

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2024
(Japan GAAP)

January 31, 2024

Company name: Nippon Light Metal Holdings Company, Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5703
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Submission of quarterly financial results: February 6, 2024
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 Nine Months Ended December 31, 2023

(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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	387,713	0.7	12,666	149.6	13,330	124.8	5,489	35.6
December 31, 2022	385,050	6.8	5,075	(73.6)	5,931	(69.6)	4,047	(73.4)

(Note) Comprehensive income: Nine months ended December 31, 2023 ¥9,422 million / 150.8%
Nine months ended December 31, 2022 ¥3,757 million / (77.7%)

	Net profit per share (basic)	Net profit per share (diluted)
Nine months ended	Yen	Yen
December 31, 2023	88.62	—
December 31, 2022	65.36	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	534,563	228,502	39.8
As of March 31, 2023	526,201	220,758	39.0

(Reference) Shareholders' equity: As of December 31, 2023 ¥212,684 million
As of March 31, 2023 ¥205,475 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, 2023	Yen —	Yen 40.00	Yen —	Yen 10.00	Yen 50.00
Fiscal year ending March 31, 2024	—	10.00	—		
Fiscal year ending March 31, 2024 (forecasts)				40.00	50.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(% 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, 2024	550,000	6.4	17,000	125.5	16,000	80.6	7,500	4.1	121.09

(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: None

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

(iii) Changes in accounting estimates: Yes

(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.5 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 December 31, 2023	61,993,750 shares
As of March 31, 2023	61,993,750 shares

(ii) Number of treasury stock at end of period

As of December 31, 2023	50,627 shares
As of March 31, 2023	69,643 shares

(iii) Average number of shares outstanding during the term

For the nine months ended December 31, 2023	61,936,014 shares
For the nine months ended December 31, 2022	61,915,568 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.4 of the attached documents.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

During the first nine months of the current consolidated fiscal year, automobile production picked up and other economic activities in Japan proceeded to normalize. However, the outlook is still uncertain, given the global instability, such as the prolonged conflict in Ukraine and worsening conditions in the Middle East, as well as concerns about China's economic stagnation, among other factors.

The Group's panel system division continues to be a strong performer despite the ongoing impact of semiconductor-related demand corrections and the slowdown in automobile-related demand in China. In addition, domestic production for auto-related products picked up, sales increased on strong demand in the U.S., and recovered in the truck body business amid the normalization of truck chassis supply. This resulted in higher net sales than in the same period of the previous fiscal year. On the profit side, despite lower profit of the aluminum sheet and extrusions segment compared to the same period of the previous fiscal year, the aluminum foil, powder and paste segment as well as the fabricated products and others segment posted higher profit than in the same period of the previous fiscal year, with the higher profit in the latter segment attributable to continued strong performance in the panel system division and a recovery in the truck body business. As a result, operating profit, ordinary profit, and profit attributable to owners of parent increased compared to the same period of the previous fiscal year.

Consolidated Results of Operations (Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022	Change	YoY
Net sales	387,713	385,050	2,663	0.7%
Operating profit	12,666	5,075	7,591	149.6%
Ordinary profit	13,330	5,931	7,399	124.8%
Profit attributable to owners of parent	5,489	4,047	1,442	35.6%

Earnings by segment (Millions of yen)

Segments	Net sales (over previous fiscal year)			Operating profit (over previous fiscal year)		
Aluminum ingot and chemicals	114,510	(3,274)	(2.8%)	8,827	290	3.4%
Aluminum sheet and extrusions	72,329	(9,840)	(12.0%)	(745)	(531)	(248.1%)
Fabricated products and others	121,300	12,901	11.9%	2,132	3,928	—
Aluminum foil, powder and paste	79,574	2,876	3.7%	5,379	4,014	294.1%
Elimination and company-wide	—	—	—	(2,927)	(110)	—
Total	387,713	2,663	0.7%	12,666	7,591	149.6%

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical division, net sales were lower than in the same period of the previous fiscal year due to significant impact of decreased sales of products for refractories and ceramics among the mainstay aluminum hydroxide and alumina-related products. On the profitability side, the moderation of soaring raw material and fuel prices and other factors, in addition to the effect of sales price revisions, resulted in higher profits compared to the same period of the previous year.

In the ingot division, the sales volume of the mainstay secondary alloy for automobiles increased due to a recovery in automobile production in Japan, and overseas sales remained strong in the U.S. and Thailand. As a result, although net sales were lower than in the same period of the previous fiscal year due to a decline in sales prices reflecting the aluminum ingot market conditions, operating profit exceeded the previous year's level.

As a result of the above, net sales of the aluminum ingot and chemicals in the first nine months of the current consolidated fiscal year decreased by 3,274 million yen (2.8%) year on year, from 117,784 million yen to 114,510 million yen. Operating profit increased by 290 million yen (3.4%) year on year, from 8,537 million yen to 8,827 million yen.

<Aluminum sheet and extrusions>

In the sheet product division, sales of thick sheets for semiconductor manufacturing equipment continued to be sluggish and were also affected by a decline in sales prices reflecting the aluminum ingot market conditions. As a result, net sales were below the previous fiscal year's level. On the profit side, despite the effect of sales price revisions, operating profit was lower than in the same period of the previous year.

In the extruded product division, although recovery in sales of products for truck bodies and domestic automobiles is ongoing, net sales fell over the same period of the previous fiscal year due to sluggish sales of products for semiconductor manufacturing equipment and a slowdown in sales of automobile-related products in China, among other factors. On the profitability side, operating profit decreased over the same period of the previous fiscal year due to the sales impact and the time required to stabilize mass production operations at the new plant in the U.S.

As a result of the above, net sales in the aluminum sheet and extrusion products segment for the first nine months of the current consolidated fiscal year decreased by 9,840 million yen (12.0%) year on year, from 82,169 million yen to 72,329 million yen. An operating loss of 745 million yen was recorded, representing a downward change of 531 million yen from the 214 million yen loss recorded in the same period of the previous fiscal year.

<Fabricated products and others>

In the transport-related division, net sales in the truck body business exceeded the previous fiscal year's level thanks to a recovery in sales resulting from increased production amid the normalization of truck chassis supply. On the profitability side, operating profit improved compared with the same period of the previous fiscal year due to the effect of sales price revisions in addition to the recovery in sales.

In the panel system division, the freezing and refrigeration field saw strong sales of large projects, mainly for food factories and low-temperature distribution warehouses. Strong demand for clean rooms for semiconductor-related manufacturers supported increased sales in the clean room field. As a result, net sales and operating profit in the division as a whole increased over the same period of the previous fiscal year.

As a result of the above, net sales in the fabricated products and others segment increased by 12,901 million yen (11.9%) to 121,300 million yen in the first nine months of the current consolidated fiscal year, compared to 108,399 million yen in the same period of the previous fiscal year. An operating profit of 2,132 million yen was recorded, representing an improvement of 3,928 million yen from the operating loss of 1,796 million yen recorded in the same period of the previous fiscal year.

<Aluminum foil, powder and paste>

In the aluminum foil division, sales of foils for automobile lithium-ion battery exteriors remained at the same level as the previous fiscal year, and sales of processed foil for medical product packaging increased due to sales price revisions. As a result, net sales for the division overall exceeded the previous fiscal year's level.

In the powder and paste division, sales of powder products for heat dissipation, such as aluminum powder for electronic materials and aluminum nitride, remained at the same level as the same period of the previous fiscal year, despite the impact of demand corrections related to semiconductors. In addition, sales of paste products for mainstay automobile paints increased mainly in overseas markets as a result of the recovery in automobile production. As a result, net sales for the division overall exceeded the previous fiscal year's level.

In the daily necessities division, in consumer products, sales of house-care products increased and sales price revision of aluminum foil had a positive effect. In addition, sales of packaging products rose thanks to strong demand for frozen food products and sales price revisions. As a result, net sales for the division overall exceeded the previous fiscal year's level.

As a result of the above, net sales of the aluminum foil, powder and paste segments in the first nine months of the current consolidated fiscal year increased by 2,876 million yen (3.7%) year on year, from 76,698 million yen to 79,574 million yen. On the profit side, the effect of sales price revisions to address soaring raw material and fuel prices, in addition to strong sales, resulted in an operating profit of 5,379 million yen, an increase of 4,014 million yen (294.1%) from 1,365 million yen in the same period of the previous fiscal year.

(2) Explanation of consolidated financial position

Status of assets, liabilities, and net assets

As of the end of the first nine months of the current consolidated fiscal year, total assets increased by 8,362 million yen compared to the end of the previous consolidated fiscal year to 534,563 million yen due to an increase in inventories and other assets, among other factors. Liabilities increased by 618 million yen compared to the end of the previous consolidated fiscal year to 306,061 million yen due to an increase in notes and accounts payable – trade attributable to trade payables and other factors. Net assets increased by 7,744 million yen compared to the end of the previous consolidated fiscal year to 228,502 million yen due to an increase in retained earnings from the recording of profit attributable to owners of the parent and other factors. The equity ratio rose from 39.0% at the end of the previous consolidated fiscal year to 39.8%.

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

With regard to the forecasts for the fourth quarter, we expect continued strong performance in the panel system division and recovery trends in the truck-related business. However, given the ongoing uncertainty about the outlook for semiconductor-related demand recovery and automotive-related trends in China, among other factors, we have not changed our consolidated earnings forecasts for the fiscal year ending March 31, 2024, released on May 15, 2023.

(Note) 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. Actual results may differ materially from the forecasts depending on a range of factors.

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 statements

None

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

Changes in accounting estimates

(Provision for environmental measures)

The Group sets out several realistic and feasible plans (i.e., removal methods and destinations) to remove the amount of sediment as specified in the Amehata Dam sediment control master plan. In addition, the Group makes a reasonable estimate of costs for sediment removal, construction of in-river routes used to transport the sediment and site preparation work if the work is performed at the removal destination, as well as other incidental costs. These costs are recorded as “provision for environmental measures” in the quarterly consolidated balance sheets.

During the first half of the current consolidated fiscal year, it was determined necessary to implement additional processes for sediment removal in accordance with the progress of the Amehata Dam sediment control master plan, among others. Accordingly, we have revised the estimate for the provision for environmental measures. As a result, we recorded an extraordinary loss of 1,796 million yen as an expense for environmental measures, resulting in a decrease of the same amount in profit before income taxes in the first nine months of the current consolidated fiscal year.

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	31,305	30,679
Notes and accounts receivable - trade, and contract assets	150,709	154,517
Merchandise and finished goods	44,576	43,218
Work in process	20,715	25,572
Raw materials and supplies	29,332	32,102
Other	16,062	15,398
Allowance for doubtful accounts	(366)	(327)
Total current assets	292,333	301,159
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	58,839	58,550
Machinery, equipment and vehicles, net	47,488	46,426
Tools, furniture and fixtures, net	5,873	5,929
Land	55,046	55,160
Construction in progress	7,003	8,402
Total property, plant and equipment	174,249	174,467
Intangible assets		
Goodwill	1,771	1,436
Other	10,392	9,875
Total intangible assets	12,163	11,311
Investments and other assets		
Other	48,009	48,173
Allowance for doubtful accounts	(553)	(547)
Total investments and other assets	47,456	47,626
Total non-current assets	233,868	233,404
Total assets	526,201	534,563

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	68,539	74,524
Short-term borrowings	93,157	89,471
Income taxes payable	1,025	2,631
Other	33,758	33,042
Total current liabilities	196,479	199,668
Non-current liabilities		
Bonds payable	801	851
Long-term borrowings	69,612	67,038
Retirement benefit liability	18,571	19,222
Provision for environmental measures	12,693	12,009
Other	7,287	7,273
Total non-current liabilities	108,964	106,393
Total liabilities	305,443	306,061
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,087	19,008
Retained earnings	130,938	135,188
Treasury shares	(95)	(70)
Total shareholders' equity	196,455	200,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,535	4,874
Deferred gains or losses on hedges	(39)	(7)
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,826	7,516
Remeasurements of defined benefit plans	(447)	(495)
Total accumulated other comprehensive income	9,020	12,033
Non-controlling interests	15,283	15,818
Total net assets	220,758	228,502
Total liabilities and net assets	526,201	534,563

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

Quarterly Consolidated Statements of Income
(April 1, 2023 – December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	385,050	387,713
Cost of sales	327,844	322,392
Gross profit	57,206	65,321
Selling, general and administrative expenses	52,131	52,655
Operating profit	5,075	12,666
Non-operating income		
Share of profit of entities accounted for using equity method	1,648	990
Other	3,539	2,798
Total non-operating income	5,187	3,788
Non-operating expenses		
Interest expenses	961	997
Other	3,370	2,127
Total non-operating expenses	4,331	3,124
Ordinary profit	5,931	13,330
Extraordinary losses		
Environmental expenses	—	1,796
Total extraordinary losses	—	1,796
Profit before income taxes	5,931	11,534
Income taxes - current	1,255	3,480
Income taxes - deferred	1,952	1,995
Total income taxes	3,207	5,475
Profit	2,724	6,059
Profit (loss) attributable to non-controlling interests	(1,323)	570
Profit attributable to owners of parent	4,047	5,489

Quarterly Consolidated Statements of Comprehensive Income
(April 1, 2023 – December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,724	6,059
Other comprehensive income		
Valuation difference on available-for-sale securities	536	1,347
Deferred gains or losses on hedges	(316)	30
Foreign currency translation adjustment	263	1,285
Remeasurements of defined benefit plans, net of tax	(169)	(39)
Share of other comprehensive income of entities accounted for using equity method	719	740
Total other comprehensive income	1,033	3,363
Comprehensive income	3,757	9,422
Comprehensive income attributable to owners of parent	4,897	8,502
Comprehensive income attributable to non-controlling interests	(1,140)	920

(3) 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 Nine Months of the Fiscal Year Ended March 31, 2023 (April 1, 2022 to December 31, 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	117,784	82,169	108,399	76,698	385,050	—	385,050
Intersegment sales or transfers	45,986	19,157	10,723	296	76,162	(76,162)	—
Total	163,770	101,326	119,122	76,994	461,212	(76,162)	385,050
Segment profit (loss)	8,537	(214)	(1,796)	1,365	7,892	(2,817)	5,075

Notes:

*1 The 2,817 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:

Not applicable

II. First Nine Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to December 31, 2023)

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	114,510	72,329	121,300	79,574	387,713	—	387,713
Intersegment sales or transfers	38,127	21,355	11,055	271	70,808	(70,808)	—
Total	152,637	93,684	132,355	79,845	458,521	(70,808)	387,713
Segment profit (loss)	8,827	(745)	2,132	5,379	15,593	(2,927)	12,666

Notes:

*1 The 2,927 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