

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

July 31, 2023

Company name: Nippon Light Metal Holdings Company, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 5703
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 Submission of quarterly financial results: August 4, 2023
 Expected date of dividends payment: —
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of a briefing on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for Three Months Ended June 30, 2023

(1) Consolidated Results of Operations (Accumulated Total)

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	122,471	(0.6)	1,971	(42.7)	2,942	(29.0)	1,181	(54.8)
June 30, 2022	123,241	6.5	3,437	(53.8)	4,142	(45.3)	2,614	(45.9)

(Note)
 Comprehensive income: Three months ended June 30, 2023 ¥3,477 million / (27.7)%
 Three months ended June 30, 2022 ¥4,808 million / (16.5)%

	Net profit per share (basic)	Net profit per share (diluted)
Three months ended	Yen	Yen
June 30, 2023	19.07	—
June 30, 2022	42.23	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	525,399	223,259	39.5
As of March 31, 2023	526,201	220,758	39.0

(Reference) Shareholders' equity: As of June 30, 2023 ¥207,748 million
 As of March 31, 2023 ¥205,475 million

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	40.00	—	10.00	50.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (forecasts)		10.00	—	40.00	50.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

(April 1, 2023 – March 31, 2024)

(% figures show year-on-year 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)	4,000	9.4	4,500	(13.6)	2,000	(47.4)	32.30
Fiscal year ending March 31, 2024	550,000	6.4	17,000	125.5	16,000	80.6	7,500	4.1	121.13

(Note) Revisions to Forecast of Financial Results published most recently: Yes

For details, please refer to “1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information, including consolidated earnings forecasts” on p. 4 of the attached documents.

*Notes

(1) Change in significant subsidiaries during the period

(Changes in specified subsidiaries affecting the scope of consolidation): None

Newly added: — (Company name: —) Excluded: — (Company name: —)

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements:

None

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

(i) Changes in accounting policies due to revision of accounting standards: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares outstanding (common stock)

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

As of June 30, 2023	61,993,750 shares
As of March 31, 2023	61,993,750 shares

(ii) Number of treasury stock at end of period

As of June 30, 2023	71,527 shares
As of March 31, 2023	69,643 shares

(iii) Average number of shares outstanding during the term

For the three months ended June 30, 2023	61,923,051 shares
For the three months ended June 30, 2022	61,896,338 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 for the premise of earnings forecasts and the precautions when using the forecasts, please refer to “1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information, including consolidated earnings forecasts” on p. 4 of the attached documents.

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

During the first three months of the current consolidated fiscal year, economic activity in Japan proceeded to normalize as restrictions related to the spread of COVID-19 were significantly relaxed, however the outlook remains uncertain, given the prolonged conflict in Ukraine, stubbornly high raw material and fuel prices, monetary tightening around the world, volatility in exchange rates, and economic sentiment in China, among other factors.

The Group's panel system division was a strong performer, and efforts were made to restore the truck body business, which had seen sales fall sharply in the previous fiscal year due to the impact of production cuts of truck chassis. In addition, Japan's auto production is recovering and, although somewhat unstable, this has been positive for the Group. However, semiconductor-related demand remains in a correction, and in addition to the slowdown in extrusion products for automobiles in China, the drop in prices reflecting the aluminum ingot market also had an impact. As a result, net sales came in somewhat lower than in the same period of the previous fiscal year. From a profitability standpoint, the panel system division, the aluminum foil, powder and paste business, and the truck body business all posted higher profit than in the same period of the previous fiscal year, but operating profit, ordinary profit, and profit attributable to owners of parent decreased year on year due to lower demand for semiconductor-related products, such as thick sheets for semiconductor manufacturing equipment, as well as the impact of slower auto-related sales in China.

Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	YoY
Net sales	122,471	123,241	(770)	(0.6%)
Operating profit	1,971	3,437	(1,466)	(42.7%)
Ordinary profit	2,942	4,142	(1,200)	(29.0%)
Profit attributable to owners of parent	1,181	2,614	(1,433)	(54.8%)

Earnings by segment

(Millions of yen)

Segments	Net sales (over previous fiscal year)			Operating profit (over previous fiscal year)		
Aluminum ingot and chemicals	37,846	(942)	(2.4%)	3,118	(646)	(17.2%)
Aluminum sheet and extrusions	22,938	(4,965)	(17.8%)	(1,279)	(2,458)	—
Fabricated products and others	36,374	4,133	12.8%	(371)	904	—
Aluminum foil, powder and paste	25,313	1,004	4.1%	1,522	753	97.9%
Elimination and company-wide	—	—	—	(1,019)	(19)	—
Total	122,471	(770)	(0.6%)	1,971	(1,466)	(42.7%)

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical division, sales volumes fell primarily for products for refractories and ceramics among the mainstay aluminum hydroxide and alumina-related products and primarily for organ chlorine compounds among chemical products. The revisions of sales prices, however, resulted in net sales in line with the same period of the previous fiscal year. Meanwhile, on the profit side, profit fell slightly compared to the same period of the previous fiscal year, due primarily to the impact of soaring raw material and fuel prices.

The ingot division saw an increase in sales volume over the same period of the previous fiscal year for the mainstay secondary alloy for automobiles due to higher sales attributable to a recovery in domestic auto production and solid sales in the US and Thailand. However, net sales decreased over the same period of the previous fiscal year due to a drop in sales prices reflecting the aluminum ingot price, among other factors, and profit also decreased over the same period of the previous fiscal year.

As a result of the above, net sales of the aluminum ingot and chemicals in the first quarter of the current consolidated fiscal year decreased by 942 million yen (2.4%) year on year, from 38,788 million yen to 37,846 million yen. Operating profit amounted to 3,118 million yen, down 646 million yen, or 17.2%, compared to 3,764 million yen in the same period of the previous fiscal year.

<Aluminum sheet and extrusions>

In the sheet product division, sales of thick sheets for semiconductor manufacturing equipment fell short of the same period of the previous fiscal year due to a demand correction that has continued since the second quarter of the previous fiscal year. In addition, net sales and operating profit were below the previous fiscal year's levels due to the impact of a decrease in sales prices reflecting the aluminum ingot market.

In the extruded product division, products for truck bodies and domestic automobiles were in the process of recovering, but net sales and operating profit decreased compared to the same period of the previous fiscal year due to a decrease in sales of products for semiconductor manufacturing equipment and automobile-related products in China, among other factors.

As a result of the above, net sales of the aluminum sheet and extrusions segment in the first three months of the current consolidated fiscal year decreased by 4,965 million yen (17.8%) year on year, from 27,903 million yen to 22,938 million yen. An operating loss of 1,279 million yen was recorded, representing a downward change of 2,458 million yen from the operating profit of 1,179 million yen recorded in the same period of the previous fiscal year.

<Fabricated products and others>

In the transport-related division, net sales in the truck body business increased over the same period of the previous fiscal year due to a supply of truck chassis that was stable overall as the supply chain normalized, leading to a recovery in production. On the profitability side, the increase in material prices slowed, and the effect of sales price revisions began to materialize, which resulted in improvements in operating profit over the previous fiscal year.

In the panel system division, the freezing and refrigeration field saw an increase in large projects, primarily for food factories and low-temperature distribution warehouses, and the clean room field was supported by robust demand from manufacturers of semiconductor-related material, parts and manufacturing equipment, leading to higher sales. As a result, net sales and operating profit in the division as a whole increased over the same period of the previous fiscal year.

As a result of the above, net sales in the fabricated products and others segment increased by 4,133 million yen (12.8%) to 36,374 million yen in the first three months of the current consolidated fiscal year, compared to 32,241 million yen in the same period of the previous fiscal year. Operating loss amounted to 371 million yen, a 904 million yen improvement compared to the same period of the previous fiscal year, which saw a loss of 1,275 million yen.

<Aluminum foil, powder and paste>

In the aluminum foil division, the sale of foils for automobile lithium-ion battery exteriors increased over the same period of the previous fiscal year due to the recovery in automobile production, and processed foil for medical product packaging is also recovering. As a result, net sales for the division overall increased over the same period of the previous fiscal year.

The powder and paste division saw the sales of powder products for heat dissipation, such as aluminum powder for electronic materials and aluminum nitride, decline over the same period of the previous fiscal year due to demand corrections related to semiconductors. In paste products, sales of mainstay automobile paints gradually recovered in the domestic market, and sales to overseas manufacturers increased over the same period of the previous fiscal year. As a result, net sales in the division were generally in line with those in the previous fiscal year.

In the daily necessities division, division-wide net sales exceeded the previous fiscal year's level thanks to solid sales

of house-care products and the effect of price revisions for aluminum foil in consumer products, as well as strong sales of packaging products for frozen foods.

As a result of the above, net sales of the aluminum foil, powder, and paste segment in the first quarter of the current consolidated fiscal year increased by 1,004 million yen (4.1%) year on year, from 24,309 million yen to 25,313 million yen. On the profit side, in addition to an increase in sales in each division, the effect of revisions to sales prices addressing the spike in fuel and raw material costs from the previous fiscal year had an impact. As a result, operating profit increased 753 million yen (97.9%) over the same period of the previous fiscal year, from 769 million yen to 1,522 million yen.

(2) Explanation of consolidated financial position

Status of assets, liabilities, and net assets

As of the end of the first quarter of the current consolidated fiscal year, total assets decreased by 802 million yen compared to the end of the previous consolidated fiscal year, to 525,399 million yen as a result of a decrease in notes and accounts receivable – trade and contract assets due to progress in collecting trade receivables and other factors. Liabilities decreased by 3,303 million yen compared to the end of the previous consolidated fiscal year to 302,140 million yen due to a reduction in notes and accounts payable – trade attributable to the payment of trade payables and other factors. Net assets increased by 2,501 million yen compared to the end of the previous consolidated fiscal year to 223,259 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 39.0% at the end of the previous consolidated fiscal year to 39.5%.

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

We have revised the consolidated earnings forecasts for the first half of the current fiscal year that were released on May 15, 2023, as follows.

Consolidated earnings forecasts for the first half of the fiscal year ending in March 2024 (April 1 – September 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
Previous forecasts (A) announced on May 15, 2023	Millions of yen 250,000	Millions of yen 2,500	Millions of yen 2,500	Millions of yen 1,000	Yen 16.15
Revised forecasts (B) announced on July 31, 2023	250,000	4,000	4,500	2,000	32.30
Amount of change (B-A)	—	1,500	2,000	1,000	—
Percent change (%)	—	60.0	80.0	100.0	—
(Ref) Results of the first half of the previous fiscal year (Fiscal year ended March 31, 2023)	253,094	3,657	5,207	3,804	61.44

In the panel system division, which was a strong performer in the first quarter, and in the aluminum foil, powder and paste division, which achieved earnings exceeding the same period of the previous fiscal year, we expect similar results from the second quarter, and earnings are expected to continue improving in the truck body business as well. Moreover, while the demand outlook in China is uncertain, automobile production is recovering in Japan, and as a result we expect operating profit, ordinary profit and profit attributable to owners of parent to be higher than we

previously forecasted (on May 15, 2023) in the first half of this consolidated fiscal year.

Given the uncertain demand outlook for semiconductors and China's automobile sector, we have not changed our consolidated forecasts for the fiscal year ending on March 31, 2024 released on May 15, 2023.

We have not changed our dividend forecasts for the fiscal year ending on March 31, 2024 (interim dividends of 10 yen and year-end dividends of 40 yen per ordinary share).

(Note) The forward-looking statements such as results forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecasts depending on a range of factors.

2. Notes on Summary Information (Special Notes)

(1) Change in significant subsidiaries during the period

None

(2) Application of accounting method specific to preparation of quarterly consolidated financial statements

None

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

None

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	31,305	33,106
Notes and accounts receivable - trade, and contract assets	150,709	142,758
Merchandise and finished goods	44,576	44,463
Work in process	20,715	23,170
Raw materials and supplies	29,332	29,775
Other	16,062	19,330
Allowance for doubtful accounts	(366)	(430)
Total current assets	292,333	292,172
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	58,839	59,356
Machinery, equipment and vehicles, net	47,488	47,910
Tools, furniture and fixtures, net	5,873	5,869
Land	55,046	55,145
Construction in progress	7,003	6,207
Total property, plant and equipment	174,249	174,487
Intangible assets		
Goodwill	1,771	1,727
Other	10,392	10,219
Total intangible assets	12,163	11,946
Investments and other assets		
Other	48,009	47,340
Allowance for doubtful accounts	(553)	(546)
Total investments and other assets	47,456	46,794
Total non-current assets	233,868	233,227
Total assets	526,201	525,399

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	68,539	67,421
Short-term borrowings	93,157	92,916
Income taxes payable	1,025	722
Provision for recall	168	152
Other	33,590	33,149
Total current liabilities	196,479	194,360
Non-current liabilities		
Bonds payable	801	870
Long-term borrowings	69,612	68,672
Retirement benefit liability	18,571	18,772
Provision for environmental measures	12,693	12,168
Other	7,287	7,298
Total non-current liabilities	108,964	107,780
Total liabilities	305,443	302,140
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,087	19,007
Retained earnings	130,938	131,500
Treasury shares	(95)	(98)
Total shareholders' equity	196,455	196,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,535	4,413
Deferred gains or losses on hedges	(39)	(22)
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,826	6,784
Remeasurements of defined benefit plans	(447)	(506)
Total accumulated other comprehensive income	9,020	10,814
Non-controlling interests	15,283	15,511
Total net assets	220,758	223,259
Total liabilities and net assets	526,201	525,399

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

**Quarterly Consolidated Statements of Income
(April 1, 2023 – June 30, 2023)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	123,241	122,471
Cost of sales	102,698	103,520
Gross profit	20,543	18,951
Selling, general and administrative expenses	17,106	16,980
Operating profit	3,437	1,971
Non-operating income		
Foreign exchange gains	757	698
Other	1,212	1,247
Total non-operating income	1,969	1,945
Non-operating expenses		
Interest expenses	306	330
Other	958	644
Total non-operating expenses	1,264	974
Ordinary profit	4,142	2,942
Profit before income taxes	4,142	2,942
Income taxes - current	389	516
Income taxes - deferred	1,146	1,139
Total income taxes	1,535	1,655
Profit	2,607	1,287
Profit (loss) attributable to non-controlling interests	(7)	106
Profit attributable to owners of parent	2,614	1,181

Quarterly Consolidated Statements of Comprehensive Income
(April 1, 2023 – June 30, 2023)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,607	1,287
Other comprehensive income		
Valuation difference on available-for-sale securities	31	880
Deferred gains or losses on hedges	(276)	17
Foreign currency translation adjustment	2,221	1,357
Remeasurements of defined benefit plans, net of tax	(205)	(56)
Share of other comprehensive income of entities accounted for using equity method	430	(8)
Total other comprehensive income	2,201	2,190
Comprehensive income	4,808	3,477
Comprehensive income attributable to owners of parent	4,284	2,975
Comprehensive income attributable to non-controlling interests	524	502

(3) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Notes on significant fluctuations in value of shareholders' equity, if any)

Not applicable

(Segment information, etc.)

I. First Three Months of the Fiscal Year Ended March 31, 2023 (April 1, 2022, to June 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 others	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	38,788	27,903	32,241	24,309	123,241	—	123,241
Intersegment sales or transfers	16,370	6,443	3,501	73	26,387	(26,387)	—
Total	55,158	34,346	35,742	24,382	149,628	(26,387)	123,241
Segment profit (loss)	3,764	1,179	(1,275)	769	4,437	(1,000)	3,437

Notes:

*1 The 1,000-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 non-current assets and goodwill by reporting segment:

Not applicable

II. First Three Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023, to June 30, 2023)

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

(Millions of yen)

	Reporting segments					Adjustments* ¹	Quarterly consolidated profit/loss posted* ²
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder, and paste	Total		
Net sales							
Net sales to external customers	37,846	22,938	36,374	25,313	122,471	—	122,471
Intersegment sales or transfers	12,185	6,710	3,163	79	22,137	(22,137)	—
Total	50,031	29,648	39,537	25,392	144,608	(22,137)	122,471
Segment profit (loss)	3,118	(1,279)	(371)	1,522	2,990	(1,019)	1,971

Notes:

*1 The 1,019-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 non-current assets and goodwill by reporting segment:

Not applicable