

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2023
(Japan GAAP)

August 1, 2022

Company name: Nippon Light Metal Holdings Company, Ltd.
 Stock exchange listing: Tokyo
 Code number: 5703
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 Submission of quarterly financial results: August 1, 2022
 Expected date of dividends payment: —
 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 Three Months Ended June 30, 2022

(1) Consolidated Results of Operations (Accumulated Total)

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	123,241	6.5	3,437	(53.8)	4,142	(45.3)	2,614	(45.9)
June 30, 2021	115,689	21.0	7,435	195.7	7,574	218.2	4,832	279.0

(Note)
 Comprehensive income: Three months ended June 30, 2022 ¥4,808 million / (16.5)%
 Three months ended June 30, 2021 ¥5,758 million / 211.4%

	Net profit per share (basic)	Net profit per share (diluted)
Three months ended	Yen	Yen
June 30, 2022	42.23	—
June 30, 2021	78.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	534,697	222,313	38.3
As of March 31, 2022	532,601	220,907	38.1

(Reference) Shareholders' equity: As of June 30, 2022 ¥204,587 million
 As of March 31, 2022 ¥203,089 million

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	40.00	—	45.00	85.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (forecasts)		40.00	—	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, 2023

(April 1, 2022 – March 31, 2023)

(% 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
Six months ending September 30, 2022	260,000	10.1	5,500	(60.8)	5,000	(64.8)	3,000	(72.3)	48.47
Fiscal year ending March 31, 2023	540,000	11.0	20,000	(9.9)	20,000	(12.8)	14,000	(16.5)	226.18

(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

(Note) 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. 4 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 June 30, 2022	61,993,750 shares
As of March 31, 2022	61,993,750 shares

(ii) Number of treasury stock at end of period

As of June 30, 2022	97,627 shares
As of March 31, 2022	98,476 shares

(iii) Average number of shares outstanding during the term

For the three months ended June 30, 2022	61,896,338 shares
For the three months ended June 30, 2021	61,886,655 shares

* 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 results 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 for the premise of earnings forecasts and the precautions when using the forecasts, please refer to “1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information, including consolidated earnings forecasts” on p. 4 of the attached documents.

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

During the first three months of the current consolidated fiscal year, we have seen recovery in global economic activities as the world makes progress in the fight against the COVID-19 pandemic and restrictions on activities are eased. However, we still face uncertainties about the future, due to the soaring raw material and fuel prices, automobile production cuts due to shortages of semiconductors and other components and lockdowns in China, as well as the prolonged Ukraine crisis and rapid fluctuations in exchange rates.

Despite the significant impact of continued production cutbacks in automobile and truck chassis, the Group's net sales increased year on year due to solid demand in the semiconductor-related and panel system divisions, as well as higher sales prices reflecting the situation of the aluminum ingot market and price revisions applied in response to the surging raw material and fuel prices. However, from a profitability standpoint, the operating profit, ordinary profit, and profit attributable to owners of parent decreased year on year due to lower sales volumes in the automobile and truck bodies business, as well as higher costs resulting from the soaring raw material and fuel prices.

During the first three months of the Group's consolidated fiscal year, the net sales rose by 7,552 million yen (6.5%) year on year, from 115,689 million yen to 123,241 million yen. The operating profit decreased by 3,998 million yen (53.8%) year on year, from 7,435 million yen to 3,437 million yen. The ordinary profit decreased by 3,432 million yen (45.3%) year on year, from 7,574 million yen to 4,142 million yen. The profit attributable to owners of parent decreased by 2,218 million yen (45.9%) year on year, from 4,832 million yen to 2,614 million yen.

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical division, the sales for mainstay aluminum hydroxide and alumina-related products for ceramics and refractories remained solid, and sales were also solid for chemical products such as inorganic chlorine compounds. As a result, and due to the revisions of sales prices, net sales exceeded the previous fiscal year's level but in terms of profitability, profit decreased year on year affected by the soaring raw material and fuel prices.

The ingot division saw an increase in net sales of the mainstay secondary alloy for automobiles compared to the same period of the previous fiscal year because the sales price was increased in response to the increase in aluminum ingot price, even though automobile production cutbacks resulted in a decrease in sales in Japan and overseas on a year-on-year basis. However, the decline in sales significantly impacted the profitability due to the automobile production cutbacks, resulting in lower profits compared to the same period of the previous fiscal year.

As a result, in the first three months of the current consolidated fiscal year, the net sales of the aluminum ingot and chemicals segment increased by 8,775 million yen (29.2%) year on year, from 30,013 million yen to 38,788 million yen, but the operating profit decreased by 255 million yen (6.3%) year on year, from 4,019 million yen to 3,764 million yen.

<Aluminum sheet and extrusions>

As for the aluminum sheet division, the demand for thick sheets for semiconductor manufacturing equipment has remained strong since the previous year, and sales prices were increased in response to the situation of the aluminum ingot market, but the net sales and operating profit both fell short of the levels of the same period of the previous fiscal year because the Chinese subsidiary of Toyo Rikagaku Kenkyusho Co., Ltd. was excluded from the scope of consolidation by transferring the entire equity interest in the subsidiary in the third quarter of the previous consolidated fiscal year.

The extruded product division saw a year-on-year increase in net sales, partly due to the increase of sales prices in response to the aluminum ingot market situation, but a decrease in profit because of the significant impact of the continued production cutbacks of automobile and truck chassis due to shortages of semiconductors and other components for automobile and truck bodies.

Overall, the net sales in the aluminum sheet and extruded products segment in the first three months of the current

consolidated fiscal year increased by 166 million yen (0.6%) year on year, from 27,737 million yen to 27,903 million yen, but the operating profit fell by 1,376 million yen (53.9%) year on year, from 2,555 million yen to 1,179 million yen.

<Fabricated products and others>

In the transport-related division, the net sales of the truck bodies business fell short of the level of the same period of the previous fiscal year due to the ongoing production cuts of truck chassis as a result of shortages of semiconductors and other components, supply chain disruptions resulting from the lockdown in China and other factors. In terms of profitability, due to a drop in units sold, increase in material prices attributable to a steep rise in aluminum metal price, decline in capacity utilization and other factors, the operating profit fell significantly short of the level of the same period of the previous fiscal year.

In the panel system division, the freezing and refrigeration field saw the sales to food factories remain strong due to increased demand for frozen foods, etc. In the clean room field, the sales for industrial clean rooms were strong, driven by semiconductor demand, and the sales for pharmaceutical-related clean rooms increased. As a result, the net sales of the entire division exceeded the level of the same period of the previous fiscal year, and the operating profit remained similar to the level of the same period of the previous fiscal year despite the impact of soaring raw material prices on profitability.

Overall, the net sales in the segment of fabricated products and others decreased by 4,049 million yen (11.2%) to 32,241 million yen in the first three months of the current consolidated fiscal year, compared to 36,290 million yen in the same period of the previous fiscal year. The operating loss amounted to 1,275 million yen, a negative difference of 1,940 million yen compared to the same period of the previous fiscal year, which saw a profit of 665 million yen.

<Aluminum foil, powder, and paste>

The aluminum foil division saw a decrease in sales of foils for automobile lithium-ion battery exteriors due to the automobile production cutbacks, but the net sales of the entire division increased year on year because of consolidation of Svam Packaging Industries Private Ltd., a company that provides aluminum foil for medical product packaging in India, at the end of the second quarter of the previous consolidated fiscal year, as well as adjustments to sale prices in response to the increase in aluminum ingot price.

The powder and paste division saw the sales of powder products, such as aluminum powder for electronic materials for heat dissipation and aluminum nitride, decline due to supply chain disruptions caused by semiconductor shortages. Although the domestic sales of the mainstay paste products for automobile applications declined due to the automobile production cutbacks, the overseas sales surpassed the previous fiscal year's level, resulting in an increase in division-wide net sales on a year-on-year basis.

In the daily necessities division, the sales of consumer house-care products decreased in reaction to the increase in demand in the previous year, and the sales of aluminum foil decreased due to the price revisions associated with the soaring raw material prices, but the sales of packaging products for restaurants and frozen foods recovered, resulting in a year-on-year increase in division-wide net sales.

As a result, the net sales of aluminum foil and powder product segments in the first three months of the current consolidated fiscal year increased by 2,660 million yen (12.3%) year on year, from 21,649 million yen to 24,309 million yen. In terms of profitability, the operating profit decreased by 444 million yen (36.6%) year on year, from 1,213 million yen to 769 million yen partly due to the cost increase caused by the soaring raw material and fuel prices.

(2) Explanation of consolidated financial position

Status of assets, liabilities, and net assets

As of the end of the first quarter of the current consolidated fiscal year, the total asset value has increased by 2,096 million yen from the previous fiscal year's level to 534,697 million yen because the soaring price of ingot and depreciating yen resulted in an increase in inventories of merchandise and finished goods, etc. The liabilities increased

by 690 million yen compared to the end of the previous consolidated fiscal year to 312,384 million yen as a result of an increase in short-term borrowings caused by the higher working capital and other factors. The net assets increased by 1,406 million yen compared to the end of the previous consolidated fiscal year, to 222,313 million yen due to an increase in foreign currency translation adjustment in response to the depreciating yen and other factors. The equity ratio rose from 38.1% at the end of the previous consolidated fiscal year to 38.3%.

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

With regard to the outlook for the Group's future performance, there are some uncertainties in Japan and overseas, such as trends in raw material and fuel prices, exchange rate fluctuations, and the Ukraine crisis. Despite these uncertainties, we have not changed our consolidated earnings forecasts for the second quarter of the current consolidated fiscal year and the entire consolidated fiscal year announced in the financial results published on May 16, 2022, since we expect that the supply of semiconductors and other components will return to normal, and the automobile production and truck chassis supply will recover following the recovery from the supply chain disruptions.

(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 the Application Guidelines for the Accounting Standards for Fair Value Measurement)

The Company has decided to apply the Application Guidelines for the Accounting Standards for Fair Value Measurement (Application Guidelines for the Company Accounting Standards No. 31; June 17, 2021; hereinafter the "Application Guidelines for the Accounting Standards for Fair Value Measurement") starting at the beginning of the first quarter of the current fiscal year and to apply going forward the new accounting policies as stipulated in the Application Guidelines for the Accounting Standards for Fair Value Measurement, in accordance with the transitional treatment prescribed by Article 27-2 of said guidelines. There is no impact of this application on the quarterly consolidated financial statements.

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	45,188	39,284
Notes and accounts receivable – trade, and contract assets	144,178	141,639
Merchandise and finished goods	39,450	46,434
Work in process	21,729	24,411
Raw materials and supplies	28,218	31,344
Other	18,350	16,393
Allowance for doubtful accounts	(386)	(397)
Total current assets	<u>296,727</u>	<u>299,108</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,322	60,089
Machinery and equipment, net	47,868	49,282
Tools, furniture and fixtures, net	5,849	6,042
Land	54,904	55,002
Construction in progress	7,980	5,662
Total property, plant and equipment	<u>175,923</u>	<u>176,077</u>
Intangible assets		
Goodwill	2,442	2,387
Other intangible assets	9,948	10,015
Total intangible assets	<u>12,390</u>	<u>12,402</u>
Investments and other assets		
Other assets	48,112	47,663
Allowance for doubtful accounts	(551)	(553)
Total investments and other assets	<u>47,561</u>	<u>47,110</u>
Total non-current assets	<u>235,874</u>	<u>235,589</u>
Total assets	<u>532,601</u>	<u>534,697</u>

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	72,324	73,292
Short-term borrowings	78,245	84,727
Income taxes payable	4,264	371
Provision for recall	1,098	624
Other current liabilities	34,611	31,834
Total current liabilities	<u>190,542</u>	<u>190,848</u>
Non-current liabilities		
Bonds payable	734	820
Long-term borrowings	76,427	77,325
Retirement benefit liability	18,776	19,051
Provision for environmental measures	18,253	17,140
Other non-current liabilities	6,962	7,200
Total non-current liabilities	<u>121,152</u>	<u>121,536</u>
Total liabilities	<u>311,694</u>	<u>312,384</u>
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,107	19,107
Retained earnings	129,465	129,293
Treasury shares	(130)	(130)
Total shareholders' equity	<u>194,967</u>	<u>194,795</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,821	2,849
Deferred gains or losses on hedge	186	(89)
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,555	7,678
Remeasurements of defined benefits plans	(585)	(791)
Total accumulated other comprehensive income	<u>8,122</u>	<u>9,792</u>
Non-controlling interests	<u>17,818</u>	<u>17,726</u>
Total net assets	<u>220,907</u>	<u>222,313</u>
Total liabilities and net assets	<u>532,601</u>	<u>534,697</u>

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

**Quarterly Consolidated Statements of Income
(April 1, 2022 – June 30, 2022)**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	115,689	123,241
Cost of sales	91,326	102,698
Gross profit	24,363	20,543
Selling, general and administrative expenses	16,928	17,106
Operating profit	7,435	3,437
Non-operating profit		
Share of profit of entities accounted for using equity method	539	424
Foreign exchange gains	—	757
Other	662	788
Total non-operating profit	1,201	1,969
Non-operating expenses		
Interest expenses	257	306
Other	805	958
Total non-operating expenses	1,062	1,264
Ordinary profit	7,574	4,142
Profit before income taxes	7,574	4,142
Income taxes - current	815	389
Income taxes - deferred	1,438	1,146
Total income taxes	2,253	1,535
Profit	5,321	2,607
Profit (loss) attributable to non-controlling interests	489	(7)
Profit attributable to owners of parent	4,832	2,614

Quarterly Consolidated Statements of Comprehensive Income
(April 1, 2022 – June 30, 2022)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	5,321	2,607
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	31
Deferred gains or losses on hedges	24	(276)
Foreign currency translation adjustment	244	2,221
Remeasurements of defined benefit plans	6	(205)
Share of other comprehensive income of entities accounted for using equity method	218	430
Total other comprehensive income	437	2,201
Comprehensive income	5,758	4,808
Comprehensive income attributable to owners of parent	5,171	4,284
Comprehensive income attributable to non-controlling interests	587	524

(3) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Notes on significant fluctuations in value of shareholders' equity, if any)

Not applicable

(Segment information, etc.)

I. First Three Months of the Fiscal Year Ended March 31, 2022 (April 1, 2021, to June 30, 2021)

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

(Millions of yen)

	Reporting segments					Adjustments* ¹	Quarterly consolidated profit/loss posted* ²
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	30,013	27,737	36,290	21,649	115,689	—	115,689
Intersegment sales or transfers	10,572	5,863	2,805	129	19,369	(19,369)	—
Total	40,585	33,600	39,095	21,778	135,058	(19,369)	115,689
Segment profit	4,019	2,555	665	1,213	8,452	(1,017)	7,435

Notes:

*1 The 1,017-million-yen negative adjustment to segment profit 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 non-current assets and goodwill by reporting segment:

Not applicable

II. First Three Months of the Fiscal Year Ending March 31, 2023 (April 1, 2022, to June 30, 2022)

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

(Millions of yen)

	Reporting segments					Adjustments* ¹	Quarterly consolidated profit/loss posted* ²
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	38,788	27,903	32,241	24,309	123,241	—	123,241
Intersegment sales or transfers	16,370	6,443	3,501	73	26,387	(26,387)	—
Total	55,158	34,346	35,742	24,382	149,628	(26,387)	123,241
Segment profit (loss)	3,764	1,179	(1,275)	769	4,437	(1,000)	3,437

Notes:

*1 The 1,000-million-yen negative adjustment to segment profit (loss) 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 (loss) is adjusted with operating profit on the quarterly consolidated statements of income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment:

Not applicable