

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

October 31, 2022

Company name:	Nippon Light Metal Holdings Company, Ltd.	
Stock exchange listing:	First Section of Tokyo Stock Exchange	
Code number:	5703	
URL:	<a href="https://www.nikkeikinholdings.com/">https://www.nikkeikinholdings.com/</a>	
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Submission of quarterly financial results:	November 7, 2022	
Expected date of dividends payment:	December 1, 2022	
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, 2022**

**(1) Consolidated Results of Operations (Accumulated Total)**

(% figures show year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	253,094	7.2	3,657	(74.0)	5,207	(63.4)	3,804	(64.8)
September 30, 2021	236,048	18.9	14,041	77.8	14,211	85.5	10,813	129.1

(Note) Comprehensive income:      Six months ended September 30, 2022      ¥5,290 million / (57.3%)  
     Six months ended September 30, 2021      ¥12,375 million / 110.6%

	Net profit per share (basic)	Net profit per share (diluted)
Six months ended September 30, 2022	Yen 61.44	Yen —
September 30, 2021		
	174.70	—

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
As of September 30, 2022	Millions of yen 526,835	Millions of yen 221,770	% 38.9
As of March 31, 2022	532,601	220,907	38.1

(Reference) Shareholders' equity:      As of September 30, 2022      ¥205,044 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
Fiscal year ended March 31, 2022	Yen —	Yen 40.00	Yen —	Yen 45.00	Yen 85.00
Fiscal year ending March 31, 2023	—	40.00			
Fiscal year ending March 31, 2023 (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, 2023

(April 1, 2022–March 31, 2023)

(% figures show year-on-year changes)

	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, 2023	515,000	5.8	12,500	(43.7)	15,000	(34.6)	10,000	(40.3)	161.52

(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. 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 September 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 September 30, 2022	64,984 shares
As of March 31, 2022	98,476 shares

(iii) Average number of shares outstanding during the term

For the six months ended September 30, 2022	61,910,526 shares
For the six months ended September 30, 2021	61,892,936 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 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 the current consolidated fiscal year, the outlook for the global economy remained uncertain. While economic activity began to normalize as COVID-19 restrictions were eased, the impact of automobile production cuts due to shortages of semiconductors and other components and skyrocketing raw material and fuel prices caused by the prolonged Ukraine crisis, together with rapid fluctuations in exchange rates and escalating inflation pressures, are cause for concern.

The Group was affected by the production cutbacks in automobile and truck chassis as well as the correction in demand for semiconductor manufacturing equipment, but price revisions were applied in response to the surging raw material and fuel prices and sales prices were increased to reflect the situation in the aluminum ingot market. As a result, net sales surpassed levels in the same period of the previous year. From a profitability standpoint, however, although the Group posted currency exchange gains due to the yen's depreciation, operating profit, ordinary profit, and profit attributable to owners of parent decreased significantly year on year due to lower sales in the automobile and truck bodies business and lithium-ion battery business, as well as higher costs resulting from the soaring raw material and fuel prices.

In the first half of the Group's consolidated fiscal year under review, net sales rose by 17,046 million yen (7.2%) year on year, from 236,048 million yen to 253,094 million yen. Operating profit decreased by 10,384 million yen (74.0%) year on year, from 14,041 million yen to 3,657 million yen. Ordinary profit decreased by 9,004 million yen (63.4%) year on year, from 14,211 million yen to 5,207 million yen. Profit attributable to owners of parent decreased by 7,009 million yen (64.8%) year on year, from 10,813 million yen to 3,804 million yen.

An overview of each business segment is provided below.

#### **<Aluminum ingot and chemicals>**

In the aluminum chemical division, sales for mainstay aluminum hydroxide and alumina-related products for refractories and flocculants were solid, and sales increased for chemical products year on year, primarily inorganic chlorine compounds. This coupled with the revisions of sales prices resulted in net sales that exceeded levels in the same period of the previous fiscal year. However, in terms of profitability, profit decreased year on year due to the impact of 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 to reflect the aluminum ingot price, even though automobile production cutbacks in Japan and lockdowns in China resulted in a decrease in sales. However, the decline in sales due to the automobile production cutbacks, together with rising costs attributable to the spike in fuel prices and other factors, resulted in lower profits compared to the same period of the previous fiscal year.

As a result of the above, net sales in the aluminum ingot and chemicals segment in the first half of the current consolidated fiscal year increased by 19,005 million yen (31.6%) year on year, from 60,108 million yen to 79,113 million yen, however operating profit fell by 1,266 million yen (16.9%) year on year, from 7,482 million yen to 6,216 million yen.

#### **<Aluminum sheet and extrusions>**

In the aluminum sheet division, net sales and operating profit both fell over the same period of the previous fiscal year. On the sales side, this can be attributed to the impact of the decline in sales for lithium-ion batteries, as well as the correction in demand for thick sheets for semiconductor manufacturing equipment, which had been strong through the first quarter. On the profit side, costs rose due to skyrocketing raw material and fuel prices, and 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.

In the extruded product division, net sales were unchanged from levels in the same period of the previous fiscal year, due to the impact of an increase in sales prices to reflect the situation in the aluminum ingot market and price revisions made in response to surging raw material and fuel prices. However, on the profit side, operating profit fell over the same period of the previous fiscal year due to the production cutbacks of automobile and truck chassis attributable to the ongoing supply chain problems resulting from shortages of semiconductors and other components for automobile and truck bodies in Japan and overseas.

As a result of the above, net sales in the aluminum sheet and extrusions segment in the first half of the current consolidated fiscal year decreased by 2,562 million yen (4.4%) year on year, from 58,041 million yen to 55,479 million yen, and operating profit fell by 4,283 million yen (91.2%) year on year, from 4,697 million yen to 414 million yen.

<Fabricated products and others>

In the transport-related division, net sales of the truck bodies business fell short of levels in 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, and supply chain disruptions. In terms of profitability, operating profit fell far short of levels in the same period of the previous fiscal year, resulting in a loss, due to a substantial drop in units sold, as well as an increase in the price of aluminum, steel and other materials.

In the panel system division, the freezing and refrigeration field saw strong orders for distribution centers due to an increase in the use of frozen food and e-commerce, but sales were down over the same period of the previous fiscal year due in part to the postponement of construction for some large projects. In the clean room field, demand for industrial clean rooms was strong for semiconductor manufacturing equipment manufacturers and electronic materials manufacturers, and as a result, net sales in the division as a whole exceeded levels in the same period of the previous fiscal year. However, profits were down compared to the same period of the previous fiscal year, partly because of the significant impact of skyrocketing raw material prices.

As a result of the above, net sales in the fabricated products and others segment decreased by 5,822 million yen (7.8%) to 68,781 million yen in the first half of the current consolidated fiscal year, compared to 74,603 million yen in the same period of the previous fiscal year. Operating loss amounted to 1,820 million yen, a negative difference of 3,875 million yen compared to the same period of the previous fiscal year, which saw a profit of 2,055 million yen.

<Aluminum foil, powder, and paste>

The aluminum foil division saw a sharp decrease in the sales volume for foils for automobile lithium-ion battery exteriors due to the automobile production cutbacks, but net sales for the entire division increased year on year because of higher sales prices reflecting conditions in the aluminum ingot market and sales price revisions in response to the steep rise in raw material and fuel prices. Another factor was that an affiliated company that provides aluminum foil for medical product packaging in India was made a subsidiary and included in the scope of consolidation at the end of the second quarter of the previous consolidated fiscal year.

The powder and paste division recorded higher sales than in the same period of the previous fiscal year due to solid demand for powder products for heat dissipation. This offset the impact of semiconductor shortages and supply chain turmoil on powder products, such as aluminum powder for electronic materials and aluminum nitride. Although domestic sales of the paste products for automobile applications declined due to the automobile production cutbacks, overseas sales surpassed levels in the same period of the previous fiscal year, partly due to orders in anticipation of a recovery in auto production. This resulted in an increase in division-wide net sales on a year-on-year basis.

In the daily necessities division, sales of consumer products fell as a result of decreased sales of house-care products and aluminum foil in reaction to higher demand in the same period of the previous fiscal year, as well as the impact of sales price revisions caused by soaring raw material prices. However, sales of packaging products for frozen foods were strong and sales prices were revised, resulting in a year-on-year increase in division-wide net sales.

As a result of the above, net sales of aluminum foil, powder, and paste segments in the first half of the current consolidated fiscal year increased by 6,425 million yen (14.8%) year on year, from 43,296 million yen to 49,721 million yen. In terms of profitability, operating profit decreased by 904 million yen (62.1%) year on year, from 1,456 million yen to 552 million yen, largely due to the cost increase caused by soaring raw material and fuel prices.

## (2) Explanation of consolidated financial position

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

As of the end of the second quarter of the current consolidated fiscal year, total assets decreased by 5,766 million yen compared to the end of the previous consolidated fiscal year to 526,835 million yen as a result of a decrease in cash and deposits resulting from the use of cash on hand to address the increase in working capital and other factors. Liabilities decreased by 6,629 million yen compared to the end of the previous consolidated fiscal year to 305,065 million yen as a result of a decrease in income taxes payable due to filing and payment of income taxes. Net assets increased by 863 million yen compared to the end of the previous consolidated fiscal year to 221,770 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 38.9%.

### (2)-2 Cash flow

#### Cash flows from operating activities

Net cash used in operating activities in the first half of the current consolidated fiscal year amounted to 7,625 million

yen. This was because an increase in working capital due to an increase in inventories resulting from a rise in prices of aluminum and other materials, and expenditures for income taxes paid exceeded non-cash profit/loss items such as profit before income taxes and depreciation. Operating activities provided 4,441 million yen in cash in the same period in the previous fiscal year, but in the first half of the current fiscal year, operating activities used 7,625 million yen, primarily due to a decrease in profit before income taxes.

#### Cash flows from investing activities

Net cash used in investing activities in the first half of the current consolidated fiscal year amounted to 5,611 million yen. This was primarily due to expenditures to purchase property, plant and equipment. Cash used in investing activities was down 6,436 million yen compared to the same period in the previous fiscal year, which was primarily due to an increase in proceeds from the sale of investment securities.

#### Cash flows from financing activities

Net cash used for financing activities in the first half of the current consolidated fiscal year amounted to 2,681 million yen. This was primarily due to expenditures for repayments of long-term borrowings and the payment of dividends. Financing activities provided 591 million yen in cash in the same period of the previous fiscal year, but in the first half of the current fiscal year, financing activities used 2,681 million yen, largely due to an increase in expenditures for repayments of long-term borrowings.

As a result, cash and cash equivalents on a consolidated basis were down 14,825 million yen (32.8%) compared to the end of the previous consolidated fiscal year, to 30,320 million yen.

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

As announced on September 29, 2022, we have revised our forecasts for consolidated financial results for the full year as shown below.

Forecasts for consolidated financial results for fiscal year ending in March 2023 (April 1, 2022 – March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Previous forecasts (A) announced on May 16, 2022	Millions of yen 540,000	Millions of yen 20,000	Millions of yen 20,000	Millions of yen 14,000	Yen 226.18
Revised forecasts (B) announced on September 29, 2022	515,000	12,500	15,000	10,000	161.56
Change (B-A)	(25,000)	(7,500)	(5,000)	(4,000)	-
Percent change (%)	(4.6)	(37.5)	(25.0)	(28.6)	-
(Reference) Results in previous fiscal year (Fiscal year ended March 31, 2022)	486,579	22,198	22,928	16,759	270.77

Our forecasts are premised on the expectation that auto production conditions will improve for automobiles from the third quarter, but that in the short term it will take more time for chassis supply to improve in the truck bodies business. Given this, we now expect net sales, operating profit, ordinary profit and profit attributable to owners of parent to fall short of the forecasts previously released (May 16, 2022) in the full consolidated fiscal year.

In addition, on August 31, 2022, the Company finalized a basic integration agreement with the transferee and other parties regarding the transfer of all shares of its consolidated subsidiary (fully owned subsidiary), Toyo Aluminium K.K. (“Toyo Aluminium”), held by the Company (the “Share Transfer”) and other matters.

#### 1) Share Transfer (March 31, 2023 (plan))

- (a) Forty-six percent (46%) of Toyo Aluminium shares held by the Company will be transferred to the JIC PE Fund No.1 Investment LPS (“JICPEF1”), managed by JIC Capital, Ltd.
- (b) Fifty-four percent (54%) of Toyo Aluminium shares held by the Company will be transferred to Toyo Aluminium (shares buyback by Toyo Aluminium).
- (c) As a result of the above stated Share Transfer, shareholding of Toyo Aluminium by the Company will be dissolved entirely.

2) Management Integration of Foil Business (April 1, 2023 (plan))

In accordance with the Basic Integration Agreement, Toyo Aluminium and UACJ Foil Corporation will implement a management integration, based on a spirit of reciprocity, effective as of April 1, 2023 (plan), with JICPEF1 to acquire 80% of the voting rights of the new integrated company (the “Integrated Company”) and UACJ Corporation to acquire the remaining 20%.

The Share Transfer and Management Integration are subject to the approval and permission, etc. of relevant domestic and overseas authorities, including the Japan Fair Trade Commission. The Company will not invest in the Integrated Company but will cooperate in the establishment of the Integrated Company as it will help enhance the international competitiveness of the aluminum foil industry in Japan.

The effect of the Share Transfer on the consolidated financial results for the fiscal year ending in March 2023 has not yet been determined. A notice will be issued should earnings forecasts need to be revised.

(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, etc. relating to 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.

**(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, 2022 (April 1, 2021 to September 30, 2021)

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

(Millions of yen)

	Reporting segments					Adjustments <sup>*1</sup>	Quarterly consolidated profit/loss posted <sup>*2</sup>
	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 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 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:

(Important fluctuations in goodwill)

The Group's consolidated subsidiary, Toyo Aluminium K.K., acquired an additional 17.6% of the shares in Svan Toyal Packaging Industries Private Limited on August 5, 2021. As a result, goodwill increased 2,960 million yen in the aluminum foil, powder, and paste segment. The figure for goodwill is a provisional calculation since allocation of the acquisition cost had not been completed as of the end of the second quarter of the current consolidated fiscal year.

II. First Half of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to September 30, 2022)

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

(Millions of yen)

	Reporting segments					Adjustments <sup>*1</sup>	Quarterly consolidated profit/loss posted <sup>*2</sup>
	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	79,113	55,479	68,781	49,721	253,094	—	253,094
Intersegment sales or transfers	31,607	12,528	6,603	175	50,913	(50,913)	—
Total	110,720	68,007	75,384	49,896	304,007	(50,913)	253,094
Segment profit (loss)	6,216	414	(1,820)	552	5,362	(1,705)	3,657

Notes:

\*1 The 1,705 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 noncurrent assets and goodwill by reporting segment:

Not applicable

### 3. Quarterly Consolidated Financial Statements and Important Notes

#### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of Sept. 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	45,188	30,363
Notes and accounts receivable – trade and contract assets	144,178	142,598
Merchandise and finished goods	39,450	48,282
Work-in-progress	21,729	23,568
Raw material and supplies	28,218	31,968
Other	18,350	16,870
Allowance for doubtful accounts	(386)	(283)
Total current assets	<u>296,727</u>	<u>293,366</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,322	59,731
Machinery and equipment, net	47,868	49,051
Tools, furniture and fixtures, net	5,849	6,263
Land	54,904	54,998
Construction in progress	7,980	5,129
Total property, plant and equipment	<u>175,923</u>	<u>175,172</u>
Intangible assets		
Goodwill	2,442	2,265
Other	9,948	10,201
Total intangible assets	<u>12,390</u>	<u>12,466</u>
Investments and other assets		
Other	48,112	46,391
Allowance for doubtful accounts	(551)	(560)
Total investments and other assets	<u>47,561</u>	<u>45,831</u>
Total non-current assets	<u>235,874</u>	<u>233,469</u>
Total assets	<u>532,601</u>	<u>526,835</u>

(Millions of yen)

	As of March 31, 2022	As of Sept. 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	72,324	71,290
Short-term borrowings	78,245	78,955
Income taxes payable	4,264	1,129
Provision for recall	1,098	355
Other	34,611	30,293
Total current liabilities	<u>190,542</u>	<u>182,022</u>
Non-current liabilities		
Bonds payable	734	869
Long-term borrowings	76,427	78,433
Retirement benefit liability	18,776	19,171
Provision for environmental measures	18,253	16,763
Other	6,962	7,807
Total non-current liabilities	<u>121,152</u>	<u>123,043</u>
Total liabilities	<u>311,694</u>	<u>305,065</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,107	19,087
Retained earnings	129,465	129,705
Treasury shares	(130)	(88)
Total shareholders' equity	<u>194,967</u>	<u>195,229</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,821	3,010
Deferred gains or losses on hedges	186	(62)
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,555	7,563
Remeasurements of defined benefits plans	(585)	(841)
Total accumulated other comprehensive income	<u>8,122</u>	<u>9,815</u>
Non-controlling interests	<u>17,818</u>	<u>16,726</u>
Total net assets	<u>220,907</u>	<u>221,770</u>
Total liabilities and net assets	<u>532,601</u>	<u>526,835</u>

**(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income**

**Quarterly consolidated statements of income  
(April 1, 2022 – September 30, 2022)**

(Millions of yen)

	Six months ended Sept. 30, 2021	Six months ended Sept. 30, 2022
Net sales	236,048	253,094
Cost of sales	188,201	215,256
Gross profit	47,847	37,838
Selling, general and administrative expenses	33,806	34,181
Operating profit	14,041	3,657
Non-operating profit		
Share of profit of entities accounted for using equity method	866	1,220
Foreign exchange gains	—	1,448
Other	1,379	2,010
Total non-operating profit	2,245	4,678
Non-operating expenses		
Interest expense	513	627
Other	1,562	2,501
Total non-operating expenses	2,075	3,128
Ordinary profit	14,211	5,207
Extraordinary income		
Gain on step acquisitions	1,526	—
Total extraordinary income	1,526	—
Profit before income taxes	15,737	5,207
Income taxes - current	2,914	1,054
Income taxes - deferred	1,170	1,170
Total income taxes	4,084	2,224
Profit	11,653	2,983
Profit (loss) attributable to non-controlling interests	840	(821)
Profit attributable to owners of parent	10,813	3,804

**Quarterly consolidated statements of comprehensive income**  
**(April 1, 2022 – September 30, 2022)**

(Millions of yen)

	Six months ended Sept. 30, 2021	Six months ended Sept. 30, 2022
Profit	11,653	2,983
Other comprehensive income		
Valuation difference on available-for-sale securities	81	244
Deferred gains or losses on hedges	43	(245)
Foreign currency translation adjustment	306	1,616
Remeasurements of defined benefit plans	17	(253)
Share of other comprehensive income of entities accounted for using equity method	275	945
Total other comprehensive income	<hr/> 722	<hr/> 2,307
Comprehensive income	<hr/> 12,375	<hr/> 5,290
Comprehensive income attributable to owners of parent	11,398	5,497
Comprehensive income attributable to non-controlling interests	977	(207)

**(3) Quarterly consolidated statements of cash flows**

(Millions of yen)

	Six months ended Sept. 30, 2021	Six months ended Sept. 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	15,737	5,207
Depreciation	9,792	9,603
Amortization of goodwill	222	347
Loss (gain) on step acquisitions	(1,526)	—
Increase (decrease) in allowance for doubtful accounts	(62)	(103)
Increase (decrease) in retirement benefit liability	258	290
Increase (decrease) in provision for environmental measures	(2,582)	(1,490)
Interest and dividend income	(196)	(227)
Interest expenses	513	627
Share of loss (profit) of entities accounted for using equity method	(866)	(1,220)
Decrease (increase) in trade receivables	1,994	3,370
Decrease (increase) in inventories	(9,446)	(12,803)
Increase (decrease) in trade payables	(1,502)	(2,538)
Other	(3,323)	(2,611)
<b>Subtotal</b>	<b>9,013</b>	<b>(1,548)</b>
Interest and dividends received	338	385
Interest paid	(521)	(639)
Income taxes paid	(4,389)	(5,823)
<b>Net cash provided by operating activities</b>	<b>4,441</b>	<b>(7,625)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,144)	(8,415)
Proceeds from sale of investment securities	58	3,363
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,149)	—
Other	(812)	(559)
<b>Net cash used in investing activities</b>	<b>(12,047)</b>	<b>(5,611)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	7,442	4,411
Proceeds from long-term borrowings	2,969	5,000
Repayments of long-term borrowings	(3,914)	(7,774)
Dividends paid	(4,031)	(2,786)
Dividends paid to non-controlling interests	(592)	(716)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(668)	—
Other	(615)	(816)
<b>Net cash provided by financing activities</b>	<b>591</b>	<b>(2,681)</b>
Effect of exchange rate change on cash and cash equivalents	390	1,092
Net increase (decrease) in cash and cash equivalents	(6,625)	(14,825)
Cash and cash equivalents at beginning of the year	61,176	45,145
Cash and cash equivalents at end of the year	<b>54,551</b>	<b>30,320</b>