



Consolidated Financial Report [IFRS] for the 6-month period ended September 30, 2020

October 27, 2020

Listed Company: Hitachi Metals, Ltd. (URL <https://www.hitachi-metals.co.jp/e/index.html>)

Listed Stock Exchanges: Tokyo Stock Exchange, Inc. (First Section, Code Number 5486)

Representative: Mitsuaki Nishiyama, Chairperson, President, and CEO

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Note: Figures are rounded off to the nearest million yen.

1. Performance for the First Half Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(1) Operating Results (% indicates the rate of +/- compared with the same term of the previous fiscal year)

	Revenues		Adjusted Operating Income (loss)		Operating Income (loss)		Income (loss) before Income Taxes		Net Income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sept, 2020	340,831	(25.4)	(12,364)	—	(38,565)	—	(39,537)	—	(33,330)	—
Sept, 2019	456,888	(12.0)	5,932	(82.1)	(37,600)	—	(38,681)	—	(42,536)	—

Note: In order to give a true view of the condition of the whole Group's business without the effects of business restructuring etc., the Hitachi Metals Group (the "Group") shows "adjusted operating income (loss)" which is the operating income (loss) recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income (loss) is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

	Net Income (loss) attributable to Shareholders of the Parent Company		Comprehensive Income (loss)		Earnings per Share (Basic)	Earnings per Share (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
Sept, 2020	(33,208)	—	(36,022)	—	(77.67)	—
Sept, 2019	(40,992)	—	(52,889)	—	(95.87)	—

(2) Financial Standing

	Total Asset	Total Equity	Equity attributable to Shareholders of the Parent Company	Equity attributable to Shareholders of the Parent Company Ratio	Equity per Share attributable to Shareholders of the Parent Company
	Million yen	Million yen	Million yen	%	Yen
Sept, 2020	932,198	481,263	478,825	51.4	1,119.89
March, 2020	977,766	522,853	520,313	53.2	1,216.92

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
March, 2020	Yen —	Yen 13.00	Yen —	Yen 13.00	Yen 26.00
March, 2021	—	0.00			
March, 2021 (Forecast)			—	—	—

Note: 1. Revision of the latest forecasts of results : No

2. For the details, please refer to "Notice Concerning the Recording of Impairment Losses, Revisions to Results Forecast for the Year Ending March 31, 2021, and Concerning Dividends" released today on October 27, 2020.

3. Business results forecast for the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates the rate of +/- compared with the previous fiscal year)

	Revenues		Adjusted Operating Income (loss)		Income (loss) before Income Taxes		Net Income (loss) attributable to Shareholders of the Parent Company		Earnings per Share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	720,000	(18.3)	(14,000)	—	(56,000)	—	(46,000)	—	(107.59)

Note: 1. Revision of the latest forecasts of results : Revised

2. In order to give a true view of the condition of the Group's business without the effects of business restructuring etc., the Group shows "adjusted operating income (loss)" which is the operating income (loss) recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income (loss) is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

※ Other Notes

Numbers of shares issued (Common stock)

(i) Number of shares outstanding at end of period

(Including treasury stock)

Sept, 2020	428,904,352	March, 2020	428,904,352
Sept, 2020	1,338,806	March, 2020	1,337,583
Sept, 2020 (2Q)	427,566,272	Sept, 2019 (2Q)	427,569,195

(ii) Number of treasury stock outstanding at end of period

(iii) Average number of shares issued during the term

*This quarterly consolidated financial report is not subject to the quarterly review procedure by the scope of audit.

*The forecast figures, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected. Please refer to “(3) Forecasts for the Fiscal Year Ending March 31, 2021, including Consolidated Operating Forecasts” on page 7 for precondition and assumption as the basis of the above forecasts.

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1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2020

(1) Information Regarding Operating Results

The Group's operating results for the six months ended September 30, 2020 were as followings.

Economic and social activities in various regions of the world remained severely restricted due to the global outbreak of the COVID-19 (the novel coronavirus disease, hereinafter "COVID-19") during the six months period ended September 30, 2020. In terms of the world economy, since the beginning of the second quarter ended September 30, 2020, there have been signs of economic recovery in China and other regions, but severe conditions continued on the whole. In the business fields of the Group, demand for our mainstay products, mainly automotive products, declined significantly. As a result, revenues decreased by 25.4% year on year to ¥340,831 million.

Adjusted operating income* for the six months ended September 30, 2020 decreased by ¥18,296 million year on year, resulting in an adjusted operating loss of ¥12,364 million. This was attributable to a decrease in revenues despite earnings improvement measures including a reduction in fixed costs in accordance with the plan set out at the beginning of the fiscal year looking ahead of the possible influence of the COVID-19 outbreak.

Under other operating revenue, ¥1,971 million was recorded in Specialty Steel Products segment as a gain on business reorganization and others in line with the transfer of all of the shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company to Mitsubishi Materials Corporation on April 1, 2020. Under other operating expenses during the six months ended September 30, 2020, in the Specialty Steel Products segment, impairment losses amounting to ¥6,812 million were recorded as a result of reviewing the expected future profitability of the aircraft & energy materials business. Also, in the Magnetic Materials and Applications / Power Electronics segment, impairment losses amounting to ¥15,657 million were recorded as a result of reviewing the expected future profitability of the magnetic materials and applications business. Additionally, in the Wires, Cables, and Related Products segment, impairment losses amounting to ¥2,000 million were recorded as a result of reviewing the expected future profitability of the automotive components business.

Operating loss was ¥38,565 million, an increase of ¥965 million from the same period last year. Income before income taxes decreased by ¥856 million year on year, resulting in a loss before income taxes of ¥39,537 million, and net income attributable to shareholders of the parent company improved by ¥7,784 million, resulting in a net loss attributable to shareholders of the parent company of ¥33,208 million.

The Group introduced business management based on Return on Invested Capital (ROIC) with the aim of improving cash flow and capital efficiency, as of the important challenges in the fiscal year 2021 Medium-term Management Plan. In particular, in the current consolidated fiscal year, under circumstances in which the future of the business environment is uncertain due to the COVID-19 outbreak, we believe that it is even more important to secure sufficient liquidity to ensure financial soundness and to steadily promote initiatives that can be effective through our own efforts, regardless of external factors such as demand. For this purpose, the Group has been working to curb capital expenditure through carefully selected investment in core business areas while enhancing operating capital efficiency.

The results by business segment are as followings. Note that revenues for each segment include intersegment revenues. There were no significant changes to the businesses of the Group during the six months ended September 30, 2020.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the six months ended September 30, 2020 were ¥104,522 million, a decrease of 17.9% as compared with those for the six months ended September 30, 2019.

Breaking down the revenues by business, sales of molds and tool steel, among the business of tool steel & roll, decreased year on year, due to a decrease in both domestic and international demand and ongoing inventory adjustments including distribution stock corrections mainly in Japan since the previous fiscal year. Overall sales of rolls dropped compared with the same period of the previous fiscal year reflecting a year-on-year decline in sales of injection molding machine parts and steel-frame joints for construction due to diminished demand despite sales of rolls remaining virtually unchanged year on year.

Among the business of industrial, aircraft & energy materials, sales of industrial materials for the six months ended September 30, 2020 decreased year on year, despite the signs of recovery witnessed for some of automotive-related products since the beginning of the second quarter ended September 30, 2020. Sales of aircraft & energy materials decreased year on year due to a decline in demand for our mainstay aircraft-related materials, mainly in the private sector.

Among alloys for electronic products, sales of organic EL panel-related components grew and sales of clad metals for smartphones and batteries also increased. However, overall sales of alloys for electronic products remained virtually flat year on year due to a decline in sales of products related to automobiles despite a rise in sales related to server applications among semiconductor package components.

Adjusted operating income decreased by ¥3,028 million year on year, resulting in an adjusted operating loss of ¥2,668 million, due to a decline in demand for our mainstay molds and tool steel and industrial materials. In addition, ¥1,971 million was recorded as a gain on business reorganization and others under other operating revenue in line with the transfer of all of the shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company to Mitsubishi Materials Corporation on April 1, 2020. Also, impairment losses amounting to ¥6,812 million were recorded under other operating expenses, as a result of reviewing the future profitability of the aircraft & energy materials business. Consequently, operating income of the segment decreased by ¥8,951 million year on year, resulting in an operating loss of ¥8,565 million.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the six months ended September 30, 2020 were ¥103,782 million, a decrease of 34.1% year on year.

Breaking down the revenues by business, among casting components for automobiles, demand for cast iron products plummeted as the operations of the major customers were suspended in various parts of the world during the first three months of the current fiscal year as a result of the COVID-19 outbreak and automobile sales remained below the previous year's level even after the resumption of operations, excluding the case in China. For these reasons, sales of casting components for automobiles decreased year on year both in North America and Asia. Sales of heat-resistant exhaust casting components also saw a year-on-year decrease owing to diminished demand. It was decided to withdraw from the aluminum wheels business, and their production was terminated at the end of September 2020. As a result, overall sales of casting components for automobiles decreased year on year.

Among piping components, sales of semiconductor manufacturing equipment increased year on year due to the recovery of capital investment demand. Sales of pipe fittings, the Company's mainstay products, decreased year on year reflecting a decline in the number of housing starts in both domestic and international markets. As a result, overall sales of piping components decreased year on year.

Adjusted operating income decreased by ¥11,332 million year on year, resulting in an adjusted operating loss of ¥10,128 million, due to a decrease in revenues from the automotive casting components business, which is the segment's core business. Operating loss was ¥11,391 million, a decrease of ¥12,037 million from the same period last year.

Magnetic Materials and Applications / Power Electronics

Revenues in the Magnetic Materials and Applications / Power Electronics segment for the six months ended September 30, 2020 were ¥47,830 million, a decrease of 21.1% year on year.

Breaking down the revenues by business, sales of rare earth magnets among magnetic materials and applications decreased year on year. This was due to a decline in demand for various manufacturing equipment and industrial machinery as well as electronics-related products in the industrial equipment-related business in addition to a downturn in demand for automotive electronic components. Sales of ferrite magnets decreased year on year due to a decrease in automotive electronic components. As a result, overall sales of magnetic materials and applications decreased year on year.

Among power electronics materials, sales of soft magnetic materials and their applied products decreased year on year due to a decline in demand for amorphous metals for transformers, despite an increase in demand related to telecommunications such as server equipment. Meanwhile, sales of ceramic components remained virtually unchanged year on year due to a decrease in demand for use in telecommunications equipment and automotive electronic components, despite an increase in demand for use in medical equipment. As a result, sales of power electronics materials as a whole decreased from the same period last year.

Adjusted operating income improved by ¥225 million year on year, resulting in an adjusted operating loss of ¥449 million. Operating loss was ¥16,065 million improve by ¥27,320 million, compared with the six months ended September 30, 2019 due to despite impairment losses amounting to ¥15,657 million were recorded under other operating expenses as a result of reviewing the expected future profitability of the magnetic materials and applications business, mainly impairment losses amounting to ¥42,581 million were recorded under other operating expenses during the second quarter ended September 30, 2019.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2020, were ¥84,248 million, a decrease of 24.1% year on year.

Breaking down the revenues by business, sales of wires and cables for medical use remained virtually flat year on year, as demand for cables increased but demand for tubes decreased. Sales of electronic wires remained virtually unchanged year on year, reflecting brisk demand related to base stations for the fifth generation technology standard for cellular networks (5G) in addition to an increase in demand for FA/robots, despite a decrease in demand for other applications. Meanwhile, sales of wires and cables for rolling stock decreased year on year as a result of diminished demand both in domestic and international markets.

Sales of magnet wires decreased year on year due to a decrease in demand mainly for automotive applications. As a result, overall sales of wires, cables, and related products decreased year on year.

Demand for automotive components declined significantly, as the operations of the major customers were suspended in various parts of the world during the first three months of the current fiscal year as a result of the COVID-19 outbreak and automobile sales remained below the previous year's level even after the resumption of operations, excluding the case in China. For these reasons, sales of automotive components, including both automotive electronic components and brake hoses, decreased year on year.

Adjusted operating loss was ¥274 million, a decrease of ¥4,017 million, as compared with the six months ended September 30, 2019, led in part by a decline in demand for the wires, cables, and automotive components. Operating loss of the segment was ¥2,018 million, a decrease of ¥5,737 million year on year for the same period due to impairment losses amounting to ¥2,000 million were recorded under other operating expenses, as a result of reviewing the expected future profitability of the automotive components business.

Other

Revenues in the Other segment for the six months ended September 30, 2020, were ¥1,437 million, a decrease of 15.9%, and adjusted operating income increased by ¥175 million to ¥555 million, as compared with those for the six months ended September 30, 2019. Operating income of the segment increased by ¥381 million to ¥534 million year on year for the same period.

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(2) Analysis of Financial Condition

1) Assets, liabilities, and equity

The analysis of changes in the Group's condensed interim consolidated statement of financial position as of the end of the period ended September 30, 2020, is as follows:

Total assets were ¥932,198 million, a decrease of ¥45,568 million compared with the end of the fiscal year ended March 31, 2020. Current assets were ¥414,819 million, an increase of ¥8,700 million compared with the end of the fiscal year ended March 31, 2020. This was mainly due to a decrease of ¥12,866 million in inventories despite an increase of ¥25,856 million in cash and cash equivalents. Non-current assets were ¥517,379 million, a decrease of ¥54,268 million compared with the end of the fiscal year ended March 31, 2020. Property, plant and equipment decreased by ¥31,864 million, which resulted primarily from impairment losses of ¥19,279 million. In addition, goodwill and intangible assets decreased by ¥9,727 million, which resulted primarily from impairment losses of ¥5,310 million. Additionally, investments accounted for using the equity method decreased by ¥17,725 million. This was attributable primarily to the effect of the exclusion from the scope of application of the equity method as a result of the transfer of the 49% of the total number of outstanding shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company on April 1, 2020.

Total liabilities were ¥450,935 million, a decrease of ¥3,978 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to an increase of ¥32,216 million in short-term debt, despite decreases of ¥21,011 million and ¥7,155 million in trade payables and the current portion of long-term debt and long-term debt, respectively. Total equity was ¥481,263 million, a decrease of ¥41,590 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to decreases in retained earnings of ¥38,942 million.

2) Cash flows

Cash and cash equivalents as of the end of the second quarter ended September 30, 2020, were ¥68,209 million, an increase of ¥25,856 million compared with the end of the fiscal year ended March 31, 2020, as a result of cash provided by investing activities and financing activities exceeding net cash used in operating activities. The analysis of cash flows for each category as of September 30, 2020, is as follows:

<Cash Flows from Operating Activities>

Net cash used in operating activities was ¥2,934 million. This was mainly attributable to the net effect of net loss of ¥33,330 million, impairment losses of ¥24,589 million and ¥8,792 million for the increase of working capital among others.

<Cash Flows from Investing Activities>

Net cash provided by investing activities was ¥9,553 million. This was primarily attributable to payment of ¥16,146 million for the purchase of property, plant and equipment and proceeds of ¥25,557 million from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) due mainly to the transfer of the 49% of the total number of outstanding shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company on April 1, 2020.

<Cash Flows from Financing Activities>

Net cash provided by financing activities was ¥20,129 million. This was mainly attributable to net increase in short-term debt of ¥33,139 million, despite the net effect of repayment of long-term debts of ¥7,773 million and dividends paid to shareholders of ¥5,566 million.

(3) Forecasts for the Fiscal Year Ending March 31, 2021, including Consolidated Operating Forecasts

In light of the business performance for the six months ended September 30, 2020 as well as the operating environment, the Company has revised the operating forecast for the year ending March 31, 2021 (April 1, 2020 through March 31, 2021) released on July 28, 2020 as shown in the table below. For the details, please refer to “Notice Concerning the Recording of Impairment Losses, Revisions to Revisions to Results Forecast for the Year Ending March 31, 2021 and Concerning Dividends” released today.

Revisions to Consolidated Operating Forecast for the Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

	Revenues (million yen)	Adjusted Operating Income (loss)* (million yen)	Income (loss) before Income Taxes (million yen)	Net Income (loss) attributable to Shareholders of the Parent Company (million yen)	Basic Earnings per Share (yen)
Previous forecasts announced on July 28, 2020 (A)	750,000	(5,000)	(15,000)	(12,000)	(28.07)
Revised forecasts (B)	720,000	(14,000)	(56,000)	(46,000)	(107.59)
Differences (B) - (A)	(30,000)	(9,000)	(41,000)	(34,000)	—
Changes (%)	(4.0)	—	—	—	—
(Reference) Results for previous fiscal year ended March 31, 2020	881,402	14,383	(40,614)	(37,648)	(88.05)

Note: In order to give a true view of the condition of the Group's business without the effects of business restructuring etc., the Group shows “adjusted operating income (loss)” which is the operating income (loss) recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income (loss) is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

**2. Condensed Interim Consolidated Financial Statements
and Notes to Condensed Interim Consolidated Financial Statements**
(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	42,353	68,209
Trade receivables	157,732	157,545
Inventories	179,925	167,059
Other current assets	26,109	22,006
Total current assets	406,119	414,819
Non-current assets		
Investments accounted for using the equity method	28,354	10,629
Investments in securities and other financial assets	13,234	13,496
Property, plant and equipment	381,095	349,231
Goodwill and intangible assets	118,174	108,447
Deferred tax assets	17,816	23,399
Other non-current assets	12,974	12,177
Total non-current assets	571,647	517,379
Total assets	977,766	932,198

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Short-term debt	53,048	85,264
Current portion of long-term debt	51,253	50,414
Other financial liabilities	26,642	20,414
Trade payables	126,640	105,629
Accrued expenses	35,042	34,193
Contract liabilities	640	537
Other current liabilities	3,934	2,634
Total current liabilities	297,199	299,085
Non-current liabilities		
Long-term debt	83,285	76,969
Other financial liabilities	978	217
Retirement and severance benefits	67,560	68,003
Deferred tax liabilities	2,420	2,402
Other non-current liabilities	3,471	4,259
Total non-current liabilities	157,714	151,850
Total liabilities	454,913	450,935
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,405	115,405
Retained earnings	374,820	335,878
Accumulated other comprehensive income	4,969	2,425
Treasury stock, at cost	(1,165)	(1,167)
Total equity attributable to shareholders of the parent company	520,313	478,825
Non-controlling interests	2,540	2,438
Total equity	522,853	481,263
Total liabilities and equity	977,766	932,198

**(2) Condensed Interim Consolidated Statement of Income
and Condensed Interim Consolidated Statement of Comprehensive Income**
[Condensed Interim Consolidated Statement of Income]
[For the six months ended September 30, 2020]

(Millions of yen)

	Note	For the first half ended September 30, 2019	For the first half ended September 30, 2020
Revenues		456,888	340,831
Cost of sales		(394,639)	(304,314)
Gross profit		62,249	36,517
Selling, general and administrative expenses		(56,317)	(48,881)
Other income		1,776	4,337
Other expenses		(45,308)	(30,538)
Operating income (loss)	1	(37,600)	(38,565)
Interest income		222	93
Other financial income		72	244
Interest charges		(1,424)	(831)
Other financial expenses		(767)	(183)
Share of (losses) profits of investments accounted for using the equity method		816	(295)
Income (loss) before income taxes		(38,681)	(39,537)
Income taxes		(3,855)	6,207
Net income (loss)		(42,536)	(33,330)
Net income (loss) attributable to:			
Shareholders of the parent company		(40,992)	(33,208)
Non-controlling interests		(1,544)	(122)
Net income (loss)		(42,536)	(33,330)
Earnings per share			
Basic		¥(95.87)	¥(77.67)
Diluted		—	—

Note: 1. Adjusted operating income, which is the operating income (loss) presented in the condensed interim consolidated statement of income, excluding other income and other expenses, is ¥5,932 million and ¥(12,364) million for the six months ended September 30, 2019 and 2020, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the six months ended September 30, 2020]

(Millions of yen)

	For the first half ended September 30, 2019	For the first half ended September 30, 2020
Net income (loss)	(42,536)	(33,330)
Other comprehensive income		
Items not to be reclassified into net income		
Net change in fair value of financial assets measured at fair value through other comprehensive income	(99)	139
Share of other comprehensive income of investments accounted for using the equity method	28	67
Total items not to be reclassified into net income	(71)	206
Items that can be reclassified into net income		
Foreign currency translation adjustments	(10,086)	(2,903)
Net change in fair value of cash flow hedges	(142)	24
Share of other comprehensive income of investments accounted for using the equity method	(54)	(19)
Total items that can be reclassified into net income	(10,282)	(2,898)
Total other comprehensive income	(10,353)	(2,692)
Comprehensive income	(52,889)	(36,022)
Comprehensive income attributable to:		
Shareholders of the parent company	(50,962)	(35,928)
Non-controlling interests	(1,927)	(94)
Comprehensive income	(52,889)	(36,022)

(3) Condensed Interim Consolidated Statement of Changes in Equity

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2019	26,284	115,045	425,886	21,925	(1,161)	587,979	7,232	595,211
Cumulative effect of accounting change	—	—	(607)	—	—	(607)	—	(607)
Restated balance	26,284	115,045	425,279	21,925	(1,161)	587,372	7,232	594,604
Changes in equity								
Net income(loss)	—	—	(40,992)	—	—	(40,992)	(1,544)	(42,536)
Other comprehensive income	—	—	—	(9,970)	—	(9,970)	(383)	(10,353)
Dividends to shareholders of the parent company	—	—	(7,269)	—	—	(7,269)	—	(7,269)
Dividends to non-controlling interests	—	—	—	—	—	—	(5)	(5)
Acquisition of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Sales of treasury stock	—	0	—	—	0	0	—	0
Transactions with non-controlling interests	—	298	—	—	—	298	(1,382)	(1,084)
Transfer to retained earnings	—	—	11	(11)	—	—	—	—
Total changes in equity	—	298	(48,250)	(9,981)	(1)	(57,934)	(3,314)	(61,248)
Balance at Sept. 30, 2019	26,284	115,343	377,029	11,944	(1,162)	529,438	3,918	533,356

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2020	26,284	115,405	374,820	4,969	(1,165)	520,313	2,540	522,853
Changes in equity								
Net income (loss)	—	—	(33,208)	—	—	(33,208)	(122)	(33,330)
Other comprehensive income	—	—	—	(2,720)	—	(2,720)	28	(2,692)
Dividends to shareholders of the parent company	—	—	(5,558)	—	—	(5,558)	—	(5,558)
Dividends to non-controlling interests	—	—	—	—	—	—	(8)	(8)
Acquisition of treasury stock	—	—	—	—	(2)	(2)	—	(2)
Sales of treasury stock	—	0	—	—	0	0	—	0
Transactions with non-controlling interests	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(176)	176	—	—	—	—
Total changes in equity	—	0	(38,942)	(2,544)	(2)	(41,488)	(102)	(41,590)
Balance at Sept. 30, 2020	26,284	115,405	335,878	2,425	(1,167)	478,825	2,438	481,263

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)


	For the first half ended September 30, 2019	For the first half ended September 30, 2020
Cash flows from operating activities:		
Net income (loss)	(42,536)	(33,330)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,105	26,495
Impairment losses	42,741	24,589
Share of losses (profits) of investments accounted for using the equity method	(816)	295
Financial income and expenses	1,897	677
Losses (profits) on sale of property, plant and equipment	998	445
Structural reform expenses	—	1,006
Net loss (gain) on business reorganization and others	—	(1,971)
Income taxes	3,855	(6,207)
(Increase) decrease in trade receivables	2,471	(471)
(Increase) decrease in inventories	19,349	12,370
(Increase) decrease in accounts receivable - other	8,979	4,072
Increase (decrease) in trade payables	(18,888)	(20,691)
Increase (decrease) in accrued expenses	(2,060)	(611)
Increase (decrease) in retirement and severance benefits	441	1,265
Other	(6,680)	(6,019)
Subtotal	37,856	1,914
Interest and dividends received	2,047	507
Interest paid	(1,389)	(879)
Payments for structural reforms	—	(288)
Income taxes refund (paid)	2,007	(4,188)
Net cash provided by operating activities	40,521	(2,934)

(Millions of yen)

	For the first half ended September 30, 2019	For the first half ended September 30, 2020
Cash flows from investing activities:		
Purchase of property, plant and equipment	(35,745)	(16,146)
Purchase of intangible assets	(691)	(504)
Proceeds from sales of property, plant and equipment	171	517
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(104)	(206)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	122	25,557
Other	(172)	335
Net cash used in investing activities	<u>(36,419)</u>	<u>9,553</u>
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	17,744	33,139
Proceeds from long-term debt	499	331
Repayment of long-term debt	(8,261)	(7,773)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(1,084)	—
Dividends paid to shareholders	(7,269)	(5,558)
Dividends paid to non-controlling interests	(5)	(8)
Acquisition of common stock for treasury	(1)	(2)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	<u>1,623</u>	<u>20,129</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,561)</u>	<u>(892)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,164</u>	<u>25,856</u>
Cash and cash equivalents at the beginning of the first quarter	<u>41,098</u>	<u>42,353</u>
Cash and cash equivalents at the end of the second quarter	<u><u>44,262</u></u>	<u><u>68,209</u></u>

(5) Segment Information

I The primary products and services included in each segment are as follows:

Reportable segment	Major products and services
Specialty Steel Products	<p>< Tool Steel & Roll ></p> <ul style="list-style-type: none"> ·Molds and tool steel, Rolls for steel mills, Injection molding machine parts, Structural ceramic products, and Steel-frame joints for construction <p>< Industrial, Aerospace & Energy Materials ></p> <ul style="list-style-type: none"> ·Automobile-related materials, Razor and blade materials, Precision cast components, and Aircraft- and energy-related materials <p><Electronic Materials ></p> <ul style="list-style-type: none"> ·Display-related materials, Semiconductor and other package materials, and Battery-related materials
Functional Components and Equipment	<p>< Automotive Casting ></p> <ul style="list-style-type: none"> ·HNMTM ductile cast iron products, Cast iron products for transportation equipment, HERCUNITETM heat-resistant exhaust casting components, and Aluminum components <p>< Piping Components ></p> <ul style="list-style-type: none"> ·Piping and infrastructure components ( TM Gourd brand pipe fittings, valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices and sealed expansion tanks)
Magnetic Materials and Applications / Power Electronics	<p>< Magnetic Materials ></p> <ul style="list-style-type: none"> ·NEOMAX[®] rare-earth magnets, Ferrite magnets, and Other magnets and applied products <p>< Power Electronics Materials ></p> <ul style="list-style-type: none"> ·Soft magnetic materials (Metglas[®] amorphous metals; FINEMET[®] nanocrystalline magnetic material; and soft ferrite) and applied products, and Ceramic components
Wires, Cables, and Related Products	<p>< Electric Wire & Cable ></p> <ul style="list-style-type: none"> ·Industrial cables, Electronic wires, Electric equipment materials, Cable assemblies, and Industrial rubber products <p>< Automotive Components ></p> <ul style="list-style-type: none"> ·Automotive electronic components and Brake hoses

II Last consolidated fiscal year (from April 1 to September 30, 2019)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Functional Components and Equipment	Magnetic Materials and Applications /Power Electronics	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	127,248	157,473	60,591	110,795	456,107	781	456,888	—	456,888
Intersegment transactions	72	—	4	193	269	927	1,196	(1,196)	—
Total revenues	127,320	157,473	60,595	110,988	456,376	1,708	458,084	(1,196)	456,888
Segment profit (loss)	386	646	(43,385)	3,719	(38,634)	153	(38,481)	881	(37,600)
Financial income	—	—	—	—	—	—	—	—	294
Financial expenses	—	—	—	—	—	—	—	—	(2,191)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	816
Income before income taxes	—	—	—	—	—	—	—	—	(38,681)

Note: 1. Segment profit (loss) is based on operating income (loss).

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.

III Current year (from April 1 to September 30, 2020)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Functional Components and Equipment	Magnetic Materials and Applications /Power Electronics	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	104,446	103,782	47,798	84,130	340,156	675	340,831	—	340,831
Intersegment transactions	76	—	32	118	226	762	988	(988)	—
Total revenues	104,522	103,782	47,830	84,248	340,382	1,437	341,819	(988)	340,831
Segment profit (loss)	(8,565)	(11,391)	(16,065)	(2,018)	(38,039)	534	(37,505)	(1,060)	(38,565)
Financial income	—	—	—	—	—	—	—	—	337
Financial expenses	—	—	—	—	—	—	—	—	(1,014)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	(295)
Income before income taxes	—	—	—	—	—	—	—	—	(39,537)

Note: 1. Segment profit (loss) is based on operating income (loss).

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.