

Consolidated Financial Results
for the First Half of the Fiscal Year Ending March 31, 2022
(Japan GAAP)

November 1, 2021

Company name: Nippon Light Metal Holdings Company, Ltd.
 Stock exchange listing: First Section of Tokyo Stock Exchange
 Code number: 5703
 URL: <https://www.nikkeikinholdings.com/>
 Representative: Ichiro OKAMOTO, President & Chief Executive Officer
 Contact: Chizu ISHIKAWA, Public Relations and IR Director, Planning & Supervision Office
 Phone: +81-03-6810-7162
 Submission of quarterly financial results: November 5, 2021
 Expected date of dividends payment: December 1, 2021
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of a briefing on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for Six Months Ended September 30, 2021

(1) Consolidated Results of Operations (Accumulated Total)

(% figures show year-on-year change)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	236,048	18.9	14,041	77.8	14,211	85.5	10,813	129.1
September 30, 2020	198,499	(14.3)	7,895	(32.6)	7,660	(33.2)	4,720	(38.5)

(Note) Comprehensive income: Six months ended September 30, 2021 ¥12,375 million / 110.6%
 Six months ended September 30, 2020 ¥5,875 million / (17.7%)

Six months ended	Net profit per share (basic)	Net profit per share (diluted)
	Yen	Yen
September 30, 2021	174.70	—
September 30, 2020	76.23	—

(Note) On October 1, 2020, the Company implemented a share consolidation in which ten shares of common stock were consolidated into one share. As a result, net profit per share is calculated on the assumption that this share consolidation was carried out at the start of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	516,591	214,713	38.4
As of March 31, 2021	506,955	207,104	37.6

(Reference) Shareholders' equity: As of September 30, 2021 ¥198,280 million
 As of March 31, 2021 ¥190,712 million

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 0.00	Yen —	Yen 65.00	Yen 65.00
Fiscal year ending March 31, 2022	—	40.00			
Fiscal year ending March 31, 2022 (forecasts)			—	45.00	85.00

(Note) Revisions to dividend forecasts published most recently: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021–March 31, 2022)

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	470,000	8.7	27,000	11.6	27,000	12.4	18,000	434.8	290.82

(Note) Revisions to Forecast of Financial Results published most recently:

None

*Notes

(1) Change in significant subsidiaries during the period

(changes in specified subsidiaries affecting the scope of consolidation): None

Newly added: — (Company name: —) Excluded: — (Company name: —)

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements:

None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revision of accounting standards: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

For details, please refer to “2. Notes on summary information (special notes) (3) Changes in accounting policies, changes in accounting estimates, and restatements” on p. 3 of the attached documents.

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at end of period (including treasury stock)

As of September 30, 2021	61,993,750 shares
As of March 31, 2021	61,993,750 shares

(ii) Number of treasury stock at end of period

As of September 30, 2021	93,615 shares
As of March 31, 2021	105,121 shares

(iii) Average number of shares outstanding during the term

For the six months ended September 30, 2021	61,892,936 shares
For the six months ended September 30, 2020	61,921,113 shares

(Note) On October 1, 2020, the Company implemented a share consolidation in which ten shares of common stock were consolidated into one share. As a result, the number of shares outstanding (common stock) is calculated on the assumption that this share consolidation was carried out at the start of the previous consolidated fiscal year.

* Quarterly financial results are not subject to auditing by a certified public accountant or an audit firm.

* Explanations concerning the appropriate use of financial forecasts and other special notes

(Note of caution concerning forward-looking statements)

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors. For the conditions on which the financial forecasts are based and notes of caution concerning forward-looking statements, etc., please refer to “1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information, including consolidated earnings forecasts” on p. 3 of the attached documents.

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

In the first half of this consolidated fiscal year, in the global economy, economic activity that had stalled due to the spread of COVID-19 recovered in China, followed by the US, Europe and other countries, in part due to the rollout of vaccines. However, there are concerns about the impact that a semiconductor shortage, skyrocketing fuel prices, and a prolonged dispute between the US and China, among other factors, could have on the future, and it is still impossible to make predictions for the Japanese economy.

In this environment, in addition to a recovery in sales in the secondary alloy segment of the Aluminum Ingot and Chemicals business and the Automobiles business, demand related to machinery and electronics was also solid. As a result, net sales surpassed the previous year's levels in all segments.

In the first half of the Group's consolidated fiscal year, net sales rose by 37,549 million yen (18.9%), from 198,499 million yen in the same period of the previous fiscal year to 236,048 million yen. Operating profit rose 6,146 million yen (77.8%), from 7,895 million yen in the previous fiscal year to 14,041 million yen. Ordinary profit rose 6,551 million yen (85.5%), from 7,660 million yen in the previous fiscal year to 14,211 million yen. Profit attributable to owners of parent increased by 6,093 million yen (129.1%), from 4,720 million yen in the previous fiscal year to 10,813 million yen, as a result partly of increase in ordinary profit as well as recognition of extraordinary income arising from acquisition of additional shares in an equity-method affiliate owned by the Company's subsidiary and which was made a consolidated subsidiary.

Recently, it was found that products that did not meet the standards provided in the Ministry Order on Certification of Conformity with Japanese Industrial Standards for mineral and industrial products and their processing technology were shipped with the JIS mark from some of the Group's plants. In light of this, the Group was notified that JIS certification had been revoked and use of the JIS mark had been temporarily suspended at some of the Group's plants by the JIS certification organization Japan Quality Assurance Organization. The Group will strive to prevent any reoccurrence and to restore trust quickly. The monetary impact that this had on consolidated earnings for the first half of the fiscal year is minimal.

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical sector, sales of mainstay aluminum hydroxide and alumina-related products increased thanks to a recovery in demand for products for automobiles, ceramic materials, and refractories. Sales were also solid for chemical products, especially flocculants and inorganic chlorides. Accordingly, net sales surpassed the previous year's levels. In terms of profitability, income rose over the previous year as well despite the impact of higher raw material prices.

In the ingot sector, net sales surpassed the previous year's levels thanks to an upswing in sales volumes in the mainstay field of secondary alloy for automobiles both in Japan and overseas. In terms of profitability, income also increased over the previous year.

As a result of the above, in the first half of the consolidated fiscal year under review, net sales in the aluminum ingot and chemicals segment rose by 21,254 million yen (54.7%), from 38,854 million yen in the previous fiscal year to 60,108 million yen, and operating profit increased by 3,161 million yen (73.2%), from 4,321 million yen in the previous fiscal year to 7,482 million yen.

<Aluminum sheet and extrusions>

In the sheet product sector, sales of thick plates for semiconductor and LCD manufacturing equipment exceeded the previous year's levels. In processed sheet products, demand for personal computers also remained strong. Accordingly, net sales surpassed the previous year's levels. In terms of profitability, income rose over the previous year as well.

In the extruded product sector, net sales surpassed the previous year's levels as sales of products for automobiles grew compared with the previous year both in Japan and China. In terms of profitability, income also increased over the previous year.

As a result of the above, in the first half of the consolidated fiscal year under review, net sales in the aluminum sheet and extrusions segment increased by 13,157 million yen (29.3%), from 44,884 million yen in the previous fiscal year to 58,041 million yen, and operating profit rose by 3,272 million yen (229.6%), from 1,425 million yen in the previous

fiscal year to 4,697 million yen.

<Fabricated products and other>

In the transport-related sector, sales in the truck bodies business fell short of the previous year's levels due to a decline in sales of completed cars to truck manufacturers as a result of a drop in chassis production attributable to an insufficient supply of truck parts, including semiconductors. In terms of profitability, in addition to a drop in sales, an increase in materials prices, such as a steep rise in the price of aluminum metal, also had an impact, resulting in a decline in income compared with the previous year.

In the industrial parts business, sales of mainstay brake calipers in cast products and automotive air-conditioning products in forgings remained strong, and net sales surpassed the previous year's levels.

In the panel system division, demand for semiconductor factories and electronic parts factories in the clean room area increased, but sales declined due to the impact of changes to construction periods, while in the refrigerator and freezer area, large projects whose construction periods had been delayed, such as a project for a food processing factory, were resumed one after the other, leading to an increase in sales. As a result, net sales in the division overall recovered to levels on par with the previous year.

In the carbon products division, demand for carbon blocks for the steel industry recovered both in Japan and overseas, leading to net sales that surpassed the previous year's levels.

As a result of the above, in the first half of the consolidated fiscal year under review, net sales in the fabricated products and other segment increased by 1,047 million yen (1.4%), from 73,556 million yen in the previous fiscal year to 74,603 million yen, but operating profit fell by 582 million yen (22.1%), from 2,637 million yen in the previous fiscal year to 2,055 million yen.

<Aluminum foil, powder, and paste>

In the aluminum foil division, the sale of processed foil for healthcare and for circuits used with IC cards for transportation declined, but sales of foil for the outer packaging of lithium-ion batteries and foil for positive-electrode material remained strong, primarily for automobiles. As a result, sales in the division overall surpassed the previous year's levels.

In the powder and paste division, in powder products, sales of aluminum nitride and electronic material aluminum powder for radiation applications increased, and in paste products, sales for mainstay automobile paints increased over the previous year. As a result, net sales in the division overall surpassed the previous year's levels.

In the daily necessities division, sales of house-care products for consumers remained solid, but in products for packaging, sales of aluminum foil and cases for restaurants remained low. As a result, net sales in the division overall undercut the previous year's levels.

As a result, net sales in the aluminum foil, powder, and paste business in the first half of the fiscal year rose 2,091 million yen (5.1%), from 41,205 million yen in the previous fiscal year to 43,296 million yen, and operating profit rose 377 million yen (34.9%), from 1,079 million yen in the previous fiscal year to 1,456 million yen.

(2) Explanation of consolidated financial position

(2)-1 Status of assets, liabilities, and net assets

At the end of the first half of the consolidated fiscal year under review, total assets increased 9,636 million yen compared to the end of the previous consolidated fiscal year to 516,591 million yen due to an increase in merchandise and finished goods and other factors. Liabilities rose 2,027 million yen compared to the end of the previous consolidated fiscal year to 301,878 million yen as a result of an increase in short-term borrowings and other factors. Total net assets rose 7,609 million yen compared to the end of the previous consolidated fiscal year to 214,713 million yen due to an increase in retained earnings attributable to the posting of profit attributable to owners of parent. The equity ratio rose from 37.6% at the end of the previous consolidated fiscal year to 38.4%.

(2)-2 Cash flow

Cash flows from operating activities

Net cash gained from operating activities in the first half of this consolidated fiscal year totaled 4,441 million yen. This was because non-cash profit/loss items such as profit before income taxes and depreciation exceeded

expenditures for the payment of income taxes. The cash flow gained from operating activities was 19,743 million yen lower than in the same period in the previous year, but this was primarily due to a major decrease in trade receivables in the first half of the previous fiscal year, while they were almost unchanged in the first half of this consolidated fiscal year.

Cash flows from investing activities

Net cash used in investing activities in the first half of this consolidated fiscal year amounted to 12,047 million yen. This was primarily due to the purchase of property, plant and equipment. Net cash used in investing activities declined by 662 million yen compared to the same period in the previous fiscal year, but this was primarily because of a decrease in expenditures for the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash gained in financing activities in the first half of this consolidated fiscal year amounted to 591 million yen, primarily due to an increase in short-term borrowings. Net cash gained in financing activities was down 9,814 million yen compared to the same period in the previous fiscal year, which was primarily due to a decrease in proceeds from long-term borrowings.

As a result, cash and cash equivalents on a consolidated basis fell 6,625 million yen (10.8%) compared to end of the previous fiscal year, to 54,551 million yen.

(3) Explanation of forward-looking information, including consolidated earnings forecasts

In the first half of the consolidated fiscal year under review, the Group's earnings increased over the previous year due notably to a recovery in demand related to automobiles, which had stalled from the impact of the COVID-19 pandemic. However, we have left our consolidated earnings forecasts for the full year, announced in the release of our financial results on May 14, 2021, unchanged because there are concerns that an increase in raw material prices and fuel prices and a decline in automobile production due to an insufficient supply of semiconductors and other parts would affect earnings, and we have been notified of the revocation of JIS certification and temporary suspension of use of the JIS mark at some of the Group's factories, and this could affect earnings, depending on future progress.

(Note) Earnings forecasts are calculated based on information available at this point and certain assumptions deemed reasonable, and actual earnings results could differ from forecasts for various reasons.

2. Notes on summary information (special notes)

(1) Change in significant subsidiaries during the period

None

(2) Application of accounting method specific to preparation of quarterly consolidated financial statement

None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

Changes in accounting policies

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter "Accounting Standard for Revenue Recognition") and related implementation guidance from the beginning of the first quarter of the current consolidated accounting period. Accordingly, revenue is recognized at a point in time when control of promised goods or services is transferred to the customers, at the amount that is expected to be received in exchange for the goods or services. The main changes resulting from this application are as follows.

Sale of products

With respect to a portion of domestic sale of products for which revenue was previously recognized at the time of shipment, the accounting method has changed to recognize revenue at the time the product is accepted by the customer.

Construction contracts

For construction contracts, previously, the percentage of completion method was applied to construction contracts for which the outcome was deemed certain with respect to the progress portion, and the completed contract method was applied to other construction contracts. This has changed to revenue recognition over a certain period of time as performance obligation is satisfied, except for construction contracts that are of small amount and very short period.

In estimating the rate of progress in fulfillment of performance obligation, actual cost incurred as a percentage of total estimated cost is calculated (input method) where a reasonable measurement of the outcome of performance obligation can be made. For construction contracts that are of small amount and very short period, revenue is recognized at a point in time when performance obligations have been completely satisfied.

Agent transactions

For transactions in which the Company's role is to serve as an agent in the sale of products to customers, previously, the total amount of consideration received from customers was recognized as revenue. This has changed to recognizing revenue as the net amount calculated by deducting the amount paid to third parties from the total amount of consideration received.

The Accounting Standard for Revenue Recognition, etc. (hereinafter in this paragraph referred to as "New Accounting Policy") is applied from the balance at the beginning of the first quarter of the current consolidated accounting period, pursuant to the transitional treatment stipulated in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, in accordance with which the cumulative effect assuming that the New Accounting Policy was applied retrospectively prior to the beginning of the first quarter of the current consolidated accounting period was added to or deducted from the balance of retained earnings at the beginning of the first quarter of the current consolidated accounting period. However, with respect to the contracts where nearly all of the revenue amounts had been recognized prior to the beginning of the first quarter of the current consolidated accounting period based on the accounting treatment previously used, the accounting method prescribed in paragraph 86 of the Accounting Standard for Revenue Recognition was applied and no retrospective application of the New Accounting Policy was conducted. In addition, by applying the method stipulated in item (1) of the supplementary provision of paragraph 86 of the Accounting Standard for Revenue Recognition, for any modifications made to contracts before the beginning of the first quarter of the current consolidated accounting period, accounting treatment was conducted based on the contract terms after reflecting all the modifications in the contracts, and the cumulative effect was added to or deducted from the balance of retained earnings at the beginning of the first quarter of the current consolidated accounting period.

The impact of the foregoing on net sales, operating profit, ordinary profit and profit before income taxes for the consolidated six months ended September 30, 2021, was insignificant. The beginning balance of retained earnings increased by 51 million yen.

Due to application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable – trade," which were included in "Current assets" in the consolidated balance sheet for the previous fiscal year, are included in "Notes and accounts receivable – trade and contract assets" from the first quarter of the current consolidated accounting period. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous consolidated accounting period have not been restated using the new presentation method.

(Application of accounting standard, etc. relating to fair value measurement)

The Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter "Accounting Standard for Fair Value Measurement") and related implementation guidance from the beginning of the first quarter of the current consolidated accounting period. Accordingly, pursuant to the transitional measures prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and in paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy as set forth in the Accounting Standard for Fair Value Measurement, etc., will be applied prospectively. There is no impact of this application on the quarterly consolidated financial statements.

(4) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Segment information, etc.)

I. First Half of the Fiscal Year Ended March 31, 2021 (April 1, 2020, to September 30, 2020)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Energy and Industrial Plants					Adjustments* ¹	Quarterly consolidated profit/loss posted* ²
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and other	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	38,854	44,884	73,556	41,205	198,499	—	198,499
Intersegment sales or transfers	13,693	10,557	5,617	199	30,066	(30,066)	—
Total	52,547	55,441	79,173	41,404	228,565	(30,066)	198,499
Segment profit (loss)	4,321	1,425	2,637	1,079	9,462	(1,567)	7,895

Notes:

*1 The 1,567 million yen negative adjustment to segment income represents corporate expenses and mainly comprises expenses related to General Affairs, HR, Accounting, and other head office administration departments of the Company and Nippon Light Metal Company, Ltd.

*2 Segment profit is adjusted with operating profit on the quarterly consolidated statements of income.

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

Not applicable

II. First Half of the Fiscal Year Ending March 31, 2022 (April 1, 2021, to September 30, 2021)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Energy and Industrial Plants					Adjustments* ¹	Quarterly consolidated profit/loss posted* ²
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and other	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	60,108	58,041	74,603	43,296	236,048	—	236,048
Intersegment sales or transfers	22,197	11,680	5,923	251	40,051	(40,051)	—
Total	82,305	69,721	80,526	43,547	276,099	(40,051)	236,048
Segment profit (loss)	7,482	4,697	2,055	1,456	15,690	(1,649)	14,041

Notes:

*1 The 1,649 million yen negative adjustment to segment income represents corporate expenses and mainly comprises expenses related to General Affairs, HR, Accounting, and other head office administration departments of the Company and Nippon Light Metal Company, Ltd.

*2 Segment profit is adjusted with operating profit on the quarterly consolidated statements of income.

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

(Significant change in the amount of goodwill)

In the “aluminum foil, powder, and paste” segment, goodwill increased by 2,960 million yen as a result of additional acquisition, on August 5, 2021, of 17.6% of the outstanding shares of Svam Toyal Packaging Industries Private Limited by Toyo Aluminium K.K., a Group subsidiary, and its consolidation as a Group company. Note that the amount of goodwill is provisional because allocation of acquisition cost was not yet completed as of the end of the first half of the consolidated fiscal year under review.

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of Sept. 30, 2021
Assets		
Current assets		
Cash and deposits	61,229	54,604
Notes and accounts receivable – trade	133,773	-
Notes and accounts receivable – trade and contract assets	-	134,384
Merchandise and finished goods	27,394	32,587
Work in progress	18,424	21,945
Raw material and supplies	19,776	21,624
Other	10,570	13,776
Allowance for doubtful accounts	(385)	(303)
Total current assets	<u>270,781</u>	<u>278,617</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,119	60,691
Machinery and equipment, net	49,507	51,653
Tools, furniture and fixtures, net	6,234	6,140
Land	54,690	54,629
Construction in progress	9,555	5,539
Total property, plant and equipment	<u>179,105</u>	<u>178,652</u>
Intangible assets		
Goodwill	1,111	3,849
Other intangible assets	5,962	6,152
Total intangible assets	<u>7,073</u>	<u>10,001</u>
Investments and other assets		
Other assets	50,541	49,898
Allowance for doubtful accounts	(545)	(577)
Total investments and other assets	<u>49,996</u>	<u>49,321</u>
Total non-current assets	<u>236,174</u>	<u>237,974</u>
Total assets	<u>506,955</u>	<u>516,591</u>

(Millions of yen)

	As of March 31, 2021	As of Sept. 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	65,815	66,647
Short-term borrowings	62,668	73,848
Income taxes payable	3,327	2,472
Other current liabilities	34,306	30,202
Total current liabilities	166,116	173,169
Non-current liabilities		
Bonds payable	664	672
Long-term borrowings	82,897	78,449
Retirement benefit liability	19,929	20,153
Provision for environmental measures	24,634	22,052
Other non-current liabilities	5,611	7,383
Total non-current liabilities	133,735	128,709
Total liabilities	299,851	301,878
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	18,992	19,125
Retained earnings	119,377	126,217
Treasury shares	(131)	(121)
Total shareholders' equity	184,763	191,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,642	3,739
Deferred gains or losses on hedge	24	65
Revaluation reserve for land	145	145
Foreign currency translation adjustment	2,665	3,098
Remeasurements of defined benefits plans	(527)	(513)
Total accumulated other comprehensive income	5,949	6,534
Non-controlling interests	16,392	16,433
Total net assets	207,104	214,713
Total liabilities and net assets	506,955	516,591

**(2) Quarterly Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

**Quarterly Consolidated Statements of Income
(April 1, 2021 – September 30, 2021)**

(Millions of yen)

	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2021
Net sales	198,499	236,048
Cost of sales	158,755	188,201
Gross profit	39,744	47,847
Selling, general and administrative expenses	31,849	33,806
Operating profit	7,895	14,041
Non-operating profit		
Share of profit of entities accounted for using equity method	263	866
Other	1,689	1,379
Total non-operating profit	1,952	2,245
Non-operating expenses		
Interest expense	548	513
Other	1,639	1,562
Total non-operating expenses	2,187	2,075
Ordinary profit	7,660	14,211
Extraordinary income		
Gain on step acquisitions	-	1,526
Total extraordinary income	-	1,526
Profit before income taxes	7,660	15,737
Income taxes - current	2,270	2,914
Income taxes - deferred	194	1,170
Total income taxes	2,464	4,084
Profit	5,196	11,653
Profit attributable to non-controlling interests	476	840
Profit attributable to owners of parent	4,720	10,813

Quarterly Consolidated Statements of Comprehensive Income
(April 1, 2021 – September 30, 2021)

(Millions of yen)

	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2021
Profit	5,196	11,653
Other comprehensive income		
Valuation difference on available-for-sale securities	620	81
Deferred gains or losses on hedges	124	43
Foreign currency translation adjustment	50	306
Remeasurements of defined benefit plans	122	17
Share of other comprehensive income of entities accounted for using equity method	(237)	275
Total other comprehensive income	<u>679</u>	<u>722</u>
Comprehensive income	<u>5,875</u>	<u>12,375</u>
Comprehensive income attributable to owners of parent	5,394	11,398
Comprehensive income attributable to non-controlling interests	481	977

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2021
Cash flows from operating activities		
Profit before income taxes	7,660	15,737
Depreciation	9,268	9,792
Amortization of goodwill	222	222
Loss (gain) on step acquisitions	-	(1,526)
Increase (decrease) in allowance for doubtful accounts	37	(62)
Increase (decrease) in retirement benefit liability	310	258
Increase (decrease) in provision for environmental measures	(963)	(2,582)
Interest and dividend income	(220)	(196)
Interest expenses	547	513
Share of loss (profit) of entities accounted for using equity method	(263)	(866)
Decrease (increase) in trade receivables	16,206	1,994
Decrease (increase) in inventories	1,403	(9,446)
Increase (decrease) in trade payables	(5,602)	(1,502)
Other	(1,492)	(3,323)
Subtotal	27,113	9,013
Interest and dividends received	300	338
Interest paid	(548)	(521)
Income taxes paid	(2,681)	(4,389)
Net cash provided by operating activities	24,184	4,441
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,575)	(10,144)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,149)
Other	(134)	(754)
Net cash used in investing activities	(12,709)	(12,047)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,091	7,442
Proceeds from long-term borrowings	19,092	2,969
Repayments of long-term borrowings	(6,364)	(3,914)
Dividends paid	(3,113)	(4,031)
Dividends paid to non-controlling interests	(702)	(592)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(668)
Other	(599)	(615)
Net cash provided by financing activities	10,405	591
Effect of exchange rate change on cash and cash equivalents	(127)	390
Net increase (decrease) in cash and cash equivalents	21,753	(6,625)
Cash and cash equivalents at beginning of the year	36,296	61,176
Cash and cash equivalents at end of the year	58,049	54,551