



# Consolidated Financial Report [IFRS]

## For the 6-month period ended September 30, 2022

October 26, 2022

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

Listed Stock Exchanges: Tokyo Stock Exchange, Inc. (Prime Market, 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, 2022 (April 1 to September 30, 2022)

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

	Revenues		Adjusted Operating Income		Operating Income		Income before Income Taxes		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sept, 2022	568,707	24.6	25,145	64.7	21,196	43.4	38,416	151.4	29,312	161.1
Sept, 2021	456,352	33.9	15,270	—	14,781	—	15,282	—	11,227	—

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 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 attributable to Shareholders of the Parent Company		Comprehensive Income		Earnings per Share (Basic)	Earnings per Share (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
Sept, 2022	29,289	159.7	63,350	431.8	68.50	—
Sept, 2021	11,276	—	11,913	—	26.37	—

### (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, 2022	1,158,247	594,406	590,693	51.0	1,381.57
March, 2022	1,069,695	531,118	527,563	49.3	1,233.91

### 2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2022	—	0.00	—	0.00	0.00
March, 2023	—	0.00			
March, 2023 (Forecast)			—	0.00	0.00

Note: Revision of the latest forecasts of results: No

### 3. Business results forecast for the year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full-year	1,100,000	16.7	70,000	161.1	41,500	26.8	30,000	149.4

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

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, 2022	428,904,352	March, 2022	428,904,352
Sept, 2022	1,351,266	March, 2022	1,349,888
Sept, 2022 (2Q)	427,553,702	Sept, 2021 (2Q)	427,559,498

(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, 2023, 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, 2022

## (1) Information Regarding Operating Results

The Group's operating results for the six months ended September 30, 2022 were as followings.

During the six months ended September 30, 2022, the global economy continued to slow down due to the impact of factors such as the supply shortages of components and materials, disruptions in international logistics, lockdowns resulting from China's zero-COVID policy, and the situation in Ukraine. In the business fields of the Group, the automotive-related area was affected by the impact of production adjustments implemented by automobile manufacturers mainly during the first quarter of this year, and demand of the first half declined year on year. On the other hand, in the FA/robot-related area, capital investment demand related to the manufacture of automobiles and semiconductors increased. While a decline in demand was also witnessed in some of the electronics-related area since the beginning of the second quarter ended September 30, 2022, demand for use in telecommunications devices and automobiles increased from the same period of the previous fiscal year. Furthermore, reflecting the impact of the rise in raw material prices (sliding-scale raw material price system) and the depreciation of the yen, revenues increased by 24.6% year on year to ¥568,707 million.

In terms of profit, while there was a negative impact of increases in expenses and energy costs due to soaring material prices, the Group promoted various cost reduction measures and revised the sales prices in the areas where the cost increases exceeded the level that could be absorbed through its corporate efforts. Adjusted operating income\* increased by ¥9,875 million year on year to ¥25,145 million, due to an increase in profit as a result of the depreciation of the yen, additionally. Operating income increased by ¥6,415 million year on year to ¥21,196 million due to an increase of adjusted operating income. Income before income taxes increased by ¥23,134 million year on year to ¥38,416 million and net income attributable to shareholders of the parent company increased by ¥18,013 million year on year to ¥29,289 million.

A tender offer (the "Tender Offer") commenced by K.K. BCJ-52 (the "Tender Offeror") on September 27, 2022 for the common shares of the Company (the "Company Shares") ended on October 25, 2022. The total number of share certificates tendered in the Tender Offer was not less than the minimum number of shares to be purchased, and so the Tender Offer is successfully completed. As for the detailed results of the tender offer, please refer to "Announcement of Results of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Change in a Major Shareholder and an Other Affiliate" dated October 26, 2022. BCJ-52 intends to make the Company its wholly owned subsidiary through a series of transactions thereafter. As a result, the Company's common shares will be delisted, and the Company will be independent from the Hitachi Group. The Company aims to regain its competitiveness and profitability and achieve sustainable growth and increase corporate value by responding to rapid changes in the market environment more speedily at a higher level through the search for investment opportunities, the acquisition of funds, and the formulation and execution of growth strategies, taking advantage of the global insights and networks of 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, 2022.

### *Specialty Steel Products*

Revenues in the Specialty Steel Products segment for the six months ended September 30, 2022 were ¥149,603 million, an increase of 17.4% as compared with those for the six months ended September 30, 2021.

Breaking down the revenues by business, while demand for molds and tool steel plunged year on year in Japan, sales increased year on year reflecting the impact of the rise in raw material prices (sliding-scale raw material price system) among other factors. Despite a decline in demand for mainstay products related to automobiles, sales of materials for industrial equipment remained virtually unchanged year on year as demand for materials for other industrial equipment remained on a par with the same period of the previous fiscal year, on top of the impact of the rise in raw material prices (sliding-scale raw material price system) among other factors. Sales of aircraft and energy-related materials increased year on year as demand for energy-related materials remained firm in addition to the fact that demand related to small- and medium-sized passenger aircraft rebounded markedly among mainstay aircraft-related materials. Sales of electronic materials increased year on year as sales of organic EL panel-related components increased and demand for semiconductor package materials remained brisk compared with the same period of the previous fiscal year, despite the decline in demand since the beginning of the second quarter ended September 30, 2022.

While sales of injection molding machine parts remained virtually unchanged year on year, sales of various rolls and steel-frame joints for construction increased year on year. As a result, sales of rolls on the whole increased on a year-on-year basis.

Adjusted operating income increased by ¥7,421 million year on year to ¥14,685 million, due in part to an increase in demand for aircraft and energy-related materials and electronic materials; additionally, the depreciation of the yen and the promotion of

various cost reduction measures etc. contributed to increasing the income. Operating income increased by ¥7,552 million to ¥14,766 million year on year.

### ***Functional Components and Equipment***

Revenues in the Functional Components and Equipment segment for the six months ended September 30, 2022 were ¥214,019 million, an increase of 39.9% year on year.

Breaking down the revenues by business, among automotive casting component sales, sales of heat-resistant exhaust casting components saw a year-on-year decrease owing to the changes in the product mix and the impact of production adjustments implemented by automobile manufacturers. Sales of cast iron products were impacted by production adjustments carried out by automobile manufacturers during the first quarter ended June 30, 2022. Nonetheless, due to the recovery in demand since the beginning of the second quarter ended September 30, 2022, on top of the impact from the rise in raw material prices (sliding-scale raw material price system) and the depreciation of the yen as well as an increase in demand for components for commercial vehicles and construction and agricultural equipment in the North American market, revenues were higher than in the same period of the previous fiscal year. As a result, sales of automotive casting components as a whole increased year on year.

Among piping components, sales of mainstay pipe fittings decreased in Japan compared with the same period of the previous fiscal year when there was a rush in demand before the price revision but increased in the U.S. on a year-on-year basis as housing starts remained at a high level. Consequently, sales of piping fittings as a whole expanded year on year. Sales of equipment for semiconductor manufacturing devices increased year on year as capital investment demand remained brisk. As a result, sales of piping components as a whole increased year on year.

Adjusted operating income improved by ¥3,890 million year on year to ¥1,586 million as a whole, due in part to an increase in demand for components used in commercial vehicles and construction and agricultural equipment in the North American market, despite downward pressure on profit such as a decrease in demand for heat-resistant exhaust casting components in addition to the fact that raw material and sub-material prices as well as energy and transportation costs, etc., soared. Operating income was ¥1,169 million, an improvement of ¥4,211 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, 2022 were ¥79,967 million, an increase of 21.4% year on year.

Breaking down the revenues by business, in magnetic materials, demand for rare earth magnets for the use in automotive electronic components decreased and demand related to industrial equipment such as FA/robots also remained sluggish. In addition, demand for ferrite magnets used in automotive electronic components also saw a decline. However, sales of magnetic materials on the whole increased year on year due to the impact from the rise in raw material prices (sliding-scale raw material price system) for both rare earth magnets and ferrite magnets.

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 in Asia and Americas. 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 strength in demand for use in medical devices from the same period of the previous fiscal year. As a result, sales of power electronics materials as a whole increased year on year.

Adjusted operating income remained virtually unchanged from the same period of the previous fiscal year at ¥6,653 million (a decrease of ¥23 million year on year), due partly to a rise in demand for power electronics materials as well as the depreciation of the yen, despite a drop in demand for magnetic materials. Operating income decreased by ¥133 million year on year to ¥6,878 million.

### ***Wires, Cables, and Related Products***

Revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2022, were ¥125,233 million, an increase of 14.1% year on year.

Breaking down the revenues by business, among electric wires and cables, sales of wires and cables for rolling stock increased year on year reflecting mainly a rise in demand among users in China. In wires and cables for medical devices, revenues overall increased due to the demand increase year on year. Sales of magnet wires increased year on year due to the impact from the rise in raw material prices (sliding-scale raw material price system), despite a decline in demand for use in automobiles and industrial equipment. 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 rose year on year as demand has started to recover since the beginning of the second quarter

ended September 30, 2022, despite the negative impact of the production adjustments carried out by automobile manufacturers during the first quarter ended June 30, 2022.

Adjusted operating income deteriorated by ¥2,943 million year on year, resulting in a loss of ¥356 million due in part to a temporary decline in productivity of automotive components after production transfer from North America to Mexico, in addition to the fact that raw material and sub-material prices as well as energy and transportation costs, etc., soared at a pace and scale exceeding forecast. Operating income decreased by ¥2,612 million year on year, resulting in an operating loss of ¥1,395 million for the same period of the previous fiscal year.

### **Other**

Revenues in the Other segment for the six months ended September 30, 2022, were ¥682 million, a decrease of 35.7%, and adjusted operating income increased by ¥49 million to ¥148 million, as compared with those for the six months ended September 30, 2021. Operating income of the segment decreased by ¥5,442 million year on year to ¥184 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" 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.

## **(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, 2022, is as follows:

Total assets were ¥1,158,247 million, an increase of ¥88,552 million compared with the end of the fiscal year ended March 31, 2022. Current assets were ¥631,954 million, an increase of ¥61,499 million compared with the end of the fiscal year ended March 31, 2022. This was mainly due to increases of ¥35,556 million in trade receivables and ¥35,255 million in inventories. Non-current assets were ¥526,293 million, an increase of ¥27,053 million compared with the end of the fiscal year ended March 31, 2022. This was mainly due to increases of ¥18,313 million in goodwill and intangible assets and ¥6,071 million in property, plant, and equipment.

Total liabilities were ¥563,841 million, an increase of ¥25,264 million compared with the end of the fiscal year ended March 31, 2022. This was mainly attributable to factors including a ¥14,852 million increase in trade payables despite a ¥5,000 million decline in the current portion of long-term debt and long-term debt. Total equity was ¥594,406 million, an increase of ¥63,288 million compared with the end of the fiscal year ended March 31, 2022. This was mainly due to increases of ¥29,338 million in retained earnings and ¥33,794 million in accumulated other comprehensive income as a result of an increase in foreign currency translation adjustments reflecting the depreciation of the yen.

### **2) Cash flows**

Cash and cash equivalents as of the end of the six months ended September 30, 2022, were ¥110,862 million, a decrease of ¥13,783 million compared with the end of the fiscal year ended March 31, 2022, as a result of cash used in investing and financing activities exceeding net cash provided by operating activities. The analysis of cash flows for each category as of September 30, 2022, is as follows:

#### **<Cash Flows from Operating Activities>**

Net cash provided by operating activities was ¥16,915 million. This was mainly attributable to the net effect of net income of ¥29,312 million and depreciation and amortization of ¥24,224 million, more than offset by expenditure of ¥40,496 million from increasing working capital.

#### **<Cash Flows from Investing Activities>**

Net cash used in investing activities was ¥15,811 million. This was mainly attributable to the purchase of property, plant, and equipment of ¥17,247 million.

#### **<Cash Flows from Financing Activities>**

Net cash used in financing activities was ¥22,526 million. This was mainly attributable to net decrease in short-term debt of ¥14,358 million and repayment of long-term debts of ¥8,106 million.

**(3) Forecasts for the Fiscal Year Ending March 31, 2023, including Consolidated Operating Forecasts**

The Company has not revised its full-year operating forecast for the fiscal year ending March 31, 2023 (April 1, 2022 through March 31, 2023) released on July 27, 2022. This is in consideration of the anticipated positive impact from the depreciation of the yen, promotion of sales price revision, and cost reduction measures, despite the demand trend falling slightly below expectations.

**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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	124,645	110,862
Trade receivables	187,264	222,820
Inventories	228,406	263,661
Other current assets	30,140	34,611
Total current assets	570,455	631,954
Non-current assets		
Investments accounted for using the equity method	10,889	12,764
Investments in securities and other financial assets	9,803	9,518
Property, plant, and equipment	330,966	337,037
Goodwill and intangible assets	118,655	136,968
Deferred tax assets	10,448	11,376
Other non-current assets	18,479	18,630
Total non-current assets	499,240	526,293
Total assets	1,069,695	1,158,247



(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Short-term debt	100,316	97,711
Current portion of long-term debt	21,907	24,551
Other financial liabilities	26,121	23,804
Trade payables	200,659	215,511
Accrued expenses	41,161	46,986
Contract liabilities	787	1,121
Other current liabilities	3,849	11,206
Total current liabilities	394,800	420,890
Non-current liabilities		
Long-term debt	74,686	67,042
Other financial liabilities	146	146
Retirement and severance benefits	63,775	70,482
Deferred tax liabilities	2,924	2,996
Other non-current liabilities	2,246	2,285
Total non-current liabilities	143,777	142,951
Total liabilities	538,577	563,841
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	114,288	114,288
Retained earnings	339,842	369,180
Accumulated other comprehensive income	48,338	82,132
Treasury stock, at cost	(1,189)	(1,191)
Total equity attributable to shareholders of the parent company	527,563	590,693
Non-controlling interests	3,555	3,713
Total equity	531,118	594,406
Total liabilities and equity	1,069,695	1,158,247

**(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, 2022 ]

(Millions of yen)

	Note	For the first half ended September 30, 2021	For the first half ended September 30, 2022
Revenues		456,352	568,707
Cost of sales		(387,832)	(483,094)
Gross profit		68,520	85,613
Selling, general and administrative expenses		(53,250)	(60,468)
Other income		8,645	2,537
Other expenses		(9,134)	(6,486)
Operating income	1	14,781	21,196
Interest income		130	206
Other financial income		801	17,918
Interest charges		(839)	(1,579)
Other financial expenses		(30)	(191)
Share of (losses) profits of investments accounted for using the equity method		439	866
Income before income taxes		15,282	38,416
Income taxes		(4,055)	(9,104)
Net income		11,227	29,312
Net income attributable to:			
Shareholders of the parent company		11,276	29,289
Non-controlling interests		(49)	23
Net income		11,227	29,312
Earnings per share attributable to shareholders of the parent company			
Basic		¥26.37	¥68.50
Diluted		—	—

Note: 1. Adjusted operating income, which is the operating income presented in the condensed interim consolidated statement of income, excluding other income and other expenses, is ¥15,270 million and ¥25,145 million for the six months ended September 30, 2021 and 2022, respectively.

**[ Condensed Interim Consolidated Statement of Comprehensive Income ]**  
**[ For the six months ended September 30, 2022 ]**

(Millions of yen)

	For the first half ended September 30, 2021	For the first half ended September 30, 2022
Net income	11,227	29,312
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	(3)	246
Remeasurements of defined benefit plans	—	55
Share of other comprehensive income (loss) of investments accounted for using the equity method	46	921
Total items not to be reclassified into net income	43	1,222
Items that can be reclassified into net income		
Foreign currency translation adjustments	638	32,551
Net change in fair value of cash flow hedges	67	75
Share of other comprehensive income of investments accounted for using the equity method	(62)	190
Total items that can be reclassified into net income	643	32,816
Total other comprehensive income	686	34,038
Comprehensive income	11,913	63,350
Comprehensive income attributable to:		
Shareholders of the parent company	11,916	63,132
Non-controlling interests	(3)	218
Comprehensive income	11,913	63,350

### (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 on 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 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 on Sept 30, 2021	26,284	115,405	338,812	22,256	(1,184)	501,573	2,421	503,994

	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 on April 1, 2022	26,284	114,288	339,842	48,338	(1,189)	527,563	3,555	531,118
Changes in equity								
Net income	—	—	29,289	—	—	29,289	23	29,312
Other comprehensive income	—	—	—	33,843	—	33,843	195	34,038
Dividends to non-controlling interests	—	—	—	—	—	—	(60)	(60)
Acquisition of treasury stock	—	—	—	—	(2)	(2)	—	(2)
Sales of treasury stock	—	—	—	—	0	0	—	0
Transfer to retained earnings	—	—	49	(49)	—	—	—	—
Total changes in equity	—	—	29,338	33,794	(2)	63,130	158	63,288
Balance on Sept 30, 2022	26,284	114,288	369,180	82,132	(1,191)	590,693	3,713	594,406

**(4) Condensed Interim Consolidated Statement of Cash Flows**

(Millions of yen)


	For the first half ended September 30, 2021	For the first half ended September 30, 2022
Cash flows from operating activities:		
Net income	11,227	29,312
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,186	24,224
Impairment losses	501	53
Share of losses (profits) of investments accounted for using the equity method	(439)	(866)
Financial income and expenses	(62)	(2,503)
Losses (profits) on sale of property, plant, and equipment	(5,303)	267
Structural reform expenses	2,297	812
Net loss (gain) on business reorganization and others	(12)	—
Income taxes	4,055	9,104
(Increase) decrease in trade receivables	(19,121)	(21,124)
(Increase) decrease in inventories	(36,134)	(23,455)
(Increase) decrease in accounts receivable - other	1,288	3,215
Increase (decrease) in trade payables	16,729	4,083
Increase (decrease) in accrued expenses	426	2,970
Increase (decrease) in retirement and severance benefits	(784)	910
Other	(3,441)	(1,976)
Subtotal	(5,587)	25,026
Interest and dividends received	405	962
Interest paid	(843)	(1,572)
Payments for structural reforms	(3,958)	(1,002)
Income taxes refund (paid)	839	(6,499)
Net cash provided by (used in) operating activities	(9,144)	16,915
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(12,893)	(17,247)
Purchase of intangible assets	(311)	(394)
Proceeds from sales of property, plant, and equipment	8,880	770
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(328)	(39)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	1,130	313
Proceeds from transfer of business	837	—
Other	557	786
Net cash provided by (used in) investing activities	(2,128)	(15,811)

(Millions of yen)

	For the first half ended September 30, 2021	For the first half ended September 30, 2022
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	13,646	(14,358)
Repayment of long-term debt	(7,633)	(8,106)
Dividends paid to non-controlling interests	(23)	(60)
Acquisition of common stock for treasury	(14)	(2)
Proceeds from sales of treasury stock	0	—
Net cash provided by (used in) financing activities	5,976	(22,526)
Effect of exchange rate changes on cash and cash equivalents	556	7,639
Net increase (decrease) in cash and cash equivalents	(4,740)	(13,783)
Cash and cash equivalents at the beginning of the first quarter	99,339	124,645
Cash and cash equivalents at the end of the second quarter	94,599	110,862

## (5) Segment Information

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

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

## II Last first half (from April 1 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.

## III Current first half (from April 1 to September 30, 2022)

(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	149,433	214,019	79,955	125,073	568,480	227	568,707	—	568,707
Intersegment transactions	170	—	12	160	342	455	797	(797)	—
Total revenues	149,603	214,019	79,967	125,233	568,822	682	569,504	(797)	568,707
Segment profit (loss)	14,766	1,169	6,878	(1,395)	21,418	184	21,602	(406)	21,196
Financial income	—	—	—	—	—	—	—	—	18,124
Financial expenses	—	—	—	—	—	—	—	—	(1,770)
Share of profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	866
Income before income taxes	—	—	—	—	—	—	—	—	38,416

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.