Consolidated Financial Results
For the Fiscal Year Ended March 31, 2023
(Japan GAAP)

May 15, 2023

Name of listed company:	Nippon Light Metal Holdings Company, Ltd.	
Stock exchange listing:	Tokyo Stock Exchange	
Code number:	5703	
URL:	https://www.nikkeikinholdings.com/	
Representative:	Ichiro OKAMOTO,	President & Chief Executive Officer
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Scheduled date of Ordinary General Meeting of Shareholders:	June 27, 2023
Scheduled date of commencement of dividend payment:	June 28, 2023
Scheduled date of filing securities report:	June 27, 2023
Preparation of supplementary materials for financial results:	Yes
Holding of a briefing on financial results:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022－March 31, 2023)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	516,954	6.2	7,539	(66.0)	8,859	(61.4)	7,203	(57.0)
March 31, 2022	486,579	12.5	22,198	(8.2)	22,928	(4.6)	16,759	397.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023 ¥6,672 million / (66.8%)
Fiscal year ended March 31, 2022 ¥20,074 million / 105.3%

	Net profit per share (basic)	Net profit per share (diluted)	Return on equity (ROE)	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	116.33	―	3.5	1.7	1.5
March 31, 2022	270.77	―	8.5	4.4	4.6

(Reference) Share of loss (profit) of entities accounted for using equity method:
Fiscal year ended March 31, 2023: ¥1,989 million
Fiscal year ended March 31, 2022: ¥1,663 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	526,201	220,758	39.0	3,318.17
As of March 31, 2022	532,601	220,907	38.1	3,281.17

(Reference)
Shareholders' equity: As of March 31, 2023: ¥205,475 million
As of March 31, 2022: ¥203,089 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	695	(15,123)	85	31,263
March 31, 2022	1,487	(18,021)	(626)	45,145

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	40.00	—	45.00	85.00	5,263	31.4	2.7
Fiscal year ended March 31, 2023	—	40.00	—	10.00	50.00	3,096	43.0	1.5
Fiscal year ending March 31, 2024 (forecast)	—	10.00	—	40.00	50.00		41.3	

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 change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	250,000	(1.2)	2,500	(31.6)	2,500	(52.0)	1,000	(73.7)	16.15
Fiscal year ending March 31, 2024	550,000	6.4	17,000	125.5	16,000	80.6	7,500	4.1	121.13

*Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries affecting the scope of consolidation): None
Newly added: — (Company name: —) Excluded: — (Company name: —)

(2) 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

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2023	61,993,750 shares
As of March 31, 2022	61,993,750 shares

(ii) Number of treasury stock at end of period

As of March 31, 2023	69,643 shares
As of March 31, 2022	98,476 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	61,917,662 shares
Fiscal year ended March 31, 2022	61,894,906 shares

* The consolidated 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. Overview of operating results (1) Overview of operating results in fiscal year under review” on p. 1 of the attached documents.

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1. Overview of operating results

(1) Overview of operating results in fiscal year under review

(i) Operating results in fiscal year under review

In the global economy during the period under review, the impact of COVID-19 subsided, but Russia's invasion of Ukraine has dragged on, raw material and fuel prices remain high, and semiconductor supply shortages have disrupted the supply chain. In addition, in the second half of the fiscal year, the impact of curbs on economic activity, including monetary tightening by central banks around the world, has led to growing concerns over the possibility of an economic slowdown. In Japan, there were signs of an economic recovery through summer 2022, but there is a risk that as monetary tightening continues around the world, the disappointing performance of overseas economies could push down Japan's economy as well. These conditions call for ongoing vigilance.

In the aluminum industry, demand was low overall, starting with the automobile sector. Total domestic demand for aluminum products fell short of the previous fiscal year's level. The price of aluminum ingot, a raw material, began to fall after ongoing price rises through the previous fiscal year, but remains high.

With the business environment changing in complex ways, the Group established its Medium-term Management Plan (fiscal 2022-2024) in May 2022, and began the plan in fiscal 2022. The Group steadily implemented measures based on the plan's basic policies.

The first basic policy is to create products and business that create social value. To this end, the Group made progress in providing products and business that help meet customers' needs and resolve social issues through tie-ups within the Group. For example, in the eco-friendly auto field, the Group saw growth in its parts business with the mass production of power device coolers, overseen by the Group from parts to assembly, and the expansion of new orders. In addition, Nippon Light Metal Georgia, Inc., a manufacturing subsidiary that makes auto chassis parts, began operating in January 2023 to better meet the need for lighter automobiles in the US. This was a major first step in establishing a global supply system.

In addition, Nikkei Panel System decided to increase production of non-fluoron heat-insulating non-combustible panels to meet growing demand from semiconductor-related factors in Japan and began construction on a second factory in Shimonoseki. The Group also took steps toward carbon neutrality, such as a horizontal aluminum recycling program carried out with customers in which decommissioned the Shinkansen car bodies are recycled for use as the new Shinkansen car bodies. With this and other measures, the Group is accelerating its efforts to reduce CO_2 emissions.

The second basic policy is to strengthen the management foundation. Under this policy, the Group moved ahead with its efforts to reduce energy use and move to different fuels to propel the shift to a carbon neutral society. In addition, the Group was particularly innovative in improving operation efficiency and raising safety by using digital technology with the aim of overcoming labor shortages and boosting employee satisfaction.

In order to share these activities with stakeholders, the Group redefined its management philosophy and basic policies as the Nippon Light Metal Group Management Policies, based on efforts to meet diversifying social issues and customer needs and the Group's important issues (materiality).

On August 31, 2022, Toyo Aluminum K.K., UACJ Corporation, UACJ Foil Corporation, and JIC Capital Corporation agreed that after the Company transferred shares in Toyo Aluminum K.K. to JIC Capital, Toyo Aluminum and UACJ Foil would carry out a management integration, and a basic agreement on integration was finalized. Since the preparations for this management integration, including procedures based on the Anti-Monopoly Act, take time, the dates for the share transfer and management integration have been respectively pushed back from March 31 and April 1, 2023.

Financial results in the fiscal year under review were as follows.

Net sales exceeded the previous fiscal year's level due to revisions to the sales price to reflect the aluminum ingot market conditions and raw material and fuel prices. However, 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 a slowdown in shipments of thick plates for semiconductor manufacturing equipment, as well as pressures on profits from higher costs resulting from soaring raw material and fuel prices.

Consolidated Results of Operations

(Unit: million yen)

	Current consolidated fiscal year (ended on March 31, 2023)	Previous consolidated fiscal year (ended on March 31, 2022)	Change	YoY
Net sales	516,954	486,579	30,375	6.2%
Operating profit	7,539	22,198	(14,659)	(66.0%)
Ordinary profit	8,859	22,928	(14,069)	(61.4%)
Profit attributable to owners of parent	7,203	16,759	(9,556)	(57.0%)

An overview of each business segment in the current fiscal year is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical division, sales for mainstay aluminum hydroxide and alumina-related products for flocculants were solid, and sales increased for chemical products year on year, primarily organic chlorine compounds. This coupled with the revisions of sales prices resulted in net sales that far exceeded levels in the same period of the previous fiscal year. Profit and loss were more or less in line with the previous fiscal year due to the substantial impact of soaring raw material and fuel prices.

The ingot division saw a significant 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, although automobile production cutbacks in Japan and lockdowns in China affected the supply chain. Meanwhile, on the profit side, profit fell sharply compared to the previous fiscal year due primarily to the steep rise in raw material and fuel prices.

As a result of the above, net sales in the aluminum ingot and chemicals segment rose by 22.2% over the previous fiscal year to 155,981 million yen. However, operating profit decreased by 21.7% to 10,201 million yen.

<Aluminum sheet and extrusions>

In the sheet product sector, sales of thick plates for lithium-ion batteries as well as semiconductor and LCD manufacturing equipment fell, but sales prices were higher than in the previous fiscal year, reflecting conditions in the aluminum metal market. Accordingly, net sales significantly surpassed the previous fiscal year's levels. However, on the profit side, the aforementioned decline in product sales, together with the impact of higher costs from the spike in raw material and fuel prices, profit significantly decreased compared to the previous fiscal year.

In the extruded product sector, net sales fell over the previous fiscal year for products for automobiles and truck bodies were affected by lower production of automobiles and truck chassis, caused by a shortfall in the semiconductor supply. In terms of profit and loss, sales worsened significantly due to the impact of skyrocketing raw material and fuel prices, in addition to lower sales, resulting in a significant drop in profit compared to the previous fiscal year.

As a result of the above, net sales in the aluminum sheet and extrusions segment decreased by 5.7% over the previous fiscal year to 107,399 million yen, and operating loss amounted to 541 million yen, a negative difference of 8,059 million yen compared to the same period of the previous fiscal year, which saw a profit of 7,518 million yen.

<Fabricated products and others>

Results in the key sectors are described below.

In the transport-related division, net sales of the truck body business fell far short of levels in the same period of the previous fiscal year due to the ongoing production cuts of truck chassis and supply chain disruptions, all attributable to the semiconductor shortage. The situation worsened significantly in terms of profit and loss, as sales price revisions were not yet effective enough, and in addition, a substantial drop in units sold and higher prices for materials such as aluminum and steel had an impact.

In the heat exchange products business, net sales surpassed the previous fiscal year's levels due a recovery in demand from the second half of the fiscal year, primarily for mainstay light automobiles, but profit and loss were more or less in line with the previous fiscal year due to the impact of the steep rise in raw material and fuel prices.

In the industrial parts business, despite lower sales of mainstay brake calipers and automotive air-conditioning products, attributable to unstable demand in the auto industry, sales of new products increased and sales prices rose, reflecting aluminum ingot prices. As a result, net sales far surpassed the previous fiscal year's levels, but on the profit side, the impact of a steep rise in raw material and fuel prices harmed profits significantly.

In the electronic material division, demand in the electronic parts industry overall, starting with semiconductors, fell, resulting in lower sales of electrode foil for aluminum electrolyzed condensers, and the spike in raw material and fuel prices also had an influence. As a result, both sales and profit fell.

In the panel system division, the freezing and refrigeration field saw active capital investment in distribution centers due to an increase in the use of frozen food and e-commerce, but sales were unchanged from the same period of the previous fiscal year due in part to the impact of construction delays caused by difficulties in procuring construction materials for some large projects. The clean room field was supported by higher demand from semiconductor-related manufacturers and, as a result, net sales exceeded levels in the same period of the previous fiscal year. As a result, sales and profit both rose for the division overall.

In the landscape engineering division, demand for urban landscapes and landscapes for structures was down, but demand for scaffolding products used for inspections for roads and bridges was strong. Net sales were up over the previous fiscal year in the division overall, but profit and loss were more or less in line with the previous fiscal year due to a sharp rise in the price of construction materials.

In the carbon products division, demand for mainstay carbon blocks for the steel industry was down, but sales of carbon blocks for aluminum steel increased, leading to net sales in line with the previous fiscal year. However, on the profit side, profit decreased significantly due to the impact of the steep rise in raw material and fuel prices.

As a result of the above, net sales in the fabricated products and others segment decreased by 0.2% to 153,167 million yen over the previous fiscal year, and operating profit worsened by 98.4% due to harsh conditions in the truck bodies business, to 59 million yen.

<Aluminum foil, powder and paste>

In the aluminum foil division, the sale of foils for automobile lithium-ion battery exteriors fell over the previous fiscal year due to the ongoing automobile production cutbacks. Despite this, sales and profit both rose for the division overall due to strong sales of processed foil for medical product packaging, 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.

In the powder and paste division, in powder products, sales of aluminum powder for electronic materials and aluminum nitride for heat dissipation powder products were solid in the first half of the fiscal year but faced an inventory correction in the second half. Moreover, in paste products, sales for mainstay automobile paints continued to be affected by reduced auto production in Japan, but sales to overseas manufacturers increased. As a result, sales were up over the previous fiscal year in the division overall, but the profit and loss situation worsened under the influence of the steep rise in raw material prices.

In the daily necessities division, sales of house-care products and aluminum foil remained solid, despite the reactionary decline in stay-at-home demand from consumers due to the return to pre-pandemic conditions, but sales of house-care products and aluminum foil were solid. In products for packaging, sales for frozen food packaging were strong. Together with the implementation of sales price revisions, this resulted in net sales over the previous fiscal year's levels for the division overall. However, on the profit side, it was not enough to absorb the impact of the spike in raw material and fuel prices, and profit decreased compared to the previous fiscal year.

As a result of the above, net sales in the aluminum foil, powder and paste segment increased 9.5% over the previous fiscal year to 100,407 million yen. However, the impact of higher costs attributable to a spike in the price of raw materials, fuel and other materials was substantial, and operating profit fell 3.3% over the previous fiscal year to 1,518 million yen.

(ii) Earnings forecasts for the next fiscal year (year ending on March 31, 2024)

Full-year consolidated financial results forecast for the fiscal year ending March 31, 2024

With economic activity normalizing as the impact of COVID-19 subsides, we expect the global economy to make a gradual recovery. That said, it remains difficult to make predictions due to Russia's increasingly prolonged invasion of Ukraine, the spike in resource and energy prices, and the impact of the ongoing increase in prices around the world and the monetary tightening measures taken to curb this inflation. In this environment, we have estimated consolidated earnings based on the information and projections available at this point.

The Group's consolidated earnings forecasts and earnings forecasts by segment for the fiscal year ending in March 2024 are shown below.

Consolidated earnings forecasts

(Unit: hundred million yen)

	Forecast for fiscal year ending in March 2024 (A)	Fiscal year ended in March 2023 – Actual (B)	Change (A-B)	
Net sales	5,500	5,170	330	6.4%
Operating profit	170	75	95	125.5%
Ordinary profit	160	89	71	80.6%
Profit attributable to owners of parent	75	72	3	4.1%

Earnings forecasts by segment

(Unit: hundred million yen)

Segments	Net sales (over previous fiscal year)			Operating profit (over previous fiscal year)		
Aluminum ingot and chemicals	1,600	40	2.6%	105	3	2.9%
Aluminum sheet and extrusions	1,050	(24)	(2.2%)	5	11	―
Fabricated products and others	1,820	288	18.8%	70	69	11,764.4%
Aluminum foil, powder and paste	1,030	26	2.6%	30	15	97.6%
Elimination and company-wide	―	―	―	(40)	(3)	―
Total	5,500	330	6.4%	170	95	125.5%

Note: Earnings forecasts are calculated based on information available at this point and may contain risks and uncertainties. Actual earnings results could differ significantly from forecasts for various reasons. The key factors that could affect earnings are economic conditions in the Company and Group companies' business areas, demand fluctuations, and foreign exchange fluctuations, among other factors.

(2) Overview of financial position in current fiscal year

The Group focuses on reducing interest-bearing debt and augmenting its shareholders' equity to improve its financial position, while also implementing various measures in its medium-term management plan aimed at improving the health and solidity of its management structure.

At the end of the consolidated fiscal year under review, total assets decreased 6.4 billion yen compared with the end of the previous consolidated fiscal year to 526,201 million yen due to a decrease in cash and deposits caused by expenditure on the implementation of plans for sediment countermeasures, among other factors. Liabilities fell 6,251 million yen compared with the end of the previous consolidated fiscal year to 305,443 million yen as a result of a decrease in provision for environmental measures due to implementation of this plan and other factors. Total net assets fell 149 million yen compared with the end of the previous consolidated fiscal year to 220,758 million yen due primarily to a decrease in non-controlling interests attributable to the posting of net loss at a consolidated subsidiary in which the Group held a non-controlling interest, as well as liquidation of another subsidiary. The equity ratio rose from 38.1% at the end of the previous consolidated fiscal year to 39.0%.

Cash flows from operating activities

Cash provided by operating activities in the consolidated fiscal year under review amounted to only 695 million yen. This was due to the effects of an increase in working capital including trade receivables, as well as expenditure for purposes such as provision for environmental measures. Cash provided by operating activities fell 792 million yen compared to the previous consolidated fiscal year, which was largely due to a decrease in profit before income taxes.

Cash flows from investing activities

Cash used in investing activities in the consolidated fiscal year under review totaled 15,123 million yen, primarily due to purchase of property, plant and equipment. Cash used in investing activities was down 2,898 million yen compared to the previous consolidated fiscal year, which was primarily due to an increase in proceeds from sale of investment securities.

Cash flows from financing activities

Cash provided by financing activities in the consolidated fiscal year under review amounted to 85 million yen, primarily due to an increase in short-term borrowings. Financing activities used 626 million yen in cash in the previous consolidated fiscal year, but this consolidated fiscal year financing activities provided 85 million yen, which was primarily due to a decrease in dividend payments.

As a result, cash and cash equivalents on a consolidated basis were down 13,882 million yen (30.7%) compared to the end of the previous consolidated fiscal year, to 31,263 million yen.

Reference: Fluctuations in indicators related to cash flow

	FY2019	FY2020	FY2021	FY2022
Equity ratio	39.6%	37.6%	38.1%	39.0%
Mark-to-market capital ratio (%)	22.3%	27.0%	19.9%	17.2%
Cash flow/interest-bearing debt ratio	2.7	3.5	104.5	235.4
Interest coverage ratio	41.8	39.6	1.3	0.5

Notes: Equity ratio: Shareholders' equity/Total assets
Mark-to-market capital ratio: Total market capitalization/Total assets
Cash flow/interest-bearing debt ratio: Interest-bearing debt/Operating cash flows
Interest coverage ratio: Operating cash flows/Interest payments

* Indicators are calculated using financial data on a consolidated basis.
* Total market capitalization was calculated by multiplying the stock price at closing at the end of the fiscal year by the number of outstanding shares (excluding treasury shares) at year-end.
* Cash flow from operating activities in the consolidated cash flow statement is used for the operating cash flow figure. Interest-bearing debt represents all interest-bearing debt recorded on the consolidated balance sheet. In addition, the interest payment recorded in the consolidated cash flow statement is the figure used for interest payments.

(3) Basic policy regarding profit distribution and dividends for the fiscal year ended March 31, 2023 and fiscal year ending March 31, 2024

The Company's basic policy on profit distribution is "to return profits to its shareholders by comprehensively taking into consideration its consolidated financial results and other factors from medium- and long-term perspectives while reinforcing its financial strength and management foundation."

The Group decides on dividend amounts using a total dividend payout ratio, including the acquisition of treasury stock, of 30%, as its indicator for profit returns.

The Group plans to pay year-end dividends of 10 yen per share in the fiscal year ended in March 2023.

The Group decides on dividend amounts for the fiscal year ending March 31, 2024, using a total dividend payout ratio, including the acquisition of treasury stock, of 30% or more. The Group plans to pay interim dividends of 10 yen and year-end dividends of 40 yen, for an annual dividend of 50 yen. (The dividend payout ratio based on the consolidated earnings forecast at this point is 41.3%.)

2. Management policies

(1) Company’s basic policy on management

The Company strives to raise corporate value by utilizing the Group’s wide-ranging aluminum-related knowledge and diverse businesses, which are its strengths, to the maximum extent, and also endeavors to resolve various social issues through its business activities to contribute to the realization of a sustainable society. The NLM Group Management Policy, which defines the Company’s corporate philosophy and objectives, is as follows.

NLM Group Management Policy

◆ Corporate Philosophy

Contribute to improving people's quality of life and environmental protection by continuing to create business, focused on aluminum.

◆ Basic Policies

- The Group will create healthy, safe workplaces, and achieve zero-accident operations.
- The Group will continuously provide diverse value to customers by deepening the level of collaboration and coordination within and outside the Group.
- The Group will work actively to achieve carbon neutrality, to help create a sustainable society.
- The Group will engage in fair and honest business operations, with respect for human rights and an emphasis on ethics.
- The Group will respect diverse values and develop human resources from a long-term global perspective.

(Revised: May 16, 2022)

(2) Company’s medium- and long-term management strategy

Last year, the Group established a medium-term management plan that began in fiscal 2022 and has been steadily implementing measures.In addition, the Group has been making reforms to its business structure and management to further raise its corporate value, such as the transfer of shares in Toyo Aluminum, the consolidation of the Group’s auto parts business, strategic initiatives to realize carbon neutrality, and initiatives to prevent a reoccurrence of the inappropriate behavior related to Group’ quality standards that was discovered in 2021 (for details, see “Inappropriate conduct related to Group’s quality standards” below.) In light of these initiatives, the Group established a new three-year Medium-term Management Plan (hereinafter, “2023 Medium-term Plan”), starting in fiscal 2023. The basic policies are as follows:

<Basic Policy 1: Initiatives for new team Nippon Light Metal>

In order to become a corporate group that has the trust of its stakeholders by offering reliable value to customers and other stakeholders, top management will take the lead in pursuing management reforms with a strong sense of purpose.

Specifically, the Group is allocating Group resources in an optimal way to further create Group synergies and is pursuing business structure reforms, including the transfer of shares in Toyo Aluminum and the consolidation of the auto parts business.

With aluminum receiving more attention as a material that can help realize a decarbonized and recycling-oriented society, the Group set up a Green growth strategy officein April 2023 to draft and implement the Group’s overall decarbonization strategy in an integrated way. The Group will work together to pursue the optimal decarbonization strategies.

The Business transformation officeset up in April 2023 under the direct jurisdiction of the President, will take the lead role in steadily implementing measures to prevent recurrence of quality problems in the future.

<Basic Policy 2 “Provide products and business that help create social value”>

The Group will pursue Group synergies by strengthening the Group’s cooperative system by rebuilding its business divisions and development system, and will also meet customer needs throughout the supply chain lifecycle with diverse products and businesses that help solve social issues. In particular, in the eco-friendly auto-related business, a future growth business, the Group will consolidate its existing related business divisions and form the new Nikkeikin ALMO Corporation, Ltd. in October 2023, with the aim of ensuring the Group's status in this field.

The Group is also actively working on its semiconductor-related business. For example, it decided to increase production of fluorocarbon-free heat-insulating non-combustible panels for clean rooms this fiscal period to meet the increase in semiconductor manufacturing factories in Japan in light of stronger economic security.

By developing and providing products that utilize the strengths of aluminum as a lightweight material with high heat dissipation, the Group will meet customers' growing need to reduce global warming gases and also help to protect the environment.

[Inappropriate behavior regarding issues related to quality in the Group]

In June 2021, the Company learned that a Group company had been involved in inappropriate behavior regarding the standards specified in the Ministerial Ordinance on Certification of Conformity to Japanese Industrial Standards (JIS) relating to mineral and industrial products and their processing technologies. A special investigation committee made up of external experts was established and an investigation duly carried out. This investigation ended up taking considerable time since the scope of the investigation by the special investigation committee was expanded beyond the JIS-certified subsidiary, resulting in delays in sharing the investigation results with shareholders and other stakeholders. We apologize for this delay.

On March 29, we received the Investigation Report from the special investigation committee. The results of this investigation by the committee confirmed 214 cases of inappropriate behavior regarding manufacturing methods, test and inspection methods, handling of test and inspection results, and reports and their release at 36 places of business of 18 Group companies.

We would like to take this opportunity to apologize again for the serious inconvenience caused to customers, shareholders and other stakeholders as a result of this inappropriate behavior. We take the results of this investigation very seriously and in order to clarify management responsibility, the compensation of the Company's executives, including our representative director and president, will be reduced.

The Company takes the results of the special investigation committee's investigation very seriously, and all of the Group's officers and employees will earnestly implement the measures designed to prevent reoccurrence that are described below, with top management taking the lead.

In addition to setting up the Reform Promotion Office, an organization to manage the Group's overall progress with these preventive measures in an integrated way and promoting the efforts, the Company will regularly report on the progress made on our website.

The Group is determined and ready to focus on preventing a reoccurrence of these events so that we can transform into a corporate group worthy of the trust of its stakeholders.

The results of the investigation by the special investigation committee and details on the Group's preventive measures are available on the following website. A summary of these measures is provided below.

Company website: https://www.nikkeikinholdings.co.jp/news/news/p2023032901hd.html

Group initiatives to prevent reoccurrence

1. Management reforms

   (1) Rebuild Group's governance system – Strengthen Group affiliation

   By linking together the small-scale businesses within the Group, the Group will maximize its use of the development, manufacturing, quality assurance and management functions that it boasts, and overcome the constraints on management resources that individual businesses faced when working on their own.

   (2) Rebuild relationships between the Company and Group companies

   With the aim of creating synergies through stronger affiliations between Group companies, the Group will work toward integrated Group management by encouraging wide-ranging discussions of specific approaches to and measures for the management issues facing the Group companies. These issues will be addressed with an awareness shared by the Group overall while strengthening ties.

(3) Address management issues and risks within the Group

While respecting the independence of Group companies, we will strengthen the Group's cross-cutting risk management initiatives. We will pursue effective initiatives in areas that need addressing, while always identifying milestones and KPI.

(4) Cross-sectoral response by sales, development, manufacturing, quality assurance and other divisions

The Company has determined that the problem of meeting deadlines was an important factor in motivating and justifying the inappropriate behavior, and also provides context for this behavior. We will establish rules and systems that the sales, development and manufacturing divisions can agree on to rebuild the relationships between sales, development, manufacturing and quality assurance.

(5) Rebuild the quality assurance system

We will strive to reinforce the quality assurance function and systems, with the reinforcement of independence and authority as a pillar, so that we can provide adequate guidance and support to the development and manufacturing divisions as they address the urgent management issue of rebuilding the quality assurance system. In addition, we will reinforce quality supervision and the quality assurance system for the Group overall.

(6) Constant verification

Going forward, we will take the aforementioned preventive measures and constantly verify whether inappropriate behavior is occurring again and is underway and will strive to prevent inappropriate behavior as well as discover it and take remedial action.

(7) Reinforce supervision by Board of Directors

The Company's Board of Directors will carefully monitor and take oversight responsibility for whether measures to prevent reoccurrence are being effectively implemented. In order to raise the effectiveness of the Board of Directors' oversight responsibility, we will continue to take initiatives to ensure systems and structures are tailored to management issues and improve operations so that effective deliberations take place at the Board of Directors meetings.

2. Reinforce internal control functions

(1) Build and administer effective internal control system under supervision of Board of Directors

We will fulfill oversight responsibilities so that effective internal control systems are built and administered, based on the basic policy for the internal control system resolved by the Company's Board of Directors.

(2) Reforms of corporate culture

To create a foundation for prevention, we think that we must reform the awareness of the Group's executives and employees and the corporate culture, which formed the backdrop for the inappropriate actions. Reforming the culture requires unceasing effort over a long period of time, but we will revise our management policies, principles of conduct and code of conduct and endeavor to familiarizes executives and employees with the corporate philosophy and create a culture in which employees can speak out frankly.

(3) Reinforce information reporting and affiliations

We will work to entrench a general understanding that the worse the information, the faster it should be communicated. This way, we can reinforce the information reporting and affiliations that support the effectiveness of an internal control system.

(4) Promote activities to strengthen compliance

One of the causes of, as well as the context for, the inappropriate behavior was the erroneous self-serving assumption that as long as there was no actual harm done to product safety, minor noncompliance with specifications, procedures and standards would be acceptable. To prevent employees from using this kind of thinking to justify inappropriate acts, going forward we will designate the risk of violating laws, regulations and standards as the Group's priority risks. We will also carry out education, guidance and support on an ongoing basis to improve and familiarize employees with quality compliance. The Company has designated March 29, the day that the special investigative committee's investigation results were received and published, as the Group's Quality Day, a day on which we will confirm the results of preventive measures without forgetting the lessons we've learned.

(5) Reinforce internal audit division

As emphasized in the Institute of Internal Auditors' Three Lines Model, sales, development and manufacturing (the first line) will identify, assess and respond to risks themselves, while the quality assurance division (second line) will support and restrain the first line's risk management. In addition, we will expand the internal audit division (third line) and carry out effective internal audits that extend to the second line and thus the first line.

(6) Reforms to internal reporting system

We will protect whistleblowers, reinforce confidentiality, and augment the leniency system so that the Group's executives and employees recognize it as a reliable internal reporting system. In addition, we will make ongoing efforts to raise understanding of and familiarity with the internal reporting system and improve accessibility.

(7) Utilize external resources

We will utilize external resources such as appointing expert staff and using external services so that preventive measures are steadily, more effectively and continuously implemented.

(3) Management indicators

The Group strives for a system that can permanently achieve ordinary profit in the 30-40 billion yen in order to achieve sustainable growth. The 2023 Medium-term Plan aims to build a revenue foundation that is highly resilient in the face of changes in the external environment by ensuring that each business division creates value through its own growth strategies and that Group issues are addressed by

(Unit: hundred million yen)

	Fiscal year ended March 2022 (actual)	Fiscal year ended in March 2023 (actual)	Fiscal year ending in March 2024 (forecast)	Fiscal year ending in March 2026 (2023 Medium-term Plan Objectives)
Net sales	4,866	5,170	5,500	5,300
Operating profit	222	75	170	300
Ordinary profit	229	89	160	300
Profit	168	72	75	200
ROCE(%)	8.7	3.2	5.2	10.3

The Group pays dividends in line with the basic policy regarding profit distribution outlined on page 7 of these materials.

	FY2022		FY2023		FY2025, final year of 2023 Medium-term Plan
	Interim actual	Year-end plan	Interim forecast	Year-end forecast	Annual reference figure
Dividends	40 yen	10 yen	10yen	40yen	100 yen

3. Basic approach to selection of accounting standards

The Group will prepare its consolidated financial statements based on Japanese standards in the near term considering comparability between periods in consolidated financial statements and comparability between companies.

The Group will respond appropriately to the adoption of international accounting standards, taking into account conditions in Japan and overseas.

4. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	45,188	31,305
Notes and accounts receivable – trade, and contract assets	115,558	116,802
Electronically recorded monetary claims – operating	28,620	33,907
Merchandise and finished goods	39,450	44,576
Work in progress	21,729	20,715
Raw material and supplies	28,218	29,332
Other	18,350	16,062
Allowance for doubtful accounts	(386)	(366)
Total current assets	296,727	292,333
Non-current assets		
Property, plant and equipment		
Buildings and structures	160,950	163,640
Accumulated depreciation	(101,628)	(104,801)
Buildings and structures, net	59,322	58,839
Machinery and equipment	306,064	311,692
Accumulated depreciation	(258,196)	(264,204)
Machinery and equipment, net	47,868	47,488
Tools, furniture and fixtures	37,836	38,812
Accumulated depreciation	(31,987)	(32,939)
Tools, furniture and fixtures, net	5,849	5,873
Land	54,904	55,046
Construction in progress	7,980	7,003
Total property, plant and equipment	175,923	174,249
Intangible assets		
Goodwill	2,442	1,771
Other intangible assets	9,948	10,392
Total intangible assets	12,390	12,163
Investments and other assets		
Investment securities	29,798	33,546
Deferred tax assets	10,961	8,392
Other assets	7,353	6,071
Allowance for doubtful accounts	(551)	(553)
Total investments and other assets	47,561	47,456
Total non-current assets	235,874	233,868
Total assets	532,601	526,201

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	72,324	68,539
Short-term borrowings	66,276	80,290
Current portion of long-term borrowings	11,969	12,867
Income taxes payable	4,264	1,025
Provision for recall	1,098	168
Other current liabilities	34,611	33,590
Total current liabilities	190,542	196,479
Non-current liabilities		
Bonds payable	734	801
Long-term borrowings	76,427	69,612
Retirement benefit liability	18,776	18,571
Provision for environmental measures	18,253	12,693
Other	6,962	7,287
Total non-current liabilities	121,152	108,964
Total liabilities	311,694	305,443
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,107	19,087
Retained earnings	129,465	130,938
Treasury shares	(130)	(95)
Total shareholders' equity	194,967	196,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,821	3,535
Deferred gains or losses on hedge	186	(39)
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,555	5,826
Remeasurements of defined benefit plans	(585)	(447)
Total accumulated other comprehensive income	8,122	9,020
Non-controlling interests	17,818	15,283
Total net assets	220,907	220,758
Total liabilities and net assets	532,601	526,201

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

Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	FY ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
Net sales	486,579	516,954
Cost of sales	395,229	440,024
Gross profit	91,350	76,930
Selling, general and administrative expenses	69,152	69,391
Operating profit	22,198	7,539
Non-operating profit		
Interest income	80	115
Dividend income	472	309
Share of loss (profit) of entities accounted for using equity method	1,663	1,989
Foreign exchange gains	461	1,148
Other	2,557	3,397
Total non-operating profit	5,233	6,958
Non-operating expenses		
Interest expense	1,089	1,288
Rental expense	647	670
Expenses related to special investigation	606	658
Restructuring expenses	-	640
Other	2,161	2,382
Total non-operating expenses	4,503	5,638
Ordinary profit	22,928	8,859
Extraordinary income		
Gain on change in equity	-	1,883
Gain on sale of shares of subsidiaries and associates	1,962	-
Gain on step acquisitions	1,526	-
Gain on sale of non-current assets	912	-
Gain on contribution of securities to retirement benefit trust	854	-
Total extraordinary income	5,254	1,883
Extraordinary losses		
Expense related to recall	1,481	-
Impairment loss	1,402	-
Total extraordinary losses	2,883	-
Profit before income taxes	25,299	10,742
Income taxes – current	7,656	2,650
Income taxes – deferred	268	2,441
Total income taxes	7,924	5,091
Profit	17,375	5,651
Profit (loss) attributable to non-controlling interests	616	(1,552)
Profit attributable to owners of parent	16,759	7,203

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	FY ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
Profit	17,375	5,651
Other comprehensive income		
Valuation difference on available-for-sale securities	(869)	786
Deferred gains or losses on hedges	163	(226)
Foreign currency translation adjustment	2,995	(292)
Remeasurements of defined benefit plans	(21)	77
Share of other comprehensive income of entities accounted for using equity method	431	676
Total other comprehensive income	2,699	1,021
Comprehensive income	20,074	6,672
Comprehensive income attributable to owners of parent	18,932	8,101
Comprehensive income attributable to non-controlling interests	1,142	(1,429)

(3) Consolidated Statement of changes in shareholders' equity

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	46,525	18,992	119,377	(131)	184,763
Cumulative effects of changes in accounting policies			51		51
Restated balance	46,525	18,992	119,428	(131)	184,814
Changes during period					
Dividends of surplus			(6,501)		(6,501)
Profit attributable to owners of parent			16,759		16,759
Purchase of treasury shares				(23)	(23)
Disposal of treasury shares		11		24	35
Change in scope of consolidation		(80)	(221)		(301)
Change in ownership interest of parent due to transactions with non-controlling interests		184			184
Tax effect adjustment on change in equity of prior period					–
Net changes in items other than shareholders' equity					
Total changes during period	–	115	10,037	1	10,153
Balance at end of current period	46,525	19,107	129,465	(130)	194,967

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumu-lated other comprehen-sive income		
Balance at beginning of current	3,642	24	145	2,665	(527)	5,949	16,392	207,104
Cumulative effects of changes in accounting policies								51
Restated balance	3,642	24	145	2,665	(527)	5,949	16,392	207,155
Changes during period								
Dividends of surplus								(6,501)
Profit attributable to owners of parent								16,759
Purchase of treasury shares								(23)
Disposal of treasury shares								35
Change in scope of								(301)
Change in ownership interest of parent due to transactions with non-controlling interests								184
Tax effect adjustment on change in equity of prior period								–
Net changes in items other than shareholders' equity	(821)	162	–	2,890	(58)	2,173	1,426	3,599
Total changes during period	(821)	162	–	2,890	(58)	2,173	1,426	13,752
Balance at end of current period	2,821	186	145	5,555	(585)	8,122	17,818	220,907

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	46,525	19,107	129,465	(130)	194,967
Cumulative effects of changes in accounting policies					–
Restated balance	46,525	19,107	129,465	(130)	194,967
Changes during period					
Dividends of surplus			(5,263)		(5,263)
Profit attributable to owners of parent			7,203		7,203
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		3		30	33
Change in scope of consolidation			(467)	17	(450)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Tax effect adjustment on change in equity of prior period		(23)			(23)
Net changes in items other than shareholders' equity					
Total changes during period	–	(20)	1,473	35	1,488
Balance at end of current period	46,525	19,087	130,938	(95)	196,455

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current	2,821	186	145	5,555	(585)	8,122	17,818	220,907
Cumulative effects of changes in accounting policies								–
Restated balance	2,821	186	145	5,555	(585)	8,122	17,818	220,907
Changes during period								
Dividends of surplus								(5,263)
Profit attributable to owners of parent								7,203
Purchase of treasury shares								(12)
Disposal of treasury shares								33
Change in scope of consolidation								(450)
Change in ownership interest of parent due to transactions with non-controlling interests								–
Tax effect adjustment on change in equity of prior period								(23)
Net changes in items other than shareholders' equity	714	(225)	–	271	138	898	(2,535)	(1,637)
Total changes during period	714	(225)	–	271	138	898	(2,535)	(149)
Balance at end of current period	3,535	(39)	145	5,826	(447)	9,020	15,283	220,758

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 31, 2022 (Apr. 1, 2021 - Mar. 31, 2022)	FY ended March 31, 2023 (Apr. 1, 2022 - Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	25,299	10,742
Depreciation	20,063	19,732
Amortization of goodwill	554	691
Loss (gain) on change in equity	-	(1,883)
Loss (gain) on sale of shares of subsidiaries and associate	(1,962)	-
Loss (gain) on step acquisitions	(1,526)	-
Loss (gain) on sale of non-current assets	(912)	-
Loss (gain) on contribution of securities to retirement benefit trust	(854)	-
Expenses related to recall	1,481	-
Impairment loss	1,402	-
Increase (decrease) in allowance for doubtful accounts	(12)	(23)
Increase (decrease) in retirement benefit liability	444	249
Increase (decrease) in provision for environmental measures	(6,381)	(5,560)
Interest and dividend income	(552)	(424)
Interest expenses	1,089	1,288
Share of loss (profit) of entities accounted for using equity method	(1,663)	(1,989)
Decrease (increase) in trade receivables	(8,763)	(5,916)
Decrease (increase) in inventories	(22,642)	(4,187)
Increase (decrease) in trade payables	4,007	(2,197)
Other	(868)	(203)
Subtotal	8,204	10,320
Interest and dividends received	704	587
Interest paid	(1,120)	(1,296)
Income taxes paid	(6,301)	(8,916)
Net cash provided by operating activities	1,487	695
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,648)	(16,515)
Proceeds from sale of property, plant and equipment	1,168	233
Purchase of intangible assets	(2,202)	(1,893)
Proceeds from sale of investment securities	165	3,409
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,616	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,149)	-
Other	29	(357)
Net cash used in investing activities	(18,021)	(15,123)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,779	13,363
Proceeds from long-term borrowings	6,143	6,689
Repayments of long-term borrowings	(8,469)	(12,773)
Dividends paid	(6,501)	(5,255)
Dividends paid to non-controlling interests	(953)	(716)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(668)	-
Other	(957)	(1,223)
Net cash provided by (used in) financing activities	(626)	85
Effect of exchange rate change on cash and cash equivalents	1,014	461
Net increase (decrease) in cash and cash equivalents	(16,146)	(13,882)
Cash and cash equivalents at beginning of the year	61,176	45,145
Increase in cash and cash equivalents from newly consolidated subsidiary	115	-
Cash and cash equivalents at end of the year	45,145	31,263

(5) Notes regarding the consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Changes in accounting policies)

(Application of guidelines on the application of accounting standards, etc. relating to fair value measurement)

The Company applied the “Accounting Guidelines for the Accounting Standards for Fair Value Measurement” (ASBJ Statement No. 31; June 17, 2021; hereinafter “Application Guidelines for the Accounting Standards for Fair Value Measurement”) and related implementation guidance from the beginning of the current consolidated fiscal year. Accordingly, pursuant to the transitional measures prescribed in paragraph 27-2 of the Application Guidelines for the Accounting Standards for Fair Value Measurement , the new accounting policy as set forth in the Application Guidelines for the Accounting Standards for Fair Value Measurement will be applied prospectively. There is no impact of this application on the consolidated financial statements.

(Segment information, etc.)

a. Segment information

1. Summary of reportable segments

The Group's reportable segments are those units for which discrete financial information is available and that are periodically evaluated so that the Board of Directors can decide on the allocation of management resources and assess performance.

The Group primarily carries out business related to the four areas of aluminum ingot and chemicals, aluminum sheet and extrusions, fabricated products and other, and aluminum foil, powder and paste; these products cover a wide range of areas related to aluminum.

The aluminum ingot and chemicals segment sells aluminum, aluminum hydroxide, various chemicals and aluminum ingot and alloys. The aluminum sheet and extrusions segment sells aluminum sheet and aluminum extruded products. The fabricated products and others segment sells transport-related products, and aluminum fabricated products such as freezer and refrigeration panels and electronic materials. The aluminum foil, powder and paste segment sells foil and powder products.

2. Method of calculating net sales, profit (loss), assets and other items by reportable segment

The accounting methods for reported business segments are generally the same as those for statements in the "Basis of Presenting the Consolidated Financial Statements." Profit by reportable segment is based on operating profit. Intersegment sales and transfers are based on actual market prices.

3. Information on net sales, profit (loss), assets and other items by reporting segment

The Fiscal Year Ended March 31, 2022 (April 1, 2021, to March 31, 2022)

(Millions of yen)

	Reporting segments					Adjust-ments[*1]	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	127,633	113,876	153,415	91,655	486,579	―	486,579
Intersegment sales or transfers	52,630	24,826	17,268	391	95,115	(95,115)	―
Total	180,263	138,702	170,683	92,046	581,694	(95,115)	486,579
Segment profit (loss)	13,021	7,518	3,776	1,570	25,885	(3,687)	22,198
Segment assets	155,692	123,293	166,376	109,465	554,826	(22,225)	532,601
Other items							
Depreciation	4,323	5,816	4,716	4,724	19,579	484	20,063
Amortization of goodwill	―	―	444	110	554	―	554
Impairment	―	1,014	370	18	1,402	―	1,402
Investment in entities accounted for using equity method	4,744	2,892	3,637	3,800	15,073	―	15,073
Increases in property, plant and equipment, and intangible assets	5,264	8,296	5,146	4,149	22,855	367	23,222

Notes:

1. The adjustments are shown below.
   (1) The 3,687-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) The 22,225-million-yen negative adjustment to segment profit represents 52,754 million yen in the elimination of intersegment assets and 30,529 million yen in corporate assets that are not attributable to reportable segments. Corporate assets primarily refer to excess funds (cash and securities) and assets related to administration departments of the Company and Nippon Light Metal Company, Ltd.
   (3) Adjustment of 484 million yen in depreciation represents amortization of corporate assets that are not attributed to a specific segment.
   (4) The 367-million-yen adjustment in increase in property, plant and equipment and intangible assets mainly consists of an increase in corporate assets that are not attributed to a specific segment.
2. Segment profit is adjusted with operating profit on the consolidated statements of income.

The Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reporting segments					Adjust-ments*1	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	155,981	107,399	153,167	100,407	516,954	—	516,954
Intersegment sales or transfers	58,589	25,998	17,567	388	102,542	(102,542)	—
Total	214,570	133,397	170,734	100,795	619,496	(102,542)	516,954
Segment profit (loss)	10,201	(541)	59	1,518	11,237	(3,698)	7,539
Segment assets	161,283	120,261	168,806	108,437	558,787	(32,586)	526,201
Other items							
Depreciation	4,468	5,171	4,816	4,835	19,290	442	19,732
Amortization of goodwill	—	—	444	247	691	—	691
Impairment	—	—	—	—	—	—	—
Investment in entities accounted for using equity method	4,601	3,198	3,935	6,552	18,286	—	18,286
Increases in property, plant and equipment, and intangible assets	4,582	5,160	5,046	3,273	18,061	192	18,253

Notes:

1. The adjustments are shown below.
   (1) The 3,698-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) The 32,586-million-yen negative adjustment to segment profit represents 51,938 million yen in the elimination of intersegment assets and 19,352 million yen in corporate assets that are not attributable to reportable segments. Corporate assets primarily refer to excess funds (cash and securities) and assets related to administration departments of the Company and Nippon Light Metal Company, Ltd.
   (3) Adjustment of 442 million yen in depreciation represents amortization of corporate assets that are not attributed to a specific segment.
   (4) The 192-million-yen adjustment in increase in property, plant and equipment and intangible assets mainly consists of an increase in corporate assets that are not attributed to a specific segment.
2. Segment profit is adjusted with operating profit on the consolidated statements of income.

b. Related information

The Fiscal Year Ended March 31, 2022 (April 1, 2021, to March 31, 2022)

1. Information by product and service

Information by product and service is omitted here as segmentation is equivalent to that used for reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Other	Total
382,778	103,801	486,579

Note: Net sales are classified by country or region based on the customer’s location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
158,447	17,476	175,923

3. Information by major customer

Information by major customer is omitted since there were no sales from a single customer accounting for 10% or more of consolidated net sales.

The Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)

1. Information by product and service

Information by product and service is omitted here as segmentation is equivalent to that used for reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Other	Total
402,220	114,734	516,954

Note: Net sales are classified by country or region based on the customer’s location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
157,222	17,027	174,249

3. Information by major customer

Information by major customer is omitted since there were no sales from a single customer accounting for 10% or more of consolidated net sales.

(Information per share)

	Fiscal Year Ended March 31, 2022 (April 1, 2021, to March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)
Net assets per share	¥ 3,281.17	¥3,318.17
Net profit per share	¥270.77	¥116.33
Net profit per share (diluted)	—	—

(Notes)

1. Net profit per share (diluted) is not presented since there is no dilutive share.
2. The basis for calculating net profit per share is as follows.

	Fiscal Year Ended March 31, 2022 (April 1, 2021, to March 31, 2022)	Fiscal Year Ended March 31, 2023 (April 1, 2022, to March 31, 2023)
Net profit per share		
Profit attributable to owners of parent (Millions of yen)	16,759	7,203
Amount not attributable to ordinary shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	16,759	7,203
Average number of common stock outstanding during the term (shares)	61,894,906	61,917,662

(Significant subsequent events)

No applicable information