182.1	186.7	186.7	191.4	187.3	187.3	213.5	222.8	222.8	-
Inventories	214.8	179.9	170.1	190.6	205.7	205.7	220.0	228.4	228.4	261.9	263.7	263.7	-
Interest-bearing debt	202.1	187.6	195.3	199.9	202.4	202.4	202.2	196.9	196.9	213.2	189.3	189.3	-
Free cash flows	-29.7	49.5	54.8	-9.9	-1.4	-11.3	-11.3	46.1	23.5	-9.0	10.1	1.1	-
ROIC*2	5.3%	1.7%	-	-	-	-	-	-	3.0%	-	-	-	-
ROE*3	5.5%	-	-	-	-	-	-	-	2.4%	-	-	-	-
ROA*4	2.9%	-	-	-	-	-	-	-	1.2%	-	-	-	-
CCC*5 (days)	90.7	87.1	89.1	-	-	-	-	-	82.9	-	-	-	-
D/E ratio (times)	0.34	0.36	0.40	0.41	0.40	0.40	0.40	0.37	0.37	0.38	0.32	0.32	-
International sales ratio	56%	54%	55%	57%	57%	57%	56%	59%	57%	63%	63%	63%	59%
Employees	30,304	29,805	28,620	28,278	27,911	27,911	27,882	27,771	27,771	27,185	27,230	27,230	27,700
(Quarterly) Basic net income (loss) per share (yen)	73.37	-88.05	-98.90	7.01	19.36	26.37	5.31	-3.54	28.14	35.24	33.26	68.50	-
Dividend per share (yen)	34.0	26.0	0.0	-	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)	1,375.2	1,216.9	1,145.3	1,152.8	1,173.1	1,173.1	1,194.9	1,233.9	1,233.9	1,324.5	1,381.6	1,381.6	-

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

*2: Rate of Return on Invested Capital (ROIC) = {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

Reference Data (2)

Major products and services Weight trends

1Q FY2021 is indexed at 100





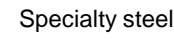






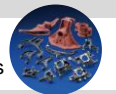
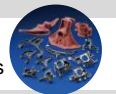


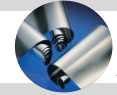

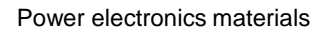





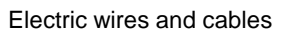

Product	FY2020				FY2021				FY2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
Specialty Steel Products	Molds and tool steel	67	67	68	87	100	107	109	106	102	92
	CVT belt materials	60	78	76	79	100	94	98	94	75	80
	Piston ring materials	38	40	97	100	100	97	107	95	100	92
	Organic EL-related components and materials	88	88	120	75	100	113	118	115	133	122
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	53	98	95	105	100	96	91	104	106	100
	Cast iron products [Other]	49	84	97	97	100	89	90	97	104	112
	Heat-resistant exhaust casting components (HERCUNITE™)	54	85	108	105	100	97	76	85	73	61
Magnetic Materials and Applications/Power Electronics	Rare earth magnets	68	81	90	91	100	90	97	89	85	77
	Ferrite magnets	60	76	100	103	100	88	84	88	86	79
	Amorphous metals Metglas®	70	87	105	107	100	103	122	146	157	160
Wires, Cables, and Related Products	Electronic components*	56	93	114	111	100	93	109	107	96	125

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

(For reference)

Business Operations by Market (From October 2020)

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 materials	 Neodymium magnets NEOMAX®  Amorphous metals Metglas®	 Magnetic materials and applications  Power electronics materials	 Ferrite magnets NMF™  Silicon nitride substrate
	Wires, Cables, and Related Products	 Wires and cables for rolling stock  Cables for FA/industrial robots	 Automotive components	 Electric wires and cables  Harnesses for electric parking brakes

(For reference)

Business Operations of Hitachi Metals (From October 2020)

■ 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, 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 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™ 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 materials	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:

- (1) Risks associated with product demand and market conditions
- (2) Risks associated with competitiveness and development and commercialization of new technologies and products
- (3) Risks associated with raw materials procurement
- (4) Risks associated with securing talent
- (5) Risks associated with product quality
- (6) Risks associated with environmental regulations
- (7) Risks associated with changes in foreign exchange rates
- (8) Risks associated with M&A and business reorganization
- (9) Risks associated with information security
- (10) Risks associated with the global expansion of businesses
- (11) Risks associated with safety and health
- (12) Risks associated with earthquakes and other natural disasters
- (13) Risks associated with impairment losses on fixed assets including property, plant and equipment and goodwill
- (14) Risks associated with relationship with the parent company
- (15) Risks associated with financing activities
- (16) Risks associated with laws and regulations, and official regulations
- (17) Risks associated with intellectual property rights
- (18) Risks associated with retirement benefit obligations