



Consolidated Financial Report [IFRS] for the 9-month period ended December 31, 2020

January 28, 2021

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)

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

1. Performance for the Third Quarter Ended December 31, 2020 (April 1, 2020 to December 31, 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	%
Dec, 2020	541,403	(19.3)	(8,585)	—	(37,927)	—	(39,402)	—	(33,940)	—
Dec, 2019	670,963	(13.5)	11,821	(72.4)	(34,708)	—	(35,746)	—	(40,795)	—

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
Dec, 2020	(33,719)	—	(37,041)	—	(78.86)	—
Dec, 2019	(38,934)	—	(45,056)	—	(91.06)	—

(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
Dec, 2020	916,191	480,242	477,856	52.2	1,117.62
March, 2020	977,766	522,853	520,313	53.2	1,216.92

2. Dividends

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

Note: Revision of the latest forecasts of results : No

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	750,000	(14.9)	(10,000)	—	(57,000)	—	(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)

Dec, 2020	428,904,352	March, 2020	428,904,352
Dec, 2020	1,339,917	March, 2020	1,337,583
Dec, 2020 (3Q)	427,565,831	Dec, 2019 (3Q)	427,568,792

(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 Nine Months Ended December 31, 2020

(1) Information Regarding Operating Results

The Group's operating results for the nine months ended December 31, 2020 were as follows.

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 nine months period ended December 31, 2020. In terms of the world economy, there have been signs of economic recovery in China, the U.S. and some other regions, but the environment remains severe on the whole. In the business fields of the Group, signs of a recovery in demand have continued since the second quarter after bottoming out in the first quarter ended June 30, 2020. However, demand saw a year-on-year decline for the nine months ended December 31, 2020. As a result, revenues decreased by 19.3% year on year to ¥541,403 million.

Adjusted operating income* for the nine months ended December 31, 2020 showed improvement following the recovery of revenues after the start of the second quarter ended September 30, 2020, in addition to measures such as the reduction of fixed costs. However, it ended at a loss of ¥8,585 million for the nine months ended December 31, 2020, a decrease of ¥20,406 million from the same period last year, reflecting a decrease in revenues, among other factors.

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 second quarter 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 ¥37,927 million, an increase of ¥3,219 million from the same period last year. Income before income taxes decreased by ¥3,656 million year on year, resulting in a loss before income taxes of ¥39,402 million, and net income attributable to shareholders of the parent company improved by ¥5,215 million, resulting in a net loss attributable to shareholders of the parent company of ¥33,719 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 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 follows. Note that revenues for each segment include intersegment revenues. There were no significant changes to the businesses of the Group during the nine months ended December 31, 2020.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the nine months ended December 31, 2020 were ¥158,694 million, a decrease of 16.3% as compared with those for the nine months ended December 31, 2019.

Breaking down the revenues by business, sales of molds and tool steel decreased year on year for the nine months ended December 31, 2020 due to a drop in demand, despite inventory adjustments including distribution stock corrections appearing to have ended by the end of the year. Sales of industrial materials decreased on a year-on-year basis, although there had been clear signs of a recovery in demand for automotive-related products since 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 semiconductor package components primarily for products related to automobiles. Sales of rolls decreased year on year reflecting a decline in demand for rolls, injection molding machine parts and steel-frame joints for construction.

Adjusted operating income decreased by ¥4,961 million year on year, resulting in an adjusted operating loss of ¥1,607 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 during the second quarter ended September 30, 2020. Consequently, operating income of the segment decreased by ¥10,449 million year on year, resulting in an operating loss of ¥7,952 million.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the nine months ended December 31, 2020 were ¥171,489 million, a decrease of 24.4% year on year.

Breaking down the revenues by business, among casting components for automobiles, sales of cast iron products plummeted, bottoming out in the first quarter of the current fiscal year, as the operations of major customers were suspended in various parts of the world during the quarter as a result of the COVID-19 outbreak. As automobile sales subsequently recovered in various regions and the operations of major customers resumed, the Group's business remained on a recovery trend. However, sales were down on a year-on-year basis. 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 segment's mainstay products, decreased year on year reflecting declines in the number of housing starts and large-scale construction projects in domestic markets. As a result, overall sales of piping components decreased year on year.

Adjusted operating income decreased by ¥12,355 million year on year, resulting in an adjusted operating loss of ¥11,292 million, due to a decrease in demand of the automotive casting components, which is the segment's core business. Operating loss was ¥13,355 million, an increase of ¥12,438 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 nine months ended December 31, 2020 were ¥75,519 million, a decrease of 15.0% year on year.

Breaking down the revenues by business, demand for both rare earth magnets and ferrite magnets among magnetic materials plummeted, hitting a low in the first quarter. However, demand continued to recover for automotive electronic components after the beginning of the second quarter ended September 30, 2020. Furthermore, demand related to FA/robots and electronics has gradually recovered since the third quarter (October to December, 2020). However, sales for the nine months ended December 31, 2020 were down 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 decreased year on year due to a decrease in demand for use in telecommunications equipment, despite an increase in demand for use in medical devices. As a result, sales of power electronics materials as a whole decreased from the same period last year.

Adjusted operating income increased by ¥503 million to ¥635 million year on year. Operating loss was ¥15,219 million improve by ¥27,620 million, compared with the nine months ended December 31, 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 nine months ended December 31, 2020, were ¥135,017 million, a decrease of 18.1% year on year.

Breaking down the revenues by business, sales of electronic wires increased year on year, reflecting an increase in demand for FA/robot applications and brisk demand related to base stations for the fifth-generation technology standard for cellular networks (5G). Meanwhile, sales of wires and cables for rolling stock increased year on year as a result of a rise in demand in the Chinese market, despite a decline in demand in the domestic market. Sales of wires and cables for medical devices decreased year on year, as demand for cables remained virtually flat year on year but demand for tubes decreased. Sales of magnet wires for the nine months ended December 31, 2020 decreased year on year, although there was a recovery in demand mainly for automotive applications after the beginning of the third quarter. As a result, overall sales of electric wires and cables decreased year on year.

Demand for automotive components recovered mainly in automotive electronic components following the recovery of the automobile market. For this reason, sales of automotive components increased year on year during the third quarter. However, sales for the nine months ended December 31, 2020 were down year on year due to the significant drop in the first quarter. Adjusted operating income was ¥1,975 million, a decrease of ¥3,297 million, as compared with the nine months ended December 31, 2019, led in part by a decline in demand for the wires, cables, and automotive components. Operating income of the segment was ¥375 million, a decrease of ¥4,967 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 during the second quarter ended September 30, 2020.

Other

Revenues in the Other segment for the nine months ended December 31, 2020, were ¥2,030 million, a decrease of 20.4%, and adjusted operating income increased by ¥172 million to ¥773 million, as compared with those for the nine months ended December 31, 2019. Operating income of the segment increased by ¥542 million to ¥870 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 December 31, 2020, is as follows:

Total assets were ¥916,191 million, a decrease of ¥61,575 million compared with the end of the fiscal year ended March 31, 2020. Current assets were ¥408,766 million, an increase of ¥2,647 million compared with the end of the fiscal year ended March 31, 2020. This was mainly due to a decrease of ¥10,799 million in inventories despite an increase of ¥6,958 million and ¥6,118 million in cash and cash equivalents and trade receivables. Non-current assets were ¥507,425 million, a decrease of ¥64,222 million compared with the end of the fiscal year ended March 31, 2020. Property, plant and equipment decreased by ¥38,927 million, which resulted primarily from impairment losses of ¥19,646 million. In addition, goodwill and intangible assets decreased by ¥12,658 million, which resulted primarily from impairment losses of ¥5,310 million. Additionally, investments accounted for using the equity method decreased by ¥17,613 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 ¥435,949 million, a decrease of ¥18,964 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to decreases of ¥48,748 million and ¥7,016 million in the current portion of long-term debt and long-term debt and other financial liabilities, respectively, despite an increase of ¥42,590 million in short-term debt. Total equity was ¥480,242 million, a decrease of ¥42,611 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to decreases in retained earnings of ¥39,383 million.

2) Cash flows

Cash and cash equivalents as of the end of the third quarter ended December 31, 2020, were ¥49,311 million, an increase of ¥6,958 million compared with the end of the fiscal year ended March 31, 2020, as a result of cash provided by operating activities and investing activities exceeding net cash used in financing activities. The analysis of cash flows for each category as of December 31, 2020, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥13,107 million. This was mainly attributable to the net effect of net loss of ¥33,940 million, depreciation and amortization of ¥38,405 million, impairment losses of ¥24,956 million, and ¥1,799 million for the increase of working capital among others.

<Cash Flows from Investing Activities>

Net cash provided by investing activities was ¥5,530 million. This was primarily attributable to payment of ¥21,003 million for the purchase of property, plant and equipment and proceeds of ¥25,813 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 used in financing activities was ¥10,629 million. This was mainly attributable to the net effect of repayment of long-term debts of ¥49,717 million and dividends paid to shareholders of ¥5,566 million, despite a net increase in short-term debt of ¥44,248 million.

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

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”). However, demand has recovered since the second quarter and exceeded the Company’s expectations in the third quarter. The recovery of demand is expected to continue in the fourth quarter. On the other hand, an increase in costs is also expected due to mainly the impact of rises in international demand and electricity unit prices. As a result of a comprehensive analysis of these circumstances, the Company has revised its full-year operating forecast for the year ending March 31, 2021 released on October 27, 2020 as shown in the table below.

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 October 27, 2020 (A)	720,000	(14,000)	(56,000)	(46,000)	(107.59)
Revised forecasts (B)	750,000	(10,000)	(57,000)	(46,000)	(107.59)
Differences (B) - (A)	30,000	4,000	(1,000)	—	—
Changes (%)	4.2	—	—	—	—
(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 December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	42,353	49,311
Trade receivables	157,732	163,850
Inventories	179,925	169,126
Other current assets	26,109	26,479
Total current assets	406,119	408,766
Non-current assets		
Investments accounted for using the equity method	28,354	10,741
Investments in securities and other financial assets	13,234	13,412
Property, plant and equipment	381,095	342,168
Goodwill and intangible assets	118,174	105,516
Deferred tax assets	17,816	23,299
Other non-current assets	12,974	12,289
Total non-current assets	571,647	507,425
Total assets	977,766	916,191

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Short-term debt	53,048	95,638
Current portion of long-term debt	51,253	23,875
Other financial liabilities	26,642	19,626
Trade payables	126,640	120,883
Accrued expenses	35,042	35,799
Contract liabilities	640	600
Other current liabilities	3,934	3,345
Total current liabilities	297,199	299,766
Non-current liabilities		
Long-term debt	83,285	61,915
Other financial liabilities	978	234
Retirement and severance benefits	67,560	67,683
Deferred tax liabilities	2,420	2,339
Other non-current liabilities	3,471	4,012
Total non-current liabilities	157,714	136,183
Total liabilities	454,913	435,949
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	335,437
Accumulated other comprehensive income	4,969	1,899
Treasury stock, at cost	(1,165)	(1,169)
Total equity attributable to shareholders of the parent company	520,313	477,856
Non-controlling interests	2,540	2,386
Total equity	522,853	480,242
Total liabilities and equity	977,766	916,191

**(2) Condensed Interim Consolidated Statement of Income
and Condensed Interim Consolidated Statement of Comprehensive Income**
[Condensed Interim Consolidated Statement of Income]
[For the nine months ended December 31, 2020]

(Millions of yen)

	Note	For the third quarter ended December 31, 2019	For the third quarter ended December 31, 2020
Revenues		670,963	541,403
Cost of sales		(575,484)	(475,487)
Gross profit		95,479	65,916
Selling, general and administrative expenses		(83,658)	(74,501)
Other income		2,586	5,628
Other expenses		(49,115)	(34,970)
Operating income (loss)	1	(34,708)	(37,927)
Interest income		361	160
Other financial income		101	316
Interest charges		(2,093)	(1,249)
Other financial expenses		(544)	(558)
Share of (losses) profits of investments accounted for using the equity method		1,137	(144)
Income (loss) before income taxes		(35,746)	(39,402)
Income taxes		(5,049)	5,462
Net income (loss)		(40,795)	(33,940)
Net income (loss) attributable to:			
Shareholders of the parent company		(38,934)	(33,719)
Non-controlling interests		(1,861)	(221)
Net income (loss)		(40,795)	(33,940)
Earnings per share			
Basic		¥(91.06)	¥(78.86)
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 ¥11,821 million and ¥(8,585) million for the nine months ended December 31, 2019 and 2020, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the nine months ended December 31, 2020]

(Millions of yen)

	For the third quarter ended December 31, 2019	For the third quarter ended December 31, 2020
Net income (loss)	(40,795)	(33,940)
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	60	151
Share of other comprehensive income of investments accounted for using the equity method	95	121
Total items not to be reclassified into net income	155	272
Items that can be reclassified into net income		
Foreign currency translation adjustments	(4,310)	(3,429)
Net change in fair value of cash flow hedges	(81)	99
Share of other comprehensive income of investments accounted for using the equity method	(25)	(43)
Total items that can be reclassified into net income	(4,416)	(3,373)
Total other comprehensive income	(4,261)	(3,101)
Comprehensive income	(45,056)	(37,041)
Comprehensive income attributable to:		
Shareholders of the parent company	(42,940)	(36,895)
Non-controlling interests	(2,116)	(146)
Comprehensive income	(45,056)	(37,041)

(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)	—	—	(38,934)	—	—	(38,934)	(1,861)	(40,795)
Other comprehensive income	—	—	—	(4,006)	—	(4,006)	(255)	(4,261)
Dividends to shareholders of the parent company	—	—	(12,827)	—	—	(12,827)	—	(12,827)
Dividends to non-controlling interests	—	—	—	—	—	—	(22)	(22)
Acquisition of treasury stock	—	—	—	—	(3)	(3)	—	(3)
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	(51,750)	(4,017)	(3)	(55,472)	(3,520)	(58,992)
Balance at Dec. 31, 2019	26,284	115,343	373,529	17,908	(1,164)	531,900	3,712	535,612

	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)	—	—	(33,719)	—	—	(33,719)	(221)	(33,940)
Other comprehensive income	—	—	—	(3,176)	—	(3,176)	75	(3,101)
Dividends to shareholders of the parent company	—	—	(5,558)	—	—	(5,558)	—	(5,558)
Dividends to non-controlling interests	—	—	—	—	—	—	(8)	(8)
Acquisition of treasury stock	—	—	—	—	(4)	(4)	—	(4)
Sales of treasury stock	—	0	—	—	0	0	—	0
Transactions with non-controlling interests	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(106)	106	—	—	—	—
Total changes in equity	—	0	(39,383)	(3,070)	(4)	(42,457)	(154)	(42,611)
Balance at Dec. 31, 2020	26,284	115,405	335,437	1,899	(1,169)	477,856	2,386	480,242

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)


	For the third quarter ended December 31, 2019	For the third quarter ended December 31, 2020
Cash flows from operating activities:		
Net income (loss)	(40,795)	(33,940)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41,611	38,405
Impairment losses	45,138	24,956
Share of losses (profits) of investments accounted for using the equity method	(1,137)	144
Financial income and expenses	2,175	1,331
Losses (profits) on sale of property, plant and equipment	1,584	638
Structural reform expenses	—	1,534
Net loss (gain) on business reorganization and others	43	(1,971)
Income taxes	5,049	(5,462)
(Increase) decrease in trade receivables	10,172	(6,540)
(Increase) decrease in inventories	20,184	10,298
(Increase) decrease in accounts receivable - other	7,908	2,371
Increase (decrease) in trade payables	(23,521)	(5,557)
Increase (decrease) in accrued expenses	(3,527)	1,121
Increase (decrease) in retirement and severance benefits	761	1,538
Other	(8,504)	(8,288)
Subtotal	57,141	20,578
Interest and dividends received	2,228	596
Interest paid	(2,202)	(1,341)
Payments for structural reforms	—	(523)
Income taxes refund (paid)	281	(6,203)
Net cash provided by operating activities	57,448	13,107

(Millions of yen)

	For the third quarter ended December 31, 2019	For the third quarter ended December 31, 2020
Cash flows from investing activities:		
Purchase of property, plant and equipment	(47,017)	(21,003)
Purchase of intangible assets	(1,106)	(663)
Proceeds from sales of property, plant and equipment	293	984
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(109)	(208)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	123	25,813
Other	(228)	607
Net cash used in investing activities	(48,044)	5,530
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	23,418	44,248
Proceeds from long-term debt	934	410
Repayment of long-term debt	(16,337)	(49,717)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(1,084)	—
Dividends paid to shareholders	(12,827)	(5,558)
Dividends paid to non-controlling interests	(22)	(8)
Acquisition of common stock for treasury	(3)	(4)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	(5,921)	(10,629)
Effect of exchange rate changes on cash and cash equivalents	(943)	(1,050)
Net increase (decrease) in cash and cash equivalents	2,540	6,958
Cash and cash equivalents at the beginning of the first quarter	41,098	42,353
Cash and cash equivalents at the end of the third quarter	43,638	49,311

(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>< Specialty Steel ></p> <ul style="list-style-type: none"> ·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 <p>< Roll ></p> <ul style="list-style-type: none"> ·Rolls for steel mills, Injection molding machine parts, Structural ceramic products, and Steel-frame joints for construction
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 December 31, 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	189,558	226,839	88,849	164,544	669,790	1,173	670,963	—	670,963
Intersegment transactions	111	—	10	311	432	1,377	1,809	(1,809)	—
Total revenues	189,669	226,839	88,859	164,855	670,222	2,550	672,772	(1,809)	670,963
Segment profit (loss)	2,497	(917)	(42,839)	5,342	(35,917)	328	(35,589)	881	(34,708)
Financial income	—	—	—	—	—	—	—	—	462
Financial expenses	—	—	—	—	—	—	—	—	(2,637)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	1,137
Income before income taxes	—	—	—	—	—	—	—	—	(35,746)

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 December 31, 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	158,572	171,489	75,487	134,805	540,353	1,050	541,403	—	541,403
Intersegment transactions	122	—	32	212	366	980	1,346	(1,346)	—
Total revenues	158,694	171,489	75,519	135,017	540,719	2,030	542,749	(1,346)	541,403
Segment profit (loss)	(7,952)	(13,355)	(15,219)	375	(36,151)	870	(35,281)	(2,646)	(37,927)
Financial income	—	—	—	—	—	—	—	—	476
Financial expenses	—	—	—	—	—	—	—	—	(1,807)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	(144)
Income before income taxes	—	—	—	—	—	—	—	—	(39,402)

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.