



# Consolidated Financial Report [IFRS]

## For the 3-month period ended June 30, 2020

July 28, 2020

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

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

Representative: Mitsuaki Nishiyama, Chairperson, President, and CEO

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

### 1. Performance for the First Quarter Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(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	%
June, 2020	154,773	(33.8)	(7,275)	—	(6,412)	—	(7,072)	—	(3,396)	—
June, 2019	233,953	(9.9)	5,512	(65.5)	5,189	(74.8)	4,517	(78.9)	3,214	(81.1)

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 attributable to Shareholders of the Parent Company		Comprehensive Income		Earnings per Share (Basic)	Earnings per Share (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
June, 2020	(3,340)	—	(3,813)	—	(7.81)	—
June, 2019	3,242	(81.0)	(4,895)	—	7.58	—

### (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
June, 2020	964,850	513,481	510,992	53.0	1,195.12
March, 2020	977,766	522,853	520,313	53.2	1,216.92

### 2. Dividends

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

Note: Revision of the latest forecasts of results : No

\*The dividends on March, 2021 (forecast) have been undetermined as of this point.

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

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

	Revenues		Adjusted Operating Income		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	750,000	(14.9)	(5,000)	—	(15,000)	—	(12,000)	—	(28.07)

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 (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.

※ Other Notes

Numbers of shares issued (Common stock)

( i ) Number of shares outstanding at end of period

(Including treasury stock)

June, 2020	428,904,352	March, 2020	428,904,352
June, 2020	1,337,944	March, 2020	1,337,583
June, 2020 (1Q)	427,566,545	June, 2019 (1Q)	427,569,581

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

(iii) Average number of shares issued during the term

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

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

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# 1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2020

## (1) Information Regarding Operating Results

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

During the three months ended June 30, 2020, economic and social activities in various regions of the world were severely restricted due to the global outbreak of the novel coronavirus disease (COVID-19, hereinafter "COVID-19"), leading to a recession. In the business fields of the Group, demand for our mainstay products, mainly automotive products, declined significantly. As a result, revenues decreased by 33.8% year on year to ¥154,773 million. The decrease in revenues due to the impact of the COVID-19 outbreak amounted to approximately ¥48 billion.

Adjusted operating income\* for the three months ended June 30, 2020 decreased by ¥12,787 million year on year, resulting in an adjusted operating loss of ¥7,275 million. This was attributable to a decrease in revenues despite earnings improvement measures including a reduction in fixed costs in accordance with the plan set out at the beginning of the fiscal year looking ahead of the possible influence of the COVID-19 outbreak. The decrease in adjusted operating income due to the impact of the COVID-19 outbreak amounted to approximately ¥13 billion.

In addition, ¥1,971 million was recorded as a gain on business reorganization and others under other operating revenue in line with the transfer of all of the shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company to Mitsubishi Materials Corporation on April 1, 2020. However, reflecting the significant impact of the drop in revenues, operating income decreased by ¥11,601 million year on year, resulting in an operating loss of ¥6,412 million. Income before income taxes decreased by ¥11,589 million year on year, resulting in a loss before income taxes of ¥7,072 million, and net income attributable to shareholders of the parent company decreased by ¥6,582 million, resulting in a net loss attributable to shareholders of the parent company of ¥3,340 million.

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

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

### *Specialty Steel Products*

Revenues in the Specialty Steel Products segment for the three months ended June 30, 2020 were ¥52,476 million, a decrease of 17.7% as compared with those for the three months ended June 30, 2019.

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

Among the business of industrial, aircraft & energy materials, sales of industrial materials decreased year on year, both for products related to automobiles and razor blade materials on the back of a decline in demand. Sales of aircraft & energy materials decreased year on year due to a decline in demand for our mainstay aircraft-related materials, mainly in the private sector.

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

Adjusted operating income decreased by ¥696 million to ¥157 million of loss compared with the year ended March 31, 2019, primarily due to a decline in demand for the Company's mainstays including molds and tool steel and industrial materials. In addition, ¥1,971 million was recorded as a gain on business reorganization and others under other operating revenue in line with the transfer of all of the shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company to Mitsubishi Materials Corporation on April 1, 2020. As a result, operating income of the segment increased by ¥864 million year on year to ¥1,516 million.

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

Revenues in the Functional Components and Equipment segment for the three months ended June 30, 2020 were ¥40,170 million, a decrease of 51.8% year on year.

Breaking down the revenues by business, among casting components for automobiles, demand for cast iron products plummeted due to the suspension of operations by the Company's major customers in various parts of the world as a result of the COVID-19 outbreak. For this reason, sales of casting components for automobiles decreased year on year both in North America and Asia. Sales of heat-resistant exhaust casting components also saw a year-on-year decrease owing to diminished demand. It has been determined to withdraw from the aluminum wheels business. Therefore, the termination of production is progressing as planned towards the end of September 2020. As a result, overall sales of casting components for automobiles decreased year on year.

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

Adjusted operating income decreased by ¥8,995 million year on year, resulting in an adjusted operating loss of ¥7,000 million, due to a decrease in revenues from the automotive casting components business, which is the segment's core business.

Operating loss was ¥7,308 million, a decrease of ¥9,023 million from the same period last year.

### ***Magnetic Materials and Applications / Power Electronics***

Revenues in the Magnetic Materials and Applications / Power Electronics segment for the three months ended June 30, 2020 were ¥22,067 million, a decrease of 27.9% year on year.

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

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

Adjusted operating loss was ¥478 million, a decrease of ¥265 million year on year, due to a decrease in demand for magnetic materials and applications. Operating loss was ¥503 million, a decrease of ¥260 million compared with the three months ended June 30, 2019.

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

Revenues in the Wires, Cables, and Related Products segment for the three months ended June 30, 2020, were ¥39,874 million, a decrease of 28.8% year on year.

Breaking down the revenues by business, sales of wires and cables for medical use increased year on year reflecting an increase in demand for cables. Sales of electronic wires increased year on year due to an increase in demand related to base stations for the fifth generation technology standard for cellular networks (5G) in addition to an increase in demand for FA / robots.

Meanwhile, sales of wires and cables for rolling stock decreased year on year as a result of diminished demand both in domestic and international markets. Sales of magnet wires decreased year on year due to a decrease in demand mainly for automotive applications. As a result, overall sales of wires, cables, and related products decreased year on year.

Demand for automotive components decreased significantly due to the suspension of operations by the Company's major customers in various parts of the world as a result of the COVID-19 outbreak. For this reason, sales of automotive components, including both automotive electronic components and brake hoses, decreased year on year.

Adjusted operating loss was ¥510 million, a decrease of ¥2,357 million, as compared with the three months ended June 30, 2019, led in part by a decline in demand for the wires, cables, and automotive components. Operating loss of the segment was ¥327 million, a decrease of ¥2,190 million year on year for the same period.

## Other

Revenues in the Other segment for the three months ended June 30, 2020, were ¥698 million, a decrease of 20.3%, and adjusted operating income increased by ¥84 million to ¥251 million, as compared with those for the three months ended June 30, 2019. Operating income of the segment increased by ¥198 million to ¥252 million year on year for the same period.

\*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 June 30, 2020, is as follows:

Total assets were ¥964,850 million, a decrease of ¥12,916 million compared with the end of the fiscal year ended March 31, 2020. Current assets were ¥412,801 million, an increase of ¥6,682 million compared with the end of the fiscal year ended March 31, 2020. This was mainly due to a decrease of ¥16,618 million in trade receivables despite an increase of ¥26,986 million in cash and cash equivalents. Non-current assets were ¥552,049 million, a decrease of ¥19,598 million compared with the end of the fiscal year ended March 31, 2020. Investments accounted for using the equity method decreased by ¥17,731 million. This was attributable primarily to the effect of the exclusion from the scope of application of the equity method as a result of the transfer of the 49% of the total number of outstanding shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company on April 1, 2020.

Total liabilities were ¥451,369 million, a decrease of ¥3,544 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to an increase of ¥33,850 million in short-term debt, despite decreases of ¥19,610 million and ¥6,298 million in trade payables and the current portion of long-term debt and long-term debt, respectively. Total equity was ¥513,481 million, a decrease of ¥9,372 million compared with the end of the fiscal year ended March 31, 2020. This was mainly attributable to decreases in retained earnings of ¥9,074 million.

### 2) Cash flows

Cash and cash equivalents as of the end of the three months ended June 30, 2020, were ¥69,339 million, an increase of ¥26,986 million compared with the end of the fiscal year ended March 31, 2020, as a result of cash provided by investing activities and financing activities exceeding net cash used in operating activities. The analysis of cash flows for each category as of June 30, 2020, is as follows:

#### <Cash Flows from Operating Activities>

Net cash used in operating activities was ¥10,276 million. This was mainly attributable to the net effect of net loss of ¥3,396 million and payment of ¥6,763 million for the increase of working capital among others.

#### <Cash Flows from Investing Activities>

Net cash provided by investing activities was ¥15,178 million. This was primarily attributable to payment of ¥10,210 million for the purchase of property, plant and equipment and proceeds of ¥25,438 million from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) due mainly to the transfer of the 49% of the total number of outstanding shares of Mitsubishi Hitachi Tool, Ltd. (currently, MOLDINO Tool Engineering, Ltd.) held by the Company on April 1, 2020.

#### <Cash Flows from Financing Activities>

Net cash provided by financing activities was ¥22,273 million. This was mainly attributable to net increase in short-term debt of ¥34,210 million, despite the net effect of repayment of long-term debts of ¥6,486 million and dividends paid to shareholders of ¥5,558 million.

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

The business environment surrounding the Company remains unpredictable as the impact of the COVID-19 outbreak continues. However, since the Company's operating results for the three months ended June 30, 2020 were generally within the scope of expectations, the figures in the operating forecast for the fiscal year ending March 31, 2021 (April 1, 2020 through March 31, 2021) have not been revised from the forecast figures released on May 27, 2020.

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

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	42,353	69,339
Trade receivables	157,732	141,114
Inventories	179,925	183,452
Other current assets	26,109	18,896
Total current assets	406,119	412,801
Non-current assets		
Investments accounted for using the equity method	28,354	10,623
Investments in securities and other financial assets	13,234	13,534
Property, plant and equipment	381,095	375,164
Goodwill and intangible assets	118,174	116,376
Deferred tax assets	17,816	23,465
Other non-current assets	12,974	12,887
Total non-current assets	571,647	552,049
Total assets	977,766	964,850



(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Short-term debt	53,048	86,898
Current portion of long-term debt	51,253	50,905
Other financial liabilities	26,642	19,673
Trade payables	126,640	107,030
Accrued expenses	35,042	30,557
Contract liabilities	640	607
Other current liabilities	3,934	3,156
Total current liabilities	297,199	298,826
Non-current liabilities		
Long-term debt	83,285	77,335
Other financial liabilities	978	907
Retirement and severance benefits	67,560	67,904
Deferred tax liabilities	2,420	2,448
Other non-current liabilities	3,471	3,949
Total non-current liabilities	157,714	152,543
Total liabilities	454,913	451,369
<b>Equity</b>		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,405	115,405
Retained earnings	374,820	365,746
Accumulated other comprehensive income	4,969	4,723
Treasury stock, at cost	(1,165)	(1,166)
Total equity attributable to shareholders of the parent company	520,313	510,992
Non-controlling interests	2,540	2,489
Total equity	522,853	513,481
Total liabilities and equity	977,766	964,850

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

(Millions of yen)

	Note	For the first quarter ended June 30, 2019	For the first quarter ended June 30, 2020
Revenues		233,953	154,773
Cost of sales		(200,079)	(138,129)
Gross profit		33,874	16,644
Selling, general and administrative expenses		(28,362)	(23,919)
Other income		934	3,067
Other expenses		(1,257)	(2,204)
Operating income (loss)	1	5,189	(6,412)
Interest income		119	52
Other financial income		57	165
Interest charges		(724)	(425)
Other financial expenses		(612)	(116)
Share of (losses) profits of investments accounted for using the equity method		488	(336)
Income (loss) before income taxes		4,517	(7,072)
Income taxes		(1,303)	3,676
Net income (loss)		3,214	(3,396)
Net income (loss) attributable to:			
Shareholders of the parent company		3,242	(3,340)
Non-controlling interests		(28)	(56)
Net income (loss)		3,214	(3,396)
Earnings per share			
Basic		¥7.58	¥(7.81)
Diluted		—	—

Note: 1. Adjusted operating income, which is the operating income (loss) presented in the condensed interim consolidated statement of income, excluding other income and other expenses, is ¥5,512 million and ¥(7,275) million for the three months ended June 30, 2019 and 2020, respectively.

[ Condensed Interim Consolidated Statement of Comprehensive Income ]  
[ For the three months ended June 30, 2020 ]

(Millions of yen)

	For the first quarter ended June 30, 2019	For the first quarter ended June 30, 2020
Net income (loss)	3,214	(3,396)
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	(28)	190
Share of other comprehensive income of investments accounted for using the equity method	13	49
Total items not to be reclassified into net income	(15)	239
Items that can be reclassified into net income		
Foreign currency translation adjustments	(7,922)	(588)
Net change in fair value of cash flow hedges	(180)	5
Share of other comprehensive income of investments accounted for using the equity method	8	(73)
Total items that can be reclassified into net income	(8,094)	(656)
Total other comprehensive income	(8,109)	(417)
Comprehensive income	(4,895)	(3,813)
Comprehensive income attributable to:		
Shareholders of the parent company	(4,634)	(3,762)
Non-controlling interests	(261)	(51)
Comprehensive income	(4,895)	(3,813)

**(3) Condensed Interim Consolidated Statement of Changes in Equity**

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2019	26,284	115,045	425,886	21,925	(1,161)	587,979	7,232	595,211
Cumulative effect of accounting change	—	—	(607)	—	—	(607)	—	(607)
Restated balance	26,284	115,045	425,279	21,925	(1,161)	587,372	7,232	594,604
Changes in equity								
Net income	—	—	3,242	—	—	3,242	(28)	3,214
Other comprehensive income	—	—	—	(7,876)	—	(7,876)	(233)	(8,109)
Dividends to shareholders of the parent company	—	—	(7,269)	—	—	(7,269)	—	(7,269)
Dividends to non-controlling interests	—	—	—	—	—	—	(5)	(5)
Acquisition of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Sales of treasury stock	—	0	—	—	0	0	—	0
Transfer to retained earnings	—	—	—	—	—	—	—	—
Total changes in equity	—	0	(4,027)	(7,876)	(1)	(11,904)	(266)	(12,170)
Balance at June 30, 2019	26,284	115,045	421,252	14,049	(1,162)	575,468	6,966	582,434

	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)	—	—	(3,340)	—	—	(3,340)	(56)	(3,396)
Other comprehensive income	—	—	—	(422)	—	(422)	5	(417)
Dividends to shareholders of the parent company	—	—	(5,558)	—	—	(5,558)	—	(5,558)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Sales of treasury stock	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(176)	176	—	—	—	—
Total changes in equity	—	—	(9,074)	(246)	(1)	(9,321)	(51)	(9,372)
Balance at June 30, 2020	26,284	115,405	365,746	4,723	(1,166)	510,992	2,489	513,481

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

(Millions of yen)


	For the first quarter ended June 30, 2019	For the first quarter ended June 30, 2020
Cash flows from operating activities:		
Net income (loss)	3,214	(3,396)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,944	13,317
Impairment losses	160	—
Share of losses (profits) of investments accounted for using the equity method	(488)	336
Financial income and expenses	1,160	324
Losses (profits) on sale of property, plant and equipment	490	232
Structural reform expenses	—	79
Net loss (gain) on business reorganization and others	—	(1,971)
Income taxes	1,303	(3,676)
(Increase) decrease in trade receivables	(4,349)	16,380
(Increase) decrease in inventories	1,676	(3,579)
(Increase) decrease in accounts receivable - other	8,991	4,771
Increase (decrease) in trade payables	(9,270)	(19,564)
Increase (decrease) in accrued expenses	(3,489)	(4,319)
Increase (decrease) in retirement and severance benefits	13	588
Other	(4,771)	(6,084)
Subtotal	8,584	(6,562)
Interest and dividends received	198	360
Interest paid	(886)	(538)
Income taxes paid	(909)	(3,536)
Net cash provided by operating activities	6,987	(10,276)

(Millions of yen)

	For the first quarter ended June 30, 2019	For the first quarter ended June 30, 2020
Cash flows from investing activities:		
Purchase of property, plant and equipment	(19,618)	(10,210)
Purchase of intangible assets	(431)	(269)
Proceeds from sales of property, plant and equipment	169	127
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(99)	(26)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	98	25,438
Other	666	118
Net cash used in investing activities	(19,215)	15,178
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	28,066	34,210
Proceeds from long-term debt	284	108
Repayment of long-term debt	(6,487)	(6,486)
Dividends paid to shareholders	(7,269)	(5,558)
Dividends paid to non-controlling interests	(5)	—
Acquisition of common stock for treasury	(1)	(1)
Proceeds from sales of treasury stock	0	—
Net cash used in financing activities	14,588	22,273
Effect of exchange rate changes on cash and cash equivalents	(1,969)	(189)
Net increase (decrease) in cash and cash equivalents	391	26,986
Cash and cash equivalents at the beginning of the first quarter	41,098	42,353
Cash and cash equivalents at the end of the first quarter	41,489	69,339

**(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>&lt; Tool Steel &amp; Roll &gt;</p> <ul style="list-style-type: none"> <li>·Molds and tool steel, Rolls for steel mills, Injection molding machine parts, Structural ceramic products, and Steel-frame joints for construction</li> </ul> <p>&lt; Industrial, Aerospace &amp; Energy Materials &gt;</p> <ul style="list-style-type: none"> <li>·Automobile-related materials, Razor and blade materials, Precision cast components, and Aircraft- and energy-related materials</li> </ul> <p>&lt;Electronic Materials &gt;</p> <ul style="list-style-type: none"> <li>·Display-related materials, Semiconductor and other package materials, and Battery-related materials</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, and 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 consolidated first quarter (from April 1, 2019 to June 30, 2019)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Functional Components and Equipment	Magnetic Materials and Applications /Power Electronics	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	63,706	83,316	30,589	55,928	233,539	414	233,953	—	233,953
Intersegment transactions	41	—	1	102	144	462	606	(606)	—
Total revenues	63,747	83,316	30,590	56,030	233,683	876	234,559	(606)	233,953
Segment profit (loss)	652	1,715	(243)	1,863	3,987	54	4,041	1,148	5,189
Financial income	—	—	—	—	—	—	—	—	176
Financial expenses	—	—	—	—	—	—	—	—	(1,336)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	488
Income before income taxes	—	—	—	—	—	—	—	—	4,517

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 quarter (from April 1, 2020 to June 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	52,431	40,170	22,039	39,822	154,462	311	154,773	—	154,773
Intersegment transactions	45	—	28	52	125	387	512	(512)	—
Total revenues	52,476	40,170	22,067	39,874	154,587	698	155,285	(512)	154,773
Segment profit (loss)	1,516	(7,308)	(503)	(327)	(6,622)	252	(6,370)	(42)	(6,412)
Financial income	—	—	—	—	—	—	—	—	217
Financial expenses	—	—	—	—	—	—	—	—	(541)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	(336)
Income before income taxes	—	—	—	—	—	—	—	—	(7,072)

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.