

Consolidated Financial Results
for the Third Quarter of the Year Ending March 31, 2022
(Japan GAAP)

January 31, 2022

Company name: Nippon Light Metal Holdings Company, Ltd.
 Stock exchange listing: First Section of Tokyo Stock Exchange
 Code number: 5703
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 Submission of quarterly financial results: February 8, 2022
 Expected date of dividends payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of a briefing on quarterly financial results: None

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for Nine Months Ended December 31, 2021

(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	%
December 31, 2021	360,515	15.2	19,208	23.5	19,537	29.4	15,230	61.3
December 31, 2020	313,002	(10.5)	15,559	(13.8)	15,093	(15.6)	9,440	(19.2)

(Note) Comprehensive income: Nine months ended December 31, 2021 ¥16,856 million / 39.9%

Nine months ended December 31, 2020 ¥12,049 million / (4.1%)

	Net profit per share (basic)	Net profit per share (diluted)
Nine months ended	Yen	Yen
December 31, 2021	246.06	—
December 31, 2020	152.46	—

(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 December 31, 2021	523,377	217,633	38.3
As of March 31, 2021	506,955	207,104	37.6

(Reference) Shareholders' equity: As of December 31, 2021 ¥200,316 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 December 31, 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 December 31, 2021	96,203 shares
As of March 31, 2021	105,121 shares

(iii) Average number of shares outstanding during the term

For the nine months ended December 31, 2021	61,894,557 shares
For the nine months ended December 31, 2020	61,916,316 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 nine months of this consolidated fiscal year, in the global economy, economic activity that had stalled due to the spread of COVID-19 began to normalize and the recovery continues. However, there are concerns about the impact that a semiconductor shortage, skyrocketing fuel prices, and another wave of COVID-19 cases, among other factors, could have on the future, and the outlook for the Japanese economy is still uncertain.

In this environment, sales volume increased in the aluminum chemical sector and in the field of secondary alloy for automobiles, and demand related to machinery and electronics was also solid. As a result, net sales surpassed the previous year's levels.

In the first nine months of the Group's consolidated fiscal year, net sales rose by 47,513 million yen (15.2%), from 313,002 million yen in the same period of the previous fiscal year to 360,515 million yen. Operating profit rose 3,649 million yen (23.5%), from 15,559 million yen in the previous fiscal year to 19,208 million yen. Ordinary profit increased 4,444 million yen (29.4%), from 15,093 million yen in the previous fiscal year to 19,537 million yen. The profits generated by the transfer of all of the equity that Toyo Rikagaku Kenkyusho Co., Ltd., the Group's consolidated subsidiary, owned in its subsidiary were posted as extraordinary income. In addition, Nippon Fruehauf Co., Ltd., the Group's consolidated subsidiary, submitted a recall notification dated December 17, 2021, to the Ministry of Land, Infrastructure, Transport and Tourism for some of the products they had manufactured in the past, and repairs were begun. The costs related to inspecting and repairing the affected products expected to be incurred in the future were posted as extraordinary losses. As a result of these factors, profit attributable to owners of parent increased by 5,790 million yen (61.3%), from 9,440 million yen in the previous fiscal year to 15,230 million yen.

Recently, it was found that products made at some of the Group's plants 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 and were shipped with the JIS mark. In light of this, the Group was notified that JIS certification had been revoked, among other actions, by the JIS certification organization Japan Quality Assurance Organization. The Special Investigation Committee set up by the Group is continuing its investigations, and 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 nine months of the consolidated fiscal year under review is minimal.

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical sector, the sales volume for mainstay aluminum hydroxide and alumina-related products increased thanks to an ongoing recovery in demand for products for refractories, automobiles, and ceramic materials. Sales were also solid for chemical products, especially 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 because, despite the impact of the suspension of operations caused by a reduction in auto production, sales continue to recover 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 nine months of the consolidated fiscal year under review, net sales in the aluminum ingot and chemicals segment rose by 27,404 million yen (42.5%), from 64,510 million yen in the previous fiscal year to 91,914 million yen, and operating profit increased by 3,850 million yen (56.0%), from 6,878 million yen in the previous fiscal year to 10,728 million yen.

<Aluminum sheet and extrusions>

In the sheet product sector, sales of thick plates for semiconductor and LCD manufacturing equipment continued to exceed the previous year's levels due to solid demand. 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 of products for automobiles increased compared with the previous year's levels, despite the impact of a decrease in automobile production due to a shortage of semiconductor supplies in Japan and China. In terms of profitability, income also increased over the previous year.

As a result of the above, in the first nine months of the consolidated fiscal year under review, net sales in the aluminum sheet and extrusions segment increased by 16,926 million yen (24.1%), from 70,347 million yen in the previous fiscal

year to 87,273 million yen, and operating profit rose by 3,058 million yen (95.6%), from 3,198 million yen in the previous fiscal year to 6,256 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 and other as a result of the ongoing impact from the 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 material prices attributable to a steep rise in the price of aluminum metal and other factors also had an impact, resulting in a decline in income compared with the previous year.

In the industrial parts business, despite some impact from decreased auto production, sales of mainstay brake calipers in cast products and automotive air-conditioning products in forgings trended 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 fell short of the previous year's levels due to the impact of postponement of construction for some projects. In addition, 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, but despite this, sales declined over the previous year. As a result, net sales in the division overall decreased compared with the previous year.

In the carbon products division, demand for carbon blocks for the steel industry was solid 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 nine months of the consolidated fiscal year under review, net sales in the fabricated products and other segment increased by 19 million yen (0.0%), from 113,182 million yen in the previous fiscal year to 113,201 million yen, but operating profit fell by 2,794 million yen (56.0%), from 4,987 million yen in the previous fiscal year to 2,193 million yen.

<Aluminum foil, powder, and paste>

In the aluminum foil division, the sale of processed foil for healthcare and for the circuits used with IC cards for transportation declined, but demand for foil for the outer packaging of lithium-ion batteries and foil for positive-electrode material was strong 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 rose over the previous year despite the impact of the decline in auto production. As a result, net sales in the division overall surpassed the previous year's levels.

In the daily necessities division, demand for house-care products for consumers remained solid, despite the reactionary decline in stay-at-home demand, resulting in sales exceeding the previous year's levels. However, in products for packaging, sales of aluminum cases for restaurants and convenience stores were 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 nine months of the fiscal year rose 3,164 million yen (4.9%), from 64,963 million yen in the previous fiscal year to 68,127 million yen, but operating profit fell 239 million yen (8.2%), from 2,926 million yen in the previous fiscal year to 2,687 million yen.

(2) Explanation of consolidated financial position

Status of assets, liabilities, and net assets

At the end of the first nine months of the consolidated fiscal year under review, total assets increased 16,422 million yen compared with the end of the previous consolidated fiscal year to 523,377 million yen due to an increase in inventories such as merchandise and finished goods and other factors. Liabilities rose 5,893 million yen compared with the end of the previous consolidated fiscal year to 305,744 million yen as a result of an increase in notes and accounts payable-trade and other factors. Total net assets rose 10,529 million yen compared with the end of the previous consolidated fiscal year to 217,633 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 38.3%.

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

In the first nine months of the consolidated fiscal year under review, the Group's earnings increased over the previous year, despite insufficient supply of semiconductors and a spike in raw material prices, due to a recovery in demand related to automobiles, which had stalled from the impact of the COVID-19 pandemic, and higher sales related to machinery and electronics, among other factors. 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 trends in raw material prices such as aluminum metal prices and the impact of an insufficient supply of semiconductors and other parts on automobile production makes the outlook uncertain. In addition, we have been notified of the revocation of JIS certification and others at some of the Group's factories, and this could affect earnings.

(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.

Product sales

With respect to a portion of domestic sales 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 nine months ended December 31, 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.

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	61,229	40,191
Notes and accounts receivable – trade	133,773	–
Notes and accounts receivable – trade and contract assets	–	143,747
Merchandise and finished goods	27,394	35,854
Work in progress	18,424	23,743
Raw material and supplies	19,776	27,539
Other	10,570	18,460
Allowance for doubtful accounts	(385)	(321)
Total current assets	<u>270,781</u>	<u>289,213</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,119	59,635
Machinery and equipment, net	49,507	48,641
Tools, furniture and fixtures, net	6,234	5,852
Land	54,690	54,877
Construction in progress	9,555	5,910
Total property, plant and equipment	<u>179,105</u>	<u>174,915</u>
Intangible assets		
Goodwill	1,111	2,522
Other intangible assets	5,962	9,390
Total intangible assets	<u>7,073</u>	<u>11,912</u>
Investments and other assets		
Other assets	50,541	47,891
Allowance for doubtful accounts	(545)	(554)
Total investments and other assets	<u>49,996</u>	<u>47,337</u>
Total non-current assets	<u>236,174</u>	<u>234,164</u>
Total assets	<u>506,955</u>	<u>523,377</u>

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	65,815	73,239
Short-term borrowings	62,668	69,895
Income taxes payable	3,327	3,344
Provision for recall	-	1,119
Other current liabilities	34,306	30,291
Total current liabilities	166,116	177,888
Non-current liabilities		
Bonds payable	664	690
Long-term borrowings	82,897	78,146
Retirement benefit liability	19,929	20,356
Provision for environmental measures	24,634	21,694
Other non-current liabilities	5,611	6,970
Total non-current liabilities	133,735	127,856
Total liabilities	299,851	305,744
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	18,992	19,107
Retained earnings	119,377	127,936
Treasury shares	(131)	(126)
Total shareholders' equity	184,763	193,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,642	3,455
Deferred gains or losses on hedge	24	23
Revaluation reserve for land	145	145
Foreign currency translation adjustment	2,665	3,805
Remeasurements of defined benefits plans	(527)	(554)
Total accumulated other comprehensive income	5,949	6,874
Non-controlling interests	16,392	17,317
Total net assets	207,104	217,633
Total liabilities and net assets	506,955	523,377
	0	0

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

**Quarterly Consolidated Statements of Income
(April 1, 2021 – December 31, 2021)**

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	313,002	360,515
Cost of sales	248,683	289,660
Gross profit	64,319	70,855
Selling, general and administrative expenses	48,760	51,647
Operating profit	15,559	19,208
Non-operating profit		
Share of profit of entities accounted for using equity method	474	1,285
Other	2,419	2,161
Total non-operating profit	2,893	3,446
Non-operating expenses		
Interest expense	802	771
Other	2,557	2,346
Total non-operating expenses	3,359	3,117
Ordinary profit	15,093	19,537
Extraordinary income		
Gain on sales of subsidiaries and affiliates stocks	-	1,962
Gain on step acquisitions	-	1,526
Gain on sales of non-current assets	-	910
Total extraordinary income	-	4,398
Extraordinary Losses		
Expenses related to recall	-	1,170
Total extraordinary losses	-	1,170
Profit before income taxes	15,093	22,765
Income taxes - current	3,526	5,438
Income taxes - deferred	1,176	1,597
Total income taxes	4,702	7,035
Profit	10,391	15,730
Profit attributable to non-controlling interests	951	500
Profit attributable to owners of parent	9,440	15,230

Quarterly Consolidated Statements of Comprehensive Income
(April 1, 2021 – December 31, 2021)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	10,391	15,730
Other comprehensive income		
Valuation difference on available-for-sale securities	951	(205)
Deferred gains or losses on hedges	152	0
Foreign currency translation adjustment	541	1,143
Remeasurements of defined benefit plans	186	(22)
Share of other comprehensive income of entities accounted for using equity method	(172)	210
Total other comprehensive income	1,658	1,126
Comprehensive income	12,049	16,856
Comprehensive income attributable to owners of parent	10,981	16,155
Comprehensive income attributable to non-controlling interests	1,068	701

(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, 2021 (April 1, 2020, to December 31, 2020)

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 other	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	64,510	70,347	113,182	64,963	313,002	—	313,002
Intersegment sales or transfers	21,681	16,201	8,906	334	47,122	(47,122)	—
Total	86,191	86,548	122,088	65,297	360,124	(47,122)	313,002
Segment profit (loss)	6,878	3,198	4,987	2,926	17,989	(2,430)	15,559

Notes:

*1 The 2,430 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 noncurrent assets and goodwill by reporting segment:

Not applicable

II. First Nine Months of the Fiscal Year Ending March 31, 2022 (April 1, 2021, to December 31, 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 other	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	91,914	87,273	113,201	68,127	360,515	—	360,515
Intersegment sales or transfers	37,339	18,448	9,261	312	65,360	(65,360)	—
Total	129,253	105,721	122,462	68,439	425,875	(65,360)	360,515
Segment profit (loss)	10,728	6,256	2,193	2,687	21,864	(2,656)	19,208

Notes:

*1 The 2,656 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 1,753 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 reflects revision of the initially allocated amount of acquisition cost following finalization of the provisional accounting treatment.