

# **Hitachi Metals, Ltd. Financial Results for the First Three Months of Fiscal Year 2021 (April 1 to June 30, 2021)**

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**July 28, 2021**

# 1-1. Overview of the First Quarter (First Three Months), FY2021 (1)

- 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 and on economic policies.
- Adjustments in automobile production due to semiconductor shortages and the disruption in international distribution continued.
- Raw material prices and energy costs rose on the back of a recovery of demand that was suppressed due to COVID-19.
- Overview by market
  - [\[Automobiles\]](#) Demand has continued to recover since 2Q, FY2020 although sales were affected by production adjustments caused by a supply shortage of semiconductors.
  - [\[Aircraft\]](#) Demand for aircraft-related materials decreased due to the impact of COVID-19.
  - [\[FA / robots\]](#) Both Japanese and international demand continued to recover. The demand recovery was driven by automotive-related demand and capital investment for 5G smartphones especially in the China, India, and other Asian markets.
  - [\[Semiconductors / smartphones\]](#)  
Demand for semiconductors continued to be robust not only for automotive use but also for use in telecommunications such as smartphones and server equipment.
  - [\[Medical devices\]](#) Priority was given to meeting demands for the testing and treatment of COVID-19 infections last fiscal year, but the situation is gradually being resolved.

# 1-2. Overview of the First Quarter (First Three Months), FY2021 (2)

## Hitachi Metals overview

- Both revenues and profit increased year on year as a result of a demand recovery.
- Overview by business field
  - [Automobiles] Demand for molds and tool steel recovered to such an extent that inventories became scarce.  
Sales of materials for industrial equipment, automotive casting components, magnetic materials, and automotive electronic components increased.  
A small degree of impact of the semiconductor shortage remained in automotive casting components, magnetic materials, automotive electronic components, and so on.
  - [Aircraft] Sales of aircraft-related materials remained sluggish due to weakness in demand for aircraft equipment/materials.
  - [FA / robots] Capital investment demand related to the manufacture of automobiles and smartphones increased.
  - [Semiconductors / smartphones] Demand increased as a result of a rise in demand for use in telecommunication devices and an increase in automobile sales.
  - [Medical devices] Sales of probe cables decreased as a reactionary drop after the surge in demand in the same period of last year, while demand for tubes for catheters recovered and sales of ceramic scintillators for CT devices were strong.

## Measures implemented

- Integrated the heat-resistant exhaust casting components business into a subsidiary. (Completed in April 2021)
- Reorganized the domestic sales structure (unification of sales functions of Hitachi Metals and those of Hitachi Metals Trading). (Decided in May 2021)
- Bringing the headcount to appropriate levels (early retirement, attrition, reduction of temporary workers, etc.) proceeded as planned.

# 1-3. Operating Results

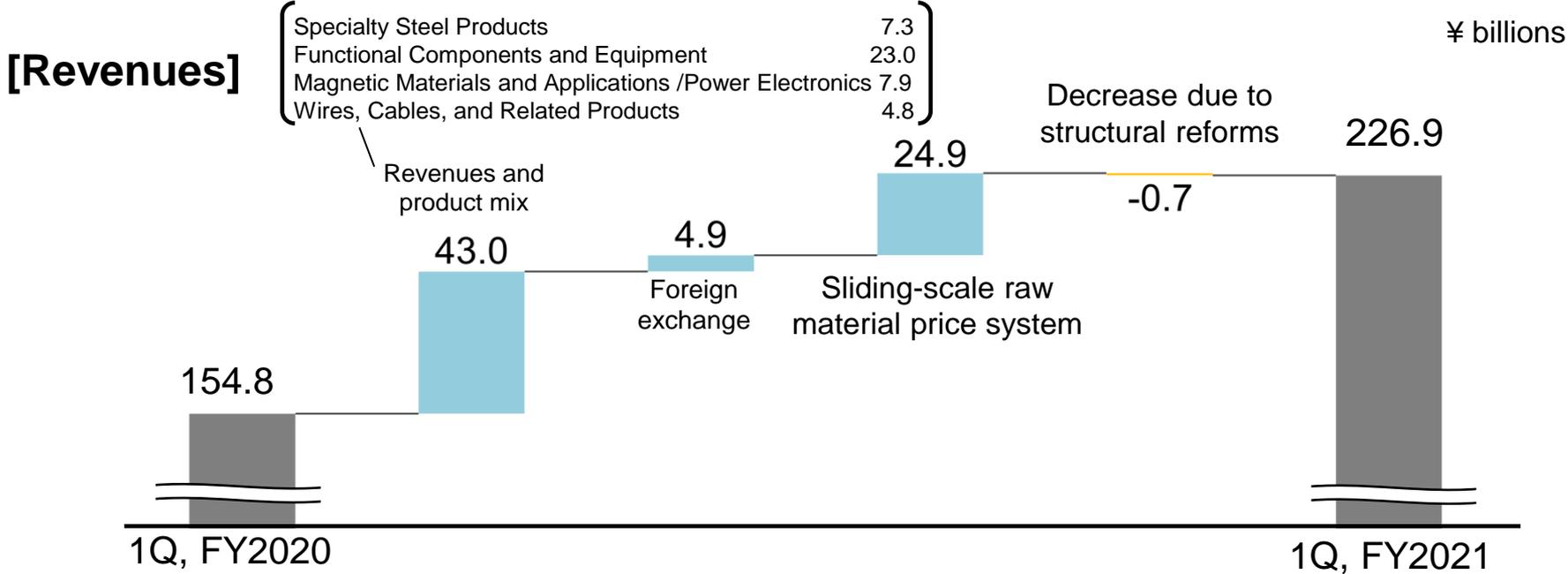
¥ billions Profit margin in brackets	FY2020								FY2020 Full-year	FY2021		Difference Year-on-Year 1Q/1Q 1Q-1Q	FY2021 Full-year Forecast		
	1Q (Apr.–Jun.)		2Q (Jul.–Sep.)		3Q (Oct.–Dec.)		4Q (Jan.–Mar.)			1Q (Apr.–Jun.)			Full-year Forecast		
	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2		US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4		US\$1 = ¥105 €1 = ¥125 1 yuan = ¥15.8		US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7			US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0			US\$1 = ¥100 €1 = ¥120 1 yuan = ¥15.5		
Revenues	154.8		186.0		200.6		220.2		761.6	226.9		+47%	850.0		
Adjusted operating income*	(-4.7%)	-7.3	(-2.7%)	-5.1	(1.9%)	3.8	(1.6%)	3.6	(-0.7%)	-5.0	(3.7%)	8.5	+15.8	(4.0%)	34.0
IFRS operating income	(-4.1%)	-6.4	(-17.3%)	-32.2	(0.3%)	0.7	(-5.1%)	-11.3	(-6.5%)	-49.2	(1.9%)	4.2	+10.6		-
Income before income taxes	-7.1		-32.4		0.1		-11.2		-50.6	4.3		+11.4	17.0		
Net income attributable to shareholders of the parent company	- 3.3		- 29.9		- 0.5		- 8.6		-42.3	3.0		+6.3	12.0		

\*Adjusted operating income = Revenues - Sales cost - Selling, general & administrative expenses

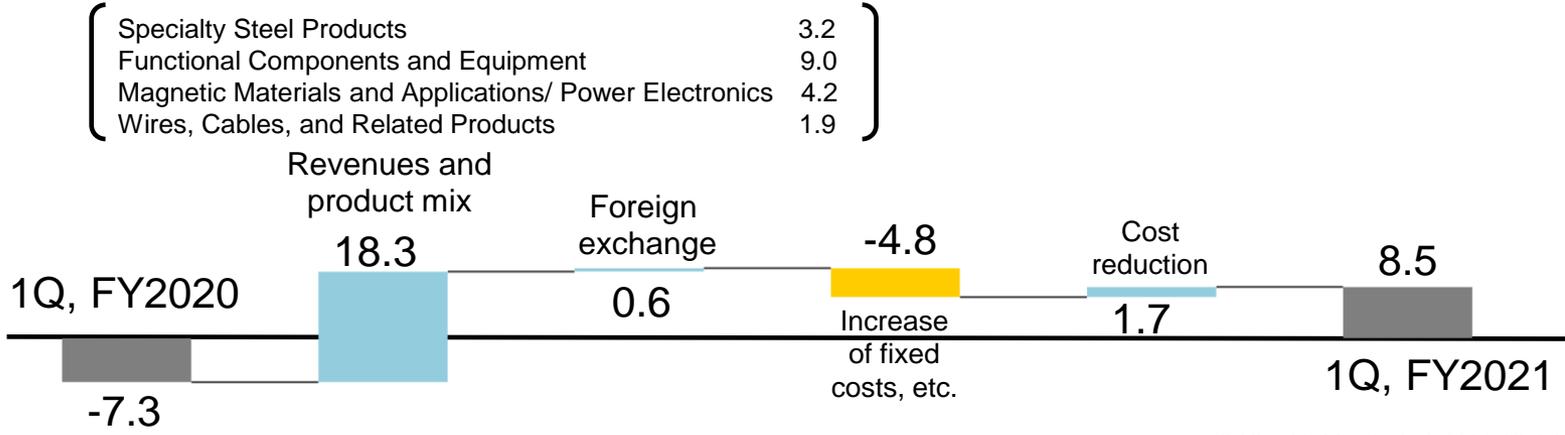
## Sales by region

¥ billions		Japan	North America	China	Other Asian countries	Europe	Other
1Q, FY2020	Revenues	78.8	33.0	16.2	17.9	6.9	2.0
	Sales ratio	51%	21%	11%	12%	4%	1%
1Q, FY2021	Revenues	98.4	65.1	19.5	29.0	10.4	4.5
	Sales ratio	43%	29%	9%	13%	4%	2%
	Revenues Year-on-Year	+25%	+97%	+20%	+62%	+51%	+125%

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



## [Adjusted operating income]

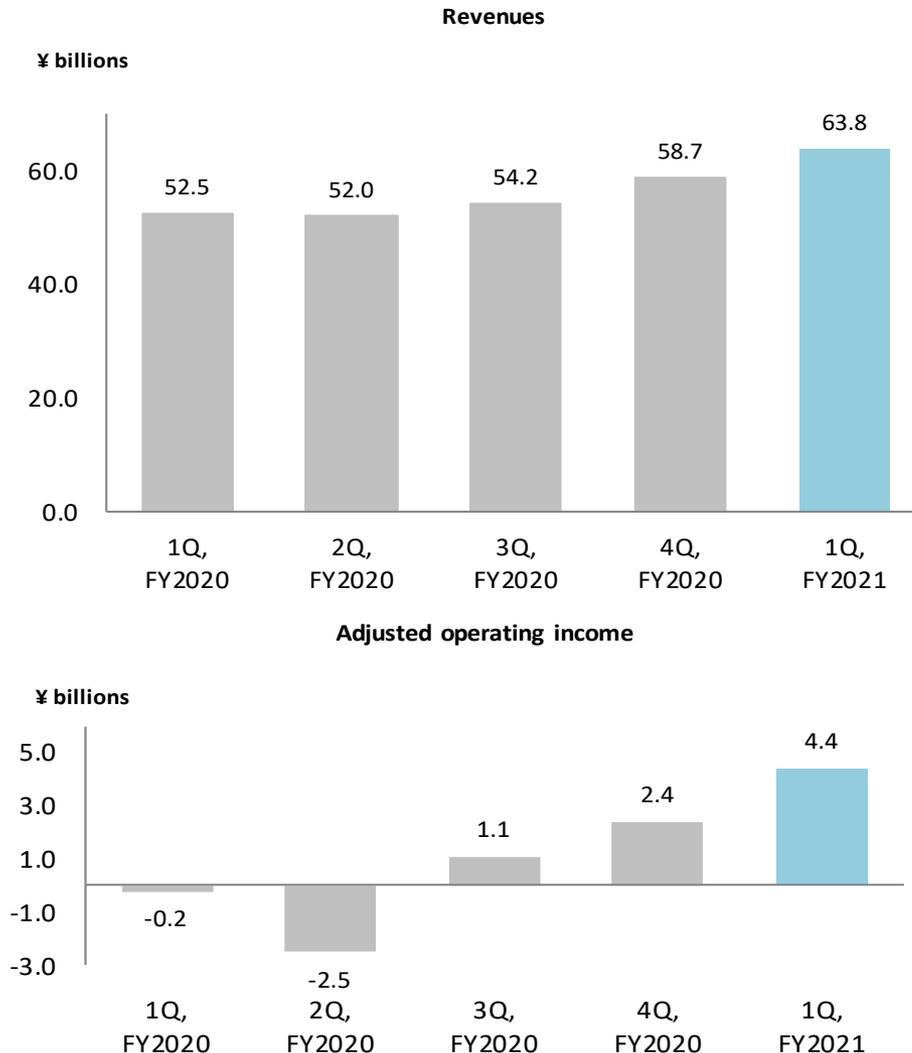


# 2-1. Operating Results by Segment

¥ billions Profit margin in <i>italics</i>		FY2020								FY2020		FY2021		Differences		FY2021	
		1Q (Apr.–Jun.) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2		2Q (Jul.–Sep.) US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4		3Q (Oct.–Dec.) US\$1 = ¥105 €1 = ¥125 1 yuan = ¥15.8		4Q (Jan.–Mar.) US\$1 = ¥106 €1 = ¥128 1 yuan = ¥16.4		Full-year US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7		1Q (Apr.–Jun.) US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0		Year-on-Year 1Q/1Q 1Q-1Q		Full-year Forecast US\$1 = ¥100 €1 = ¥120 1 yuan = ¥15.5	
Advanced Metals	Revenues	52.5		52.0		54.2		58.7		217.4		63.8		+22%		245.0	
	Adjusted operating income	-0.4%	-0.2	-4.8%	-2.5	2.0%	1.1	4.1%	2.4	0.4%	0.8	6.9%	4.4	+4.6		5.5%	13.5
	IFRS operating income	2.9%	1.5	-19.4%	-10.1	1.1%	0.6	-6.8%	-4.0	-5.5%	-12.0	7.2%	4.6	+3.1		—	
	Revenues	40.2		63.6		67.7		76.4		247.9		76.1		+89%		265.0	
	Adjusted operating income	-17.4%	-7.0	-4.9%	-3.1	-1.8%	-1.2	-2.0%	-1.5	-5.2%	-12.8	-0.1%	-0.1	+6.9		1.5%	4.0
	IFRS operating income	-18.2%	-7.3	-6.4%	-4.1	-3.0%	-2.0	-7.5%	-5.7	-7.7%	-19.1	-1.4%	-1.1	+6.2		—	
Subtotal*	Revenues	92.7		115.6		121.9		135.1		465.3		139.9		+51%		510.0	
	Adjusted operating income	-7.8%	-7.2	-4.8%	-5.6	-0.1%	-0.1	0.7%	0.9	-2.6%	-12.0	3.1%	4.3	+11.5		3.4%	17.5
	IFRS operating income	-6.3%	-5.8	-12.3%	-14.2	-1.1%	-1.4	-7.2%	-9.7	-6.7%	-31.1	2.5%	3.5	+9.3		—	
Advanced Components & Materials	Revenues	22.1		25.7		27.7		30.6		106.1		31.8		+44%		124.0	
	Adjusted operating income	-2.3%	-0.5	0.4%	0.1	3.6%	1.0	6.2%	1.9	2.4%	2.5	7.5%	2.4	+2.9		7.3%	9.0
	IFRS operating income	-2.3%	-0.5	-60.7%	-15.6	3.2%	0.9	3.6%	1.1	-13.3%	-14.1	7.9%	2.5	+3.0		—	
	Revenues	39.9		44.3		50.8		54.2		189.2		55.0		+38%		217.0	
	Adjusted operating income	-1.3%	-0.5	0.5%	0.2	4.5%	2.3	4.8%	2.6	2.4%	4.6	2.9%	1.6	+2.1		3.5%	7.5
	IFRS operating income	-0.8%	-0.3	-3.8%	-1.7	4.7%	2.4	2.6%	1.4	1.0%	1.8	0.7%	0.4	+0.7		—	
Subtotal*	Revenues	62.0		70.0		78.5		84.8		295.3		86.8		+40%		341.0	
	Adjusted operating income	-1.6%	-1.0	0.4%	0.3	4.2%	3.3	5.3%	4.5	2.4%	7.1	4.6%	4.0	+5.0		4.8%	16.5
	IFRS operating income	-1.3%	-0.8	-24.7%	-17.3	4.2%	3.3	2.9%	2.5	-4.2%	-12.3	3.3%	2.9	+3.7		—	
Others/Adjustments	Revenues	0.1		0.4		0.2		0.3		1.0		0.2		—		-1.0	
	Adjusted operating income	0.9		0.2		0.6		-1.8		-0.1		0.2		-0.7		0.0	
	IFRS operating income	0.2		-0.7		-1.2		-4.1		-5.8		-2.2		-2.4		—	
Total	Revenues	154.8		186.0		200.6		220.2		761.6		226.9		+47%		850.0	
	Adjusted operating income	-4.7%	-7.3	-2.7%	-5.1	1.9%	3.8	1.6%	3.6	-0.7%	-5.0	3.7%	8.5	+15.8		4.0%	34.0
	IFRS operating income	-4.1%	-6.4	-17.3%	-32.2	0.3%	0.7	-5.1%	-11.3	-6.5%	-49.2	1.9%	4.2	+10.6		—	

\*Simple sum before eliminating intersegment revenues

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



## [Revenues]

(Year-on-Year)

- **Molds and tool steel**  
Both domestic and international demand increased.
- **Materials for industrial equipment**  
Increased on the back of a rise in demand for products related to automobiles.
- **Aircraft- and energy-related materials**  
Decreased due to continued weakness in demand for aircraft-related materials as a result of travel restrictions following the spread of COVID-19.
- **Electronic materials**  
Sales of organic EL-related components and materials increased.  
Demand for semiconductor and other package materials was strong.  
Sales of clad metals for smartphones and batteries were also robust.
- **Rolls**  
Sales of injection molding machine parts were strong, while those of miscellaneous rolls and steel-frame joints for construction decreased.

## [Adjusted operating income]

Increased due to a rise in demand for mainstay molds and tool steel and materials for industrial equipment.

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

¥ billions	FY2020				FY2020	FY2021	Differences Year-on- Year
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)	Full-year	1Q (Apr.–Jun.)	
Revenues	52.5	52.0	54.2	58.7	217.4	63.8	+22%
Specialty steel <sup>*1</sup>	47.0	46.6	49.5	53.6	196.7	58.4	+24%
Rolls <sup>*1</sup>	5.5	5.4	4.7	5.1	20.7	5.4	-2%
Adjusted operating income	- 0.2	- 2.5	1.1	2.4	0.8	4.4	+4.6
Adjusted operating margin	-0.4%	-4.8%	2.0%	4.1%	0.4%	6.9%	+7.3pt
IFRS operating income	1.5	- 10.1	0.6	- 4.0	- 12.0	4.6	+3.1

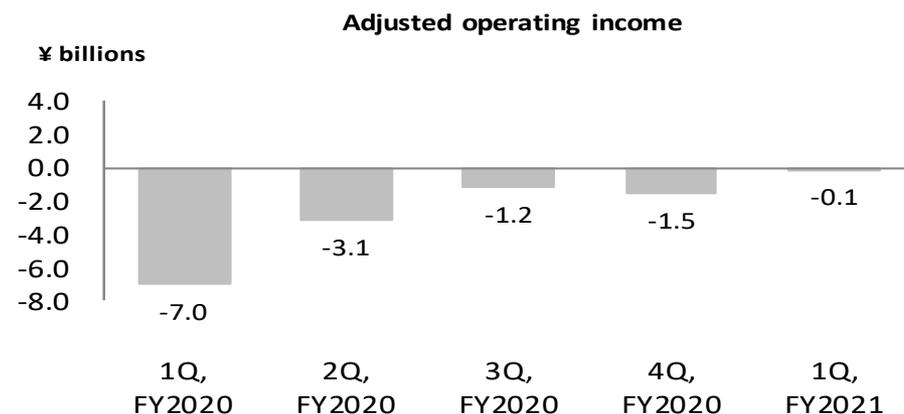
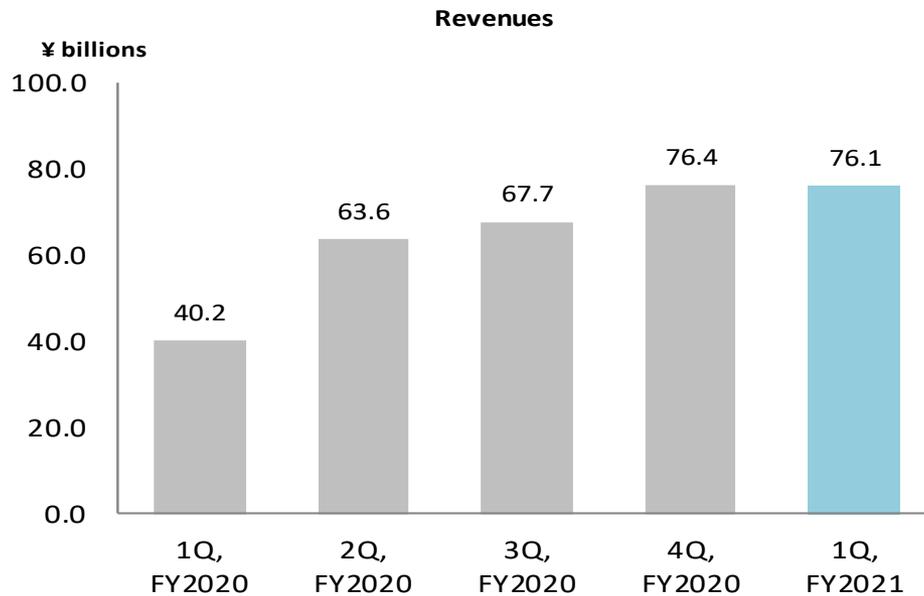
Differences by product (Year-on-Year)	FY2020				FY2020	FY2021
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)	Full-year	1Q (Apr. – Jun.)
Molds and tool steel <sup>*2</sup>	-30%	-32%	-21%	-4%	-22%	+25%
Materials for industrial equipment <sup>*2</sup>	-27%	-23%	-13%	+2%	-16%	+34%
Aircraft- and energy-related materials <sup>*2</sup>	-34%	-37%	-45%	-53%	-42%	-20%
Electronic materials <sup>*2</sup>	+0%	-2%	+4%	+9%	+3%	+27%
Rolls <sup>*3</sup>	-10%	-12%	-27%	-14%	-16%	-2%

\*1: Simple sum before eliminating intersegment revenues

\*2: Indicates the change in revenues calculated by a simplified method

\*3: Indicates the change in the simple sum before eliminating intersegment revenues

# 2-4. Operating Results by Segment: Functional Components and Equipment (1)



## [Revenues]

(Year-on-Year)

### ▪ Automotive casting

#### Cast iron products:

Despite the impact of production adjustments implemented by automobile manufacturers as a result of a supply shortage of semiconductors for automobiles, automobile sales significantly recovered in each region.

Demand for use in commercial vehicles and construction and agricultural machines increased in North America.

#### Heat-resistant exhaust casting components:

Demand recovered.

### ▪ Piping components

#### Pipe fittings:

Remained virtually unchanged year on year in Japan but increased in the U.S.

#### Semiconductor manufacturing equipment:

Increased on the back of recovery of demand for capital investment.

## [Adjusted operating income]

Loss decreased due to a rise in demand for the mainstay automotive casting business.

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

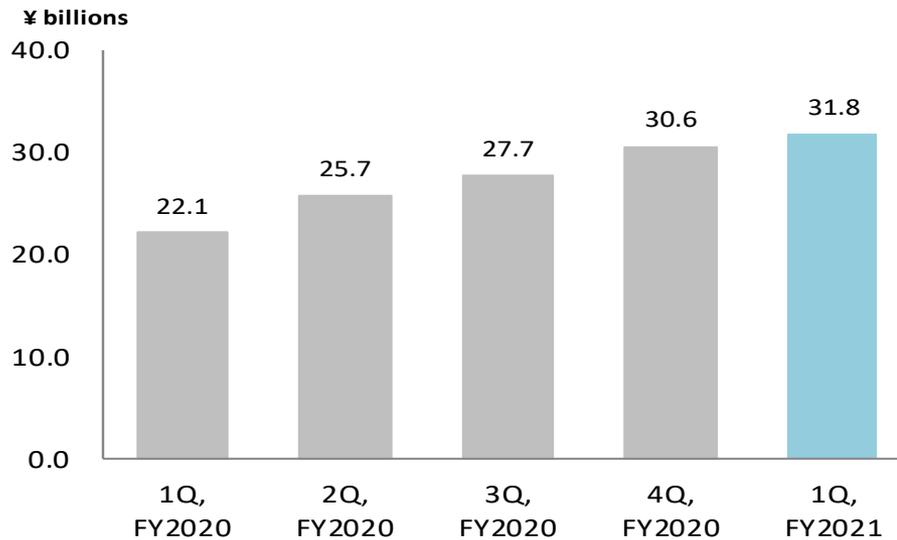
¥ billions	FY2020				FY2020 Full-year	FY2021 1Q (Apr.–Jun.)	Difference Year-on- Year
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)			
Revenues	40.2	63.6	67.7	76.4	247.9	76.1	+89%
Automotive casting*	30.4	53.5	56.4	65.5	205.8	64.9	+113%
Waupaca Foundry, Inc.*	22.2	39.8	39.4	47.8	149.2	48.4	+118%
Piping components*	9.8	10.1	11.3	10.9	42.1	11.3	+15%
Adjusted operating income	- 7.0	- 3.1	- 1.2	- 1.5	- 12.8	- 0.1	+6.9
Adjusted operating margin	-17.4%	-4.9%	-1.8%	-2.0%	-5.2%	-0.1%	+17.3pt
IFRS operating income	- 7.3	- 4.1	- 2.0	- 5.7	- 19.1	- 1.1	+6.2

\*Simple sum before eliminating intersegment revenues

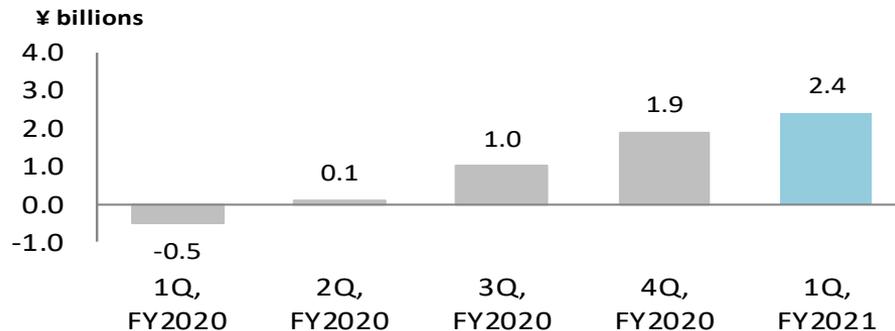
Differences by product (Year-on-Year)	FY2020				FY2020 Full-year	FY2021 1Q (Apr. – Jun.)
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)		
Cast iron products [Waupaca Foundry, Inc.] (weight)	-55%	-10%	+2%	+0%	-18%	+88%
Cast iron products [Other] (weight)	-57%	-20%	-10%	-2%	-23%	+102%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	-29%	-9%	+21%	+14%	+0%	+84%

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

Revenues



Adjusted operating income



[Revenues]

(Year-on-Year)

- **Magnetic materials**

Rare earth magnets and ferrite magnets:  
Despite the impact of the supply shortage of semiconductors for automobiles, automobile sales significantly recovered in each region and demand related to FA/robots and electronics was also strong.

- **Power electronics materials**

Soft magnetic materials and applications:  
Sales related to telecommunications such as smartphones, tablets, and server equipment were strong. Sales of amorphous metals also increased mainly in Asia.

Ceramic components:

Increased mainly for automotive applications.

Demand for server equipment applications increased.

Demand for medical device applications remained robust.

[Adjusted operating income]

Increased due to a rise in demand and a decrease in depreciation.

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

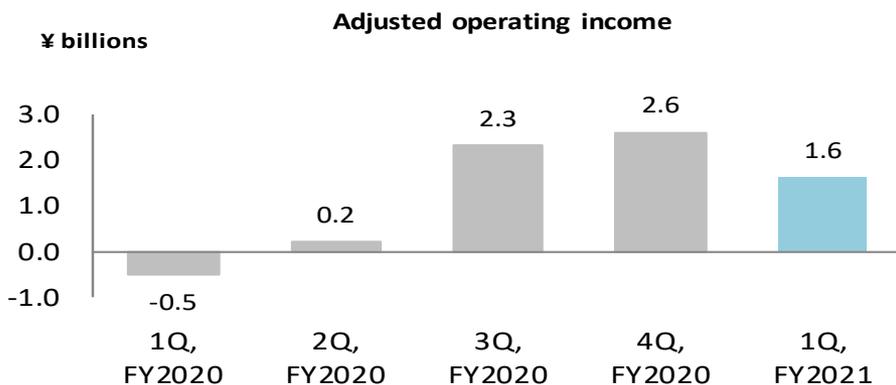
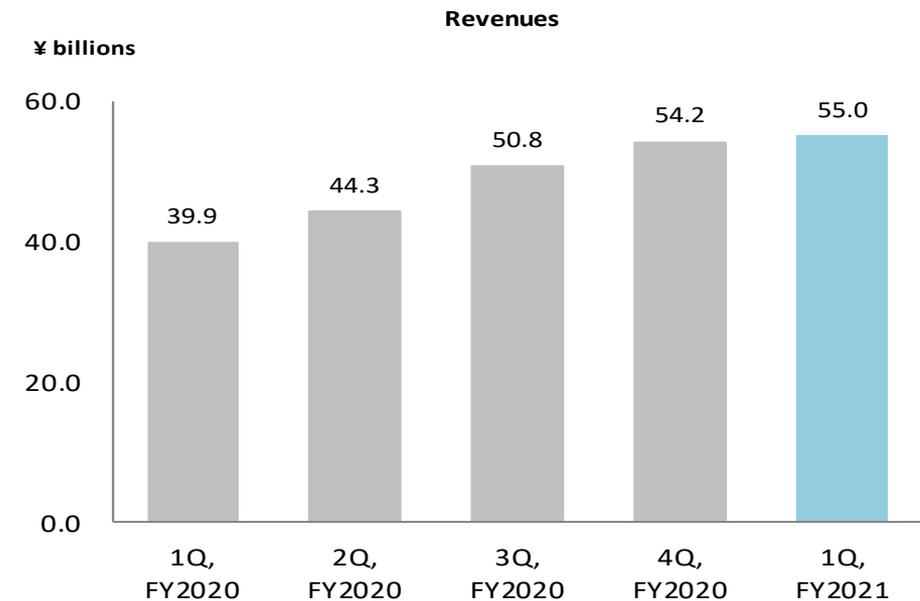


¥ billions	FY2020				FY2020 Full-year	FY2021 1Q (Apr.–Jun.)	Difference Year-on- Year
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)			
Revenues	22.1	25.7	27.7	30.6	106.1	31.8	+44%
Magnetic materials*	13.6	17.0	18.8	20.9	70.3	21.8	+60%
Power electronics materials*	8.5	8.7	9.0	9.6	35.8	10.0	+18%
Adjusted operating income	- 0.5	0.1	1.0	1.9	2.5	2.4	+2.9
Adjusted operating margin	-2.3%	0.4%	3.6%	6.2%	2.4%	7.5%	+9.8pt
IFRS operating income	- 0.5	- 15.6	0.9	1.1	- 14.1	2.5	+3.0

\*Simple sum before eliminating intersegment revenues

Differences by product (Year-on-Year)	FY2020				FY2020 Full-year	FY2021 1Q (Apr. – Jun.)
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)		
Rare earth magnets (weight)	-36%	-21%	-2%	+3%	-15%	+46%
Ferrite magnets (weight)	-39%	-21%	+3%	+4%	-13%	+67%

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



[Revenues] (Year-on-Year)

Revenues increased, reflecting a recovery in demand mainly for automotive electronic components and magnet wires as well as a rise in raw material prices.

- **Electric wires and cables**

Wires and cables for rolling stock:

Demand recovered mainly for use in Japan.

Medical devices:

Demand for tubes for catheters recovered.

Demand for probe cables for medical devices decreased year on year in reaction to the surge in demand for use in COVID-19 detection devices in 1Q, FY2020.

Electronic wires:

Sales of FA/robots applications increased.

Magnet wires:

Demand recovered mainly for automotive and industrial equipment use.

- **Automotive components**

Despite the impact of production adjustments implemented by automobile manufacturers as a result of a supply shortage of semiconductors, demand increased due to a significant recovery in automobile sales in each region.

[Adjusted operating income]

Increased on a year-on-year basis due to a rise in demand for wires, cables, and automotive components.

However, income decreased in comparison to 4Q, FY2020 due to mainly the impact of the shortage of semiconductors for automobiles.

## 2-9. Operating Results by Segment: Wires, Cables, and Related Products (2)

¥ billions	FY2020				FY2020	FY2021	Difference Year-on- Year
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)	Full-year	1Q (Apr.–Jun.)	
Revenues	39.9	44.3	50.8	54.2	189.2	55.0	+38%
Adjusted operating income	- 0.5	0.2	2.3	2.6	4.6	1.6	+2.1
Adjusted operating margin	-1.3%	0.5%	4.5%	4.8%	2.4%	2.9%	+4.2pt
IFRS operating income	- 0.3	- 1.7	2.4	1.4	1.8	0.4	+0.7

Differences by product (Year-on-Year)	FY2020				FY2020	FY2021
	1Q (Apr.–Jun.)	2Q (Jul.–Sep.)	3Q (Oct.–Dec.)	4Q (Jan.–Mar.)	Full-year	1Q (Apr. – Jun.)
Rolling stock*	-15%	+10%	+14%	+6%	+3%	+5%
Medical devices*	+14%	-11%	-15%	-15%	-6%	-6%
FA/robots*	+7%	+3%	+27%	+34%	+18%	+53%
Magnet wires*	-27%	-19%	+4%	+14%	-7%	+71%
Electronic components*	-49%	-13%	+9%	+21%	-10%	+80%

\*Indicates the change in revenues calculated by a simplified method

Sales proportion of growth areas: 1Q, FY2020: 40%  
1Q, FY2021: 43%

### 3. Financial Condition

¥ billions	End of FY2020 US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	End of 1Q, FY2021 US\$1 = ¥111 €1 = ¥132 1 yuan = ¥17.1	Differences
Total assets	972.2	997.7	+25.5
Trade receivables	167.6	182.1	+14.5
Inventories	170.1	190.6	+20.5
Property, plant and equipment and intangible assets	444.9	437.5	-7.4
Total liabilities	480.1	502.5	+22.4
Interest-bearing debt	195.3	199.9	+4.6
Equity attributable to shareholders of the parent company	489.7	492.9	+3.2
Non-controlling interests	2.4	2.3	-0.1
Ratio of equity attributable to shareholders of the parent company	50.4%	49.4%	-1.0pt
D/E ratio (times)	0.40	0.41	+0.01
NET Interest-bearing debt*	96.0	106.0	+10.0

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

Inventories: Increased as a result of demand recovery and raw material price rises,  
despite continued inventory control.

Fixed assets: Decreased as depreciation exceeded completion due to careful selection of investments.

Equity attributable to shareholders of the parent company:

Retained earnings increased due to net income attributable to shareholders of the parent company

## 4. Consolidated Cash Flows

¥ billions	FY2020 1Q (Apr. – Jun.)	FY2021 1Q (Apr. – Jun.)	Year-on- Year
Cash flows from operating activities (Operating CF)	- 10.3	- 5.6	+4.7
Cash flows from investing activities (Investing CF)	15.2	- 4.3	-19.5
Free cash flows (FCF)	4.9	- 9.9	-14.8
Core free cash flows*	- 20.8	- 11.2	+9.6

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

Operating CF: +¥4.7 billion due to mainly an increase in profit.

Investing CF : -¥19.5 billion year on year, despite a ¥4.9 billion improvement year on year through careful selection of investments, since there were ¥25.4 billion of proceeds from the sale of entities accounted for using the equity method in 1Q, FY2020.

FCF : -¥14.8 billion due to a decrease in investing CF.

## To prevent the recurrence of problems with quality assurance

### (1) Activities of the Quality Compliance Committee

Additional reviews for un-reviewed sections and examinations of preventive measures are currently being carried by the Quality Compliance Committee (established on April 1), which includes outside experts as its members.

### (2) An inspection system to prevent artificial rewriting of inspection results is being established.

Assessments for detailed system design are currently being conducted at 28 bases in Japan.

## Initiatives against climate change

In June 2021, Hitachi Metals expressed its support of the recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD) that was created by the Financial Stability Board. Conducted scenario analyses, risk/opportunity analyses, and examining countermeasures and financial impact.

## TOB by corporate consortium led by Bain Capital

The TOB is expected to commence by late November.

# Reference Data (1)

¥ billions	FY2017	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020	FY2021	FY2021
	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥111 €1 = ¥128 1 yuan = ¥16.5	1Q (Apr. – Jun.) US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	2Q (Jul. – Sep.) US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	3Q (Oct. – Dec.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	4Q (Jan. – Mar.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.6	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	1Q (Apr. – Jun.) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	2Q (Jul. – Sep.) US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4	3Q (Oct. – Dec.) US\$1 = ¥105 €1 = ¥125 1 yuan = ¥15.8	4Q (Jan. – Mar.) US\$1 = ¥106 €1 = ¥128 1 yuan = ¥16.4	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.7	1Q (Apr. – Jun.) US\$1 = ¥109 €1 = ¥132 1 yuan = ¥17.0	Forecast US\$1 = ¥100 €1 = ¥120 1 yuan = ¥15.5
Revenues	988.3	1,023.4	234.0	222.9	214.1	210.4	881.4	154.8	186.0	200.6	220.2	761.6	<b>226.9</b>	850.0
Adjusted operating income <sup>*1</sup>	65.1	51.4	5.5	0.4	5.9	2.6	14.4	-7.3	-5.1	3.8	3.6	-5.0	<b>8.5</b>	34.0
Adjusted operating margin	6.6%	5.0%	2.4%	0.2%	2.8%	1.2%	1.6%	-4.7%	-2.7%	1.9%	1.6%	-0.7%	<b>3.7%</b>	4.0%
Other income	5.4	10.7	0.9	0.9	0.8	6.0	8.6	3.1	1.2	1.3	4.1	9.7	<b>1.1</b>	-
Other expenses	-24.2	-19.7	-1.2	-44.1	-3.8	-13.0	-62.1	-2.2	-28.3	-4.5	-19.0	-54.0	<b>-5.4</b>	-
IFRS operating income	46.3	42.4	5.2	-42.8	2.9	-4.4	-39.1	-6.4	-32.2	0.7	-11.3	-49.2	<b>4.2</b>	-
EBIT	48.9	45.3	5.1	-42.6	3.5	-4.4	-38.4	-6.7	-32.1	0.5	-10.9	-49.2	<b>4.6</b>	18.5
EBITDA	95.0	96.2	19.1	-28.4	17.0	9.1	16.8	6.6	-18.9	12.4	1.1	1.2	<b>16.2</b>	64.5
(Quarterly) Income before income taxes	47.0	43.0	4.5	-43.2	3.0	-4.9	-40.6	-7.1	-32.4	0.1	-11.2	-50.6	<b>4.3</b>	17.0
(Quarterly) Net income attributable to shareholders of the parent company	42.2	31.4	3.2	-44.2	2.1	1.3	-37.6	-3.3	-29.9	-0.5	-8.6	-42.3	<b>3.0</b>	12.0
Capital expenditure	91.8	95.4	11.6	13.6	14.6	13.2	53.0	7.2	7.4	5.2	9.0	28.8	<b>5.1</b>	40.0
Depreciation	46.1	50.9	13.9	14.2	13.5	13.6	55.2	13.3	13.2	11.9	12.0	50.4	<b>11.6</b>	46.0
R&D expenses	17.7	18.6	4.0	4.2	4.0	3.7	15.9	3.5	3.8	3.5	3.7	14.5	<b>3.1</b>	15.5
Trade receivables	207.6	195.3	196.7	188.6	183.5	157.7	157.7	141.1	157.5	163.9	167.6	167.6	<b>182.1</b>	-
Inventories	190.2	214.8	211.1	192.6	192.9	179.9	179.9	183.5	167.1	169.1	170.1	170.1	<b>190.6</b>	-
Interest-bearing debt	160.8	202.1	239.0	227.0	228.1	187.6	187.6	215.1	212.6	181.4	195.3	195.3	<b>199.9</b>	163.3
Free cash flows	-36.0	-29.7	-12.2	16.3	5.3	40.1	49.5	4.9	1.7	12.0	36.2	54.8	<b>-9.9</b>	9.0
ROIC <sup>*2</sup>	5.8%	5.3%	-	-	-	-	1.7%	-	-	-	-	-	-	3.9%
ROE <sup>*3</sup>	7.7%	5.5%	-	-	-	-	-	-	-	-	-	-	-	2.5%
ROA <sup>*4</sup>	4.0%	2.9%	-	-	-	-	-	-	-	-	-	-	-	1.3%
CCC <sup>*5</sup> (days)	82.7	90.7	-	-	-	-	87.1	-	-	-	-	89.1	-	85.8
D/E ratio (times)	0.29	0.34	0.42	0.43	0.43	0.36	0.36	0.42	0.44	0.38	0.40	0.40	<b>0.41</b>	0.34
Overseas sales ratio	56%	56%	55%	54%	53%	54%	54%	49%	57%	56%	57%	55%	<b>57%</b>	54%
Employees	30,390	30,304	30,354	30,201	30,016	29,805	29,805	29,542	29,025	28,730	28,620	28,620	<b>28,278</b>	27,750
(Quarterly) Basic net income per share (yen)	98.72	73.37	7.58	-103.45	4.81	3.01	-88.05	-7.81	-69.86	-1.19	-20.04	-98.90	<b>7.01</b>	28.07
Dividend per share (yen)	26.0	34.0	-	13.0	-	13.0	26.0	-	0.0	-	0.0	0.0	-	-
Earnings per share attributable to shareholders of the parent company (yen)	1,316.1	1,375.2	1,345.9	1,238.3	1,244.0	1,216.9	1,216.9	1,195.1	1,119.9	1,117.6	1,145.3	1,145.3	<b>1,152.8</b>	1,112.4

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

\*2: Rate of Return on Invested Capital (ROIC) [until FY2017] = Net income attributable to shareholders of the parent company / (Average of beginning and end-year interest bearing debts + Average of beginning and end-year equity attributable to shareholders of the parent company) Rate of Return on Invested Capital (ROIC) [from FY2018] = {Adjusted operating income \* (1 - Tax rate of 25%) + (Equity in earnings of affiliates)} / (Average of beginning and end-year interest-bearing debts + Average of beginning and end-year equity)

\*3: Return on equity attributable to shareholders of the parent company (ROE) = Net income attributable to shareholders of the parent company / Average of beginning and end-year equity attributable to shareholders of the parent company \*100

\*4: Return on total assets (ROA) = Net income attributable to shareholders of the parent company / Average of beginning and end-year total assets \*100

\*5: Cash Conversion Cycle (CCC) = Working capital (Trade receivables + Inventories – Debts) / Daily average revenues

## Major products' volume trends (weight basis) Indices calculated by taking the value of 1Q, FY2020 as 100

Product	FY2019				FY2020				FY2021	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
Specialty Steel Products	Molds and tool steel	151	156	153	128	100	101	103	130	150
	CVT belt materials	151	133	146	159	100	129	126	131	166
	Piston ring materials	227	199	229	214	100	105	253	260	261
	Organic EL-related components and materials	56	72	103	73	100	100	136	85	114
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	225	203	174	196	100	183	178	197	188
	Cast iron products [Other]	233	214	219	201	100	171	197	197	202
	Heat-resistant exhaust casting components HERCUNITE™	141	174	165	169	100	156	199	193	184
Magnetic Materials and Applications / Power Electronics	Rare earth magnets	156	148	140	134	100	117	137	138	146
	Ferrite magnets	164	161	161	165	100	127	166	172	167
	Amorphous metals Metglas®	198	166	154	124	100	125	150	153	144
Wires, Cables, and Related Products	Electronic components*	198	191	187	164	100	166	204	199	180

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

# (For reference) Business Operations by Market (From October 2020)

## Business Portfolio

Business Headquarters	Business Segment	Industrial Infrastructure	Automobiles	Electronics
Advanced Metals	Specialty Steel Products	 Turbine cases	 Molds and tool steel	Specialty steel  CVT belt materials  Clad metals  Lead frame materials
	Functional Components and Equipment	Rolls  Rolls for steel mills	Automotive casting  Cast iron products  Heat-resistant exhaust casting components (HERCUNITE™)	Piping components  Pipe fittings  Polyethylene gas piping systems
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Neodymium magnets NEOMAX®  Magnetic materials	Ferrite magnets NMF™  Power electronics materials*	Amorphous metals Metglas®  Silicon nitride substrate
	Wires, Cables, and Related Products	 Wires and cables for rolling stock  Cables for FA/industrial robots	Electric wires and cables  Automotive components Harnesses for electric parking brakes	

# (For reference) Business Operations of Hitachi Metals (From October 2020)

## Business Operations of Hitachi Metals

Business Headquarters	Business Segment	Business Category	Major products and services
Advanced Metals	Specialty Steel Products	Specialty steel	Molds and tool steel, automobile-related materials, razor and blade materials, precision cast components, and aircraft- and energy-related materials, display-related materials, semiconductor and other package materials, and battery-related materials
		Rolls	Rolls for steel mills, injection molding machine parts, structural ceramic products, and steel-frame joints for construction
	Functional Components and Equipment	Automotive casting	HNM™ ductile cast iron products, cast iron products for transportation equipment, HERCUNITE™ heat-resistant exhaust casting components, and aluminum components
		Piping components	Piping and infrastructure components (™ Gourd brand pipe fittings, various valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Magnetic materials	NEOMAX® rare-earth magnets, ferrite magnets, other various magnets and their applied products
		Power electronics materials*	Soft magnetic materials (Metglas® amorphous metals, FINEMET® nanocrystalline magnetic materials, soft ferrite) and their applied products, and ceramic components
	Wires, Cables, and Related Products	Electric wires and cables	Industrial cables, electronic wires, electric equipment materials, and cable assemblies
		Automotive components	Automotive electronic components and brake hoses

The Group's business results are disclosed by business segment.

# Information on Risks Inherent in Future Projections

This document contains forward looking statements, such as results forecasts, management plans and dividend forecasts, that are not historical facts. All such forward looking statements are based upon all available information and upon certain assumptions and projections that were deemed reasonable at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause the actual results to differ substantially. Factors that could cause such differences include, but are not limited to, the following:

- Risks associated with product demand and market conditions
- Risks associated with competitiveness and development and commercialization of new technologies and products
- Risks associated with raw materials procurement
- Risks associated with changes in foreign exchange rates
- Risks associated with the global expansion of businesses
- Risks associated with impairment losses on fixed assets including property, plant and equipment and goodwill
- Risks associated with product quality
- Risks associated with M&A
- Risks associated with financing activities
- Risks associated with relationship with the parent company
- Risks associated with information security
- Risks associated with environmental regulations
- Risks associated with business reorganization
- Risks associated with intellectual property rights
- Risks associated with securing talent
- Risks associated with laws and regulations, and official regulations
- Risks associated with earthquakes and other natural disasters
- Risks associated with retirement benefit obligations