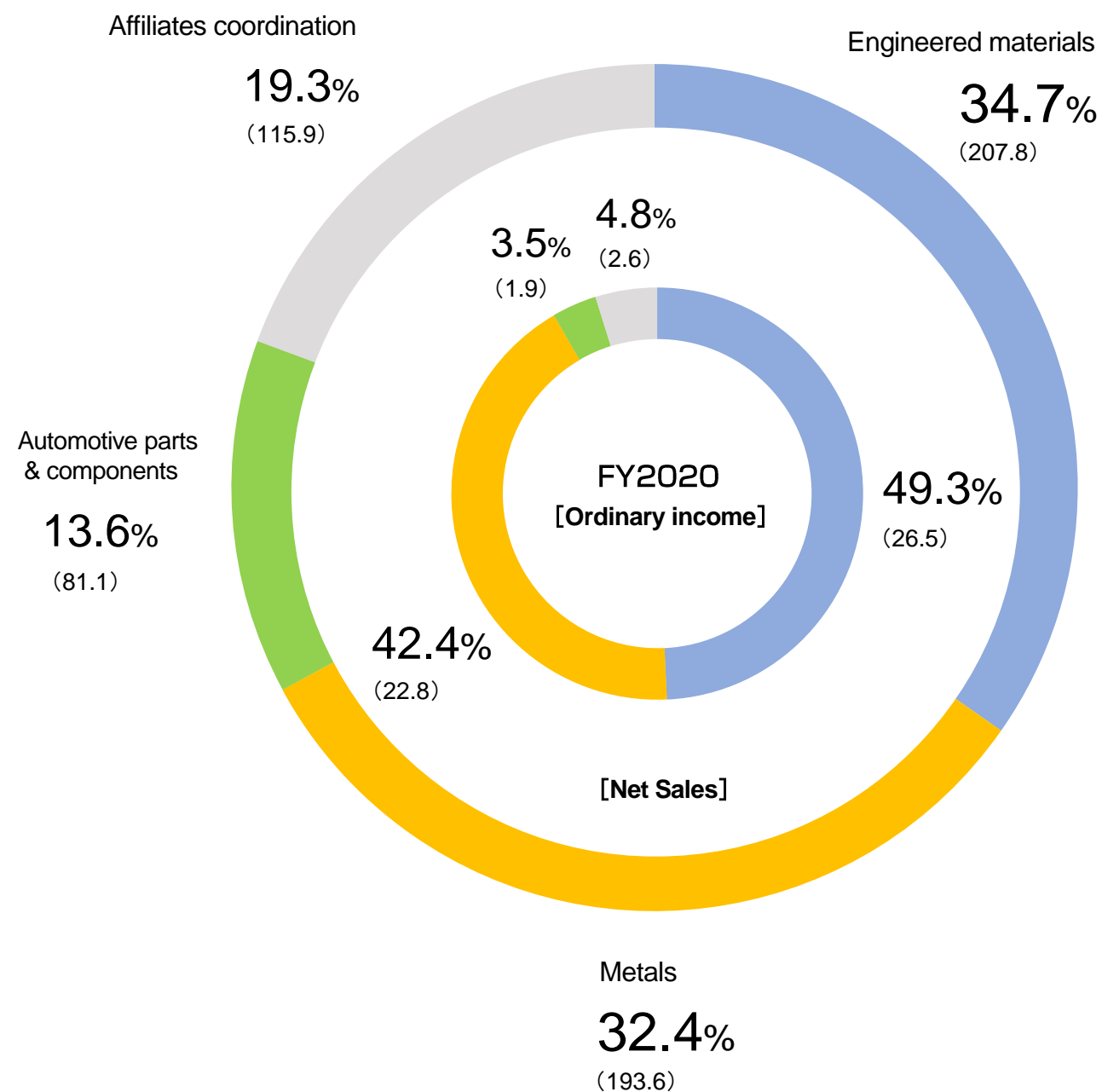


FY2020 results by business segment: Breakdown and summary



* In billion yen, before consolidated adjustments

● Engineered materials

[Copper foil] The sales volume of the extremely-thin copper foil with carrier MicroThin™ increased despite a delay in South Korea and China to introduce the product in HDI (high density interconnect) boards for smartphones, thanks to solid demand for the product for semiconductor package substrates. We are seeing 5G-related demand for high-end copper foil, that brings a great added value, growing faster than we planned.

[Catalysts] Although we had expected higher unit sales of catalysts for motorcycles along with the adoption of the new emission norms (BS6) in India, COVID-19 kept them flat year-on-year. While the virus also slowed the market for automobiles, sales in this segment were generally in line with the initial plan owing to new orders received in Japan and India.

[Functional powders] The sales volume increased from the previous year thanks to the steady growth in demand for copper powders for electronic materials, that are used in smartphones, and for high-purity tantalum oxide for the Chinese market.

[PVD materials] The sales volume of our main product, ITO sputtering targets for displays, decreased due to weak demand in the Japanese and Chinese markets. We are working to improve the business in this area by shifting our focus from increasing market share to earning profits.

Overall sales of engineered materials were 207.8 billion yen, an increase of 39.9 billion yen (23.8%) from the previous year. Ordinary income increased by 13.1 billion yen (98.0%) to 26.5 billion yen due to the growing sales of major products and higher prices of precious metals used for catalysts.

● Metals

The sales volume of zinc metal for galvanized steel dropped in Japan because of sluggish demand for automobiles and building materials due to the COVID-19 pandemic. A downward trend was also seen in the sales volume of lead due to weak domestic demand for lead storage batteries used in automobiles and industrial products. While the prices of zinc and lead at the LME (London Metal Exchange) showed an upward trend, the overall LME prices and the average domestic prices remained at the same level as in the previous year, resulting in a decrease in sales. In contrast, sales of gold and silver went up because of the rise in international market prices. Moreover, two copper smelting companies, Hibi Smelting Co., Ltd. and Hibi Kyodo Smelting Co., Ltd. became consolidated subsidiaries in FY2020. As a result of these, total sales in the metals business amounted to 193.6 billion yen, an increase of 32.5 billion yen (20.1%) from the previous year. Ordinary income totaled 22.8 billion yen, an increase of 24.3 billion yen compared with the previous year (loss of 1.5 billion yen).

● Automotive parts & components

While the automotive market slowed down globally due to the COVID-19 pandemic, demand has been gradually recovering since the second quarter of FY2020. The sales volume of our main products, side door latches for automobiles, increased in China but declined overall from the previous year due to weak demand in other regions. As a result, sales in the automotive parts & components business dropped by 9.5 billion yen (10.5%) year-on-year to 81.1 billion yen. Meanwhile, ordinary income increased by 1.4 billion yen (308.0%) year-on-year to 1.9 billion yen despite a decrease in the sales volume of the main products, owing to the global efforts to strengthen cost competitiveness.

● Affiliates coordination

Although sales dropped for most of the products due to weak demand associated with the COVID-19 pandemic, there was an increase in completed large-scale projects for domestic group companies and overseas in the industrial plant engineering business. Overall sales in this area therefore totaled 115.9 billion yen, an increase of 6.0 billion yen (5.5%) from the previous year, and ordinary income was 2.6 billion yen, an increase of 1.1 billion yen (77.4%).

* As some subsidiaries reorganized their business segments in FY2020, the segment breakdown is also changed for that year. However, the data for FY2019 correspond to the segments before the reorganization.