



Consolidated Financial Report [IFRS] for the 6-month period ended September 30, 2021

October 26, 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)

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, 2021 (April 1, 2021 to September 30, 2021)

(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, 2021	456,352	33.9	15,270	—	14,781	—	15,282	—	11,227	—
Sept, 2020	340,831	(25.4)	(12,364)	—	(38,565)	—	(39,537)	—	(33,330)	—

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" 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 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, 2021	11,276	—	11,913	—	26.37	—
Sept, 2020	(33,208)	—	(36,022)	—	(77.67)	—

(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, 2021	1,007,510	503,994	501,573	49.8	1,173.11
March, 2021	972,249	492,118	489,671	50.4	1,145.26

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
March, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
March, 2022	—	0.00			
March, 2022 (Forecast)			—	0.00	0.00

Note: Revision of the latest forecasts of results : No

3. Business results forecast for the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Revenues		Adjusted Operating Income		Income before Income Taxes		Net Income attributable to Shareholders of the Parent Company		Earnings per Share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	920,000	20.8	34,000	—	17,000	—	12,000	—	28.07

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" which is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income 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, 2021	428,904,352	March, 2021	428,904,352
Sept, 2021	1,347,184	March, 2021	1,340,710
Sept, 2021 (2Q)	427,559,498	Sept, 2020 (2Q)	427,566,272

(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, 2022, 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, 2021

(1) Information Regarding Operating Results

The Group's operating results for the six months ended September 30, 2021 were as followings.

During the six months ended September 30, 2021, the global economy continued to recover, mainly in the U.S. and China, although the recovery varied depending on the containment level of the spread of COVID-19 (the novel coronavirus disease) and on economic policies. In the business fields of the Group, the automotive-related area was impacted by production adjustments implemented by automobile manufacturers due to a supply shortage of semiconductors, and in tandem with measures, mainly lockdowns in Southeast Asian countries hit by the spread of COVID-19. However, demand increased year on year reflecting a recovery in automobile sales in each region. In the FA/robot-related area, capital investment demand related to the manufacture of automobiles and smartphones increased. In the semiconductor-related area, demand increased as a result of a rise in demand for use in telecommunication devices and automobile. Furthermore, reflecting the impact of the rise in raw material prices, revenues increased by 33.9% year on year to ¥456,352 million.

In terms of the profit front, on top of a reduction in fixed costs and other expenses and owing to an increase in revenues, adjusted operating income* increased by ¥27,634 million year on year to ¥15,270 million. Operating income rose ¥53,346 million year on year to ¥14,781 million. This reflects the posting of ¥24,589 million in impairment losses, recorded under other operating expenses, in the second quarter ended September 30, 2020. Income before income taxes increased by ¥54,819 million year on year to ¥15,282 million and net income attributable to shareholders of the parent company increased by ¥44,484 million year on year to ¥11,276 million.

As announced in "Announcement of Opinion in Support of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Recommendation of Tender" dated April 28, 2021, a tender offer by K.K. BCJ-52 ("BCJ-52") for the common shares of the Company and other matters (the "Tender Offer") are planned in the future. BCJ-52 intends to make the Company its wholly owned subsidiary through the Tender Offer and a series of transactions thereafter. As a result, the Company will be independent from the Hitachi Group and its common shares will be delisted. Following the transaction, the Company will aim to increase its corporate value through renewed growth by speeding up transformation and growth, obtaining investment funds, and introducing external knowledge to reinforce its competitiveness and profitability by undertaking business reforms with the new partner.

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, 2021.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the six months ended September 30, 2021 were ¥127,473 million, an increase of 22.0% as compared with those for the six months ended September 30, 2020.

Breaking down the revenues by business, sales of molds and tool steel increased year on year reflecting an increase in both Japanese and international demand. Sales of materials for industrial equipment increased year on year due to a rise in demand for products related to automobiles. Sales of aircraft and energy-related materials decreased year on year due to continued weakness in demand for aircraft-related materials as a result of travel restrictions following the spread of COVID-19. Sales of alloys for electronic products increased year on year due to high levels of demand for semiconductor package materials and solid sales of clad metals for smartphones and batteries, in addition to increased sales of organic EL panel-related components. Sales of rolls as a whole were flat, reflecting a slight year-on-year decline in sales of various rolls and steel-frame joints for construction, while sales of injection molding machine parts were strong.

Adjusted operating income increased by ¥9,932 million year on year to ¥7,264 million, due in part to an increase in demand for our mainstay products. Meanwhile, operating income climbed ¥15,779 million year on year to ¥7,214 million. This was attributable to the posting of ¥6,932 million in impairment losses, recorded under other operating expenses, in the second quarter ended September 30, 2020, on top of an increase in adjusted operating income.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the six months ended September 30, 2021 were ¥152,966 million, an increase of 47.4% year on year.

Breaking down the revenues by business, among automotive casting component sales, sales of cast iron products were impacted by production adjustments carried out by automobile manufacturers. Nonetheless, demand expanded in comparison with the same period of the previous fiscal year, when automobile sales volume sharply dropped. In addition, in the market in North America, demand increased for components for commercial vehicles and construction and agricultural equipment. On top of

this, there was also the impact from the rise in raw material prices (sliding-scale raw material price system). Consequently, revenues outperformed the same period of the previous fiscal year. Sales of heat-resistant exhaust casting components also saw a year-on-year increase owing to a recovery in demand. As a result, sales of automotive casting components as a whole increased year on year.

Among piping components, sales of mainstay pipe fittings expanded year-on-year, owing to an increase in demand mainly thanks to a recovery in housing starts in Japan and the U.S. Sales of equipment for semiconductor manufacturing devices increased year on year due to the recovery of capital investment demand following the strength of the semiconductor market. As a result, sales of piping components as a whole increased year on year.

Adjusted operating loss improved by ¥7,824 million year on year, resulting in a loss of ¥2,304 million, due in part to an increase in demand for our mainstay automotive casting components. Operating loss was ¥3,042 million, an improvement of ¥8,349 million year on year.

Magnetic Materials and Applications / Power Electronics

Revenues in the Magnetic Materials and Applications / Power Electronics segment for the six months ended September 30, 2021 were ¥65,885 million, an increase of 37.7% year on year.

Breaking down the revenues by business, in magnetic materials, sales of rare earth magnets and ferrite magnets were impacted by production adjustments implemented by automobile manufacturers. In comparison with the same period of the previous fiscal year, automotive-related sales increased underpinned by a recovery in automobile sales in each region. In addition, in the rare earth magnets business, demand trended briskly related to FA/robots and electronics. As such in the magnetic materials business overall, revenues were up year on year.

Among power electronics materials, soft magnetic materials, and their applied products saw brisk demand for use in telecommunications applications such as smartphones, tablets, and server equipment. Demand for amorphous metals for transformers also increased mainly in Asia. As a result, sales of soft magnetic materials, and their applied products as a whole increased year on year. Sales of ceramic components increased year on year due to an increase in demand for use in automobiles as well as for server equipment and continued strength in demand for use in medical devices from the previous fiscal year. As a result, sales of power electronics materials as a whole increased year on year.

Adjusted operating income increased by ¥7,125 million year on year to ¥6,676 million, due to an increase in demand for both magnetic materials and power electronics materials. Meanwhile, operating income climbed ¥23,076 million year on year to ¥7,011 million. This was attributable to the posting of ¥15,657 million in impairment losses, recorded under other operating expenses, in the second quarter ended September 30, 2020, on top of an increase in adjusted operating income.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2021, were ¥109,722 million, an increase of 30.2% year on year.

Breaking down the revenues by business, among electric wires and cables, sales of wires and cables for rolling stock decreased year on year mainly reflecting a decline in demand among users in China. In wires and cables for medical devices, revenues overall remained unchanged from the same period last year. Although demand for tubes recovered, demand for cables retreated. Sales of magnet wires increased year on year reflecting a recovery in demand mainly for automotive and industrial equipment use. Sales of electronic wires increased year on year due to an increase in demand for FA/robot applications. As a result, sales of electric wires and cables as a whole increased year on year.

Sales of automotive components overall rose in contrast with the same period last year. Although the recovery trend grew sluggish during the second quarter ended September 30, 2021 due to production adjustments implemented by automobile manufacturers, demand increased year on year, and the sharp drop in automobile sales in the same period last year.

Adjusted operating income increased by ¥2,861 million year on year to ¥2,587 million, due to an increase in demand for both electric wires and cables and automotive components. Meanwhile, operating income climbed ¥3,235 million year on year to ¥1,217 million. This was attributable to the posting of ¥2,000 million in impairment losses, recorded under other operating expenses, in the second quarter ended September 30, 2020.

Other

Revenues in the Other segment for the six months ended September 30, 2021, were ¥1,061 million, a decrease of 26.2%, and adjusted operating income decreased by ¥456 million to ¥99 million, as compared with those for the six months ended September 30, 2020. Operating income of the segment increased by ¥5,092 million year on year, resulting in ¥5,626 million.

*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) 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, 2021, is as follows:

Total assets were ¥1,007,510 million, an increase of ¥35,261 million compared with the end of the fiscal year ended March 31, 2021. Current assets were ¥512,327 million, an increase of ¥49,769 million compared with the end of the fiscal year ended March 31, 2021. This was mainly due to increases of ¥35,608 million in inventories and ¥19,189 million in trade receivables. Non-current assets were ¥495,183 million, a decrease of ¥14,508 million compared with the end of the fiscal year ended March 31, 2021. This was mainly due to decreases of ¥11,278 million in property, plant and equipment.

Total liabilities were ¥503,516 million, an increase of ¥23,385 million compared with the end of the fiscal year ended March 31, 2021. This was mainly attributable to factors including a ¥16,776 million increase in trade payables, and a ¥14,372 million rise in short-term debt despite a ¥7,333 million decline in the current portion of long-term debt and long-term debt.

Total equity was ¥503,994 million, an increase of ¥11,876 million compared with the end of the fiscal year ended March 31, 2021. This was mainly attributable to an increase in retained earnings of ¥11,924 million.

2) Cash flows

Cash and cash equivalents as of the end of the six months ended September 30, 2021, were ¥94,599 million, a decrease of ¥4,740 million compared with the end of the fiscal year ended March 31, 2021, as a result of cash used in operating and investing activities exceeding net cash provided by financing activities. The analysis of cash flows for each category as of September 30, 2021, is as follows:

<Cash Flows from Operating Activities>

Net cash used in operating activities was ¥9,144 million. This was mainly attributable to the net effect of net income of ¥11,227 million and depreciation and amortization of ¥23,186 million, more than offset by expenditure of ¥38,526 million from increasing working capital, and expenditure of ¥3,958 million in payments for structural reforms.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥2,128 million. This was chiefly attributable to the ¥8,880 million in proceeds from the sale of property, plant, and equipment; and payments for the acquisition of the purchase of property, plant, and equipment of ¥12,893 million.

<Cash Flows from Financing Activities>

Net cash provided by financing activities was ¥5,976 million. This was mainly attributable to net increase in short-term debt of ¥13,646 million, despite the net effect of repayment of long-term debts of ¥7,633 million.

(3) Forecasts for the Fiscal Year Ending March 31, 2022, including Consolidated Operating Forecasts

In the six months ended September 30, 2021, revenues outperformed the forecast at the start of the fiscal year, chiefly reflecting the impact from the rise in raw material prices (sliding-scale raw material price system). However, adjusted operating income, income before income taxes and net income attributable to shareholders of the parent company progressed within the scope of the forecast at the start of the fiscal year.

The forecasts for adjusted operating income, income before income taxes and net income attributable to shareholders of the parent company for the year ending March 31, 2022 (April 1, 2021 through March 31, 2022) have not been revised from the forecasts released on July 28, 2021. This is in consideration of the demand trends of our mainstay products, and although there remain uncertainties, including the spread of COVID-19 and an impact of a shortage in various components on the supply chain. The Group revised the revenues forecast for the year ending March 31, 2022 disclosed on July 28, 2021 to the figures shown in the table below. This reflects considerations, mainly of the impact from the rise in raw material prices (sliding-scale raw material price system) and forex translations.

Revisions to Consolidated Operating Forecasts for the Year Ending March 31, 2022 (April 1, 2021 through March 31, 2022)

	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 (A)	850,000	34,000	17,000	12,000	28.07
Revised forecasts (B)	920,000	34,000	17,000	12,000	28.07
Differences (B) - (A)	70,000	—	—	—	—
Changes (%)	8.2	—	—	—	—
(Reference) Results for previous fiscal year ended March 31, 2021	761,615	(4,977)	(50,588)	(42,285)	(98.90)

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, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	99,339	94,599
Trade receivables	167,553	186,742
Inventories	170,094	205,702
Other current assets	25,572	25,284
Total current assets	462,558	512,327
Non-current assets		
Investments accounted for using the equity method	10,772	10,769
Investments in securities and other financial assets	11,859	11,174
Property, plant, and equipment	333,448	322,170
Goodwill and intangible assets	111,431	110,926
Deferred tax assets	23,835	24,209
Other non-current assets	18,346	15,935
Total non-current assets	509,691	495,183
Total assets	972,249	1,007,510

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term debt	72,511	86,883
Current portion of long-term debt	29,132	28,087
Other financial liabilities	22,016	19,816
Trade payables	150,639	167,415
Accrued expenses	40,668	39,478
Contract liabilities	1,015	773
Other current liabilities	1,799	6,317
Total current liabilities	317,780	348,769
Non-current liabilities		
Long-term debt	93,675	87,387
Other financial liabilities	217	231
Retirement and severance benefits	64,260	63,681
Deferred tax liabilities	438	470
Other non-current liabilities	3,761	2,978
Total non-current liabilities	162,351	154,747
Total liabilities	480,131	503,516
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,405	115,405
Retained earnings	326,888	338,812
Accumulated other comprehensive income	22,264	22,256
Treasury stock, at cost	(1,170)	(1,184)
Total equity attributable to shareholders of the parent company	489,671	501,573
Non-controlling interests	2,447	2,421
Total equity	492,118	503,994
Total liabilities and equity	972,249	1,007,510

**(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, 2021]

(Millions of yen)

	Note	For the first half ended September 30, 2020	For the first half ended September 30, 2021
Revenues		340,831	456,352
Cost of sales		(304,314)	(387,832)
Gross profit		36,517	68,520
Selling, general and administrative expenses		(48,881)	(53,250)
Other income		4,337	8,645
Other expenses		(30,538)	(9,134)
Operating income (loss)	1	(38,565)	14,781
Interest income		93	130
Other financial income		244	801
Interest charges		(831)	(839)
Other financial expenses		(183)	(30)
Share of (losses) profits of investments accounted for using the equity method		(295)	439
Income (loss) before income taxes		(39,537)	15,282
Income taxes		6,207	(4,055)
Net income (loss)		(33,330)	11,227
Net income (loss) attributable to:			
Shareholders of the parent company		(33,208)	11,276
Non-controlling interests		(122)	(49)
Net income (loss)		(33,330)	11,227
Earnings per share attributable to shareholders of the parent company			
Basic		¥(77.67)	¥26.37
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 ¥(12,364) million and ¥15,270 million for the six months ended September 30, 2020 and 2021, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the six months ended September 30, 2021]

(Millions of yen)

	For the first half ended September 30, 2020	For the first half ended September 30, 2021
Net income (loss)	(33,330)	11,227
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	139	(3)
Share of other comprehensive income of investments accounted for using the equity method	67	46
Total items not to be reclassified into net income	206	43
Items that can be reclassified into net income		
Foreign currency translation adjustments	(2,903)	638
Net change in fair value of cash flow hedges	24	67
Share of other comprehensive income of investments accounted for using the equity method	(19)	(62)
Total items that can be reclassified into net income	(2,898)	643
Total other comprehensive income	(2,692)	686
Comprehensive income	(36,022)	11,913
Comprehensive income attributable to:		
Shareholders of the parent company	(35,928)	11,916
Non-controlling interests	(94)	(3)
Comprehensive income	(36,022)	11,913

(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, 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
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

	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, 2021	26,284	115,405	326,888	22,264	(1,170)	489,671	2,447	492,118
Changes in equity								
Net income	—	—	11,276	—	—	11,276	(49)	11,227
Other comprehensive income	—	—	—	640	—	640	46	686
Dividends to shareholders of the parent company	—	—	—	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(23)	(23)
Acquisition of treasury stock	—	—	—	—	(14)	(14)	—	(14)
Sales of treasury stock	—	0	—	—	0	0	—	0
Transfer to retained earnings	—	—	648	(648)	—	—	—	—
Total changes in equity	—	0	11,924	(8)	(14)	11,902	(26)	11,876
Balance at Sept. 30, 2021	26,284	115,405	338,812	22,256	(1,184)	501,573	2,421	503,994

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first half ended September 30, 2020	For the first half ended September 30, 2021
Cash flows from operating activities:		
Net income (loss)	(33,330)	11,227
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,495	23,186
Impairment losses	24,589	501
Share of losses (profits) of investments accounted for using the equity method	295	(439)
Financial income and expenses	677	(62)
Losses (profits) on sale of property, plant and equipment	445	(5,303)
Structural reform expenses	1,006	2,297
Net loss (gain) on business reorganization and others	(1,971)	(12)
Income taxes	(6,207)	4,055
(Increase) decrease in trade receivables	(471)	(19,121)
(Increase) decrease in inventories	12,370	(36,134)
(Increase) decrease in accounts receivable - other	4,072	1,288
Increase (decrease) in trade payables	(20,691)	16,729
Increase (decrease) in accrued expenses	(611)	426
Increase (decrease) in retirement and severance benefits	1,265	(784)
Other	(6,019)	(3,441)
Subtotal	1,914	(5,587)
Interest and dividends received	507	405
Interest paid	(879)	(843)
Payments for structural reforms	(288)	(3,958)
Income taxes refund (paid)	(4,188)	839
Net cash provided by (used in) operating activities	(2,934)	(9,144)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(16,146)	(12,893)
Purchase of intangible assets	(504)	(311)
Proceeds from sales of property, plant and equipment	517	8,880
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(206)	(328)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	25,557	1,130
Proceeds from transfer of business	—	837
Other	335	557
Net cash provided by (used in) investing activities	9,553	(2,128)

(Millions of yen)

	For the first half ended September 30, 2020	For the first half ended September 30, 2021
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	33,139	13,646
Proceeds from long-term debt	331	—
Repayment of long-term debt	(7,773)	(7,633)
Dividends paid to shareholders	(5,558)	—
Dividends paid to non-controlling interests	(8)	(23)
Acquisition of common stock for treasury	(2)	(14)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	20,129	5,976
Effect of exchange rate changes on cash and cash equivalents	(892)	556
Net increase (decrease) in cash and cash equivalents	25,856	(4,740)
Cash and cash equivalents at the beginning of the first quarter	42,353	99,339
Cash and cash equivalents at the end of the second quarter	68,209	94,599

(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, 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"> ·HNM™ ductile cast iron products, Cast iron products for transportation equipment, HERCUNITE™ heat-resistant exhaust casting components, and Aluminum components <p>< Piping Components ></p> <ul style="list-style-type: none"> ·Piping and infrastructure components (G™ 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, 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, 2020 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 (loss) 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.

III Current year (from April 1, 2021 to September 30, 2021)

(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	127,313	152,966	65,876	109,589	455,744	608	456,352	—	456,352
Intersegment transactions	160	—	9	133	302	453	755	(755)	—
Total revenues	127,473	152,966	65,885	109,722	456,046	1,061	457,107	(755)	456,352
Segment profit (loss)	7,214	(3,042)	7,011	1,217	12,400	5,626	18,026	(3,245)	14,781
Financial income	—	—	—	—	—	—	—	—	931
Financial expenses	—	—	—	—	—	—	—	—	(869)
Share of profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	439
Income before income taxes	—	—	—	—	—	—	—	—	15,282

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

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.