

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: <https://www.nikkeikinholdings.com/>
 Representative: Ichiro OKAMOTO, President & Chief Executive Officer
 Contact: Chizu ISHIKAWA, Public Relations and IR Director, Planning & Supervision Office
 Phone: +81-03-6810-7160
 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)

| Six months ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 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%

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

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2022 | 526,835 | 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 |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2022 | — | 40.00 | — | 45.00 | 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 ^{*1} | Quarterly consolidated profit/loss posted ^{*2} |
|---------------------------------|------------------------------|-------------------------------|-------------------------------|----------------------------------|---------|---------------------------|---|
| | Aluminum ingot and chemicals | Aluminum sheet and extrusions | Fabricated products and other | Aluminum foil, powder, and paste | Total | | |
| Net sales | | | | | | | |
| Net sales to external customers | 60,108 | 58,041 | 74,603 | 43,296 | 236,048 | — | 236,048 |
| Intersegment sales or transfers | 22,197 | 11,680 | 5,923 | 251 | 40,051 | (40,051) | — |
| Total | 82,305 | 69,721 | 80,526 | 43,547 | 276,099 | (40,051) | 236,048 |
| Segment profit (loss) | 7,482 | 4,697 | 2,055 | 1,456 | 15,690 | (1,649) | 14,041 |

Notes:

*1 The 1,649 million yen negative adjustment to segment 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 Svam 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 ^{*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 | 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 |
|---|-------------------------|-------------------------|
| Assets | | |
| 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 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| 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> |
| Net assets | | |
| 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 | 722 | 2,307 |
| Comprehensive income | 12,375 | 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 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| 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) |
| Subtotal | 9,013 | (1,548) |
| Interest and dividends received | 338 | 385 |
| Interest paid | (521) | (639) |
| Income taxes paid | (4,389) | (5,823) |
| Net cash provided by operating activities | 4,441 | (7,625) |
| Cash flows from investing activities | | |
| 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) |
| Net cash used in investing activities | (12,047) | (5,611) |
| Cash flows from financing activities | | |
| 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) |
| Net cash provided by financing activities | 591 | (2,681) |
| 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 | 54,551 | 30,320 |