

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2023
(Japan GAAP)

January 31, 2022

Company name: Nippon Light Metal Holdings Company, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 5703
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 Submission of quarterly financial results: February 6, 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 Nine Months Ended December 31, 2022

(1) Consolidated Results of Operations (Accumulated Total)

(% figures show year-on-year changes)

	Net sales	Operating profit	Ordinary profit	Net profit	Net profit	Net profit	Net profit	Net profit
December 31, 2022	385,050	6.8	5,075	(73.6)	5,931	(69.6)	4,047	(73.4)
December 31, 2021	360,515	15.2	19,208	23.5	19,537	29.4	15,230	61.3

(Note) Comprehensive income: Nine months ended December 31, 2022 ¥3,757 million / (77.7%)
 Nine months ended December 31, 2021 ¥16,856 million / 39.9%

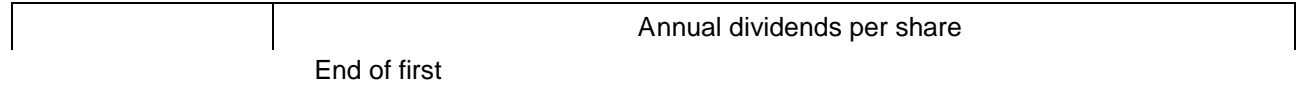
	Net profit per share (basic)	Net profit per share (diluted)
Nine months ended	Yen	Yen
December 31, 2022	65.36	>+
December 31, 2021	246.06	>+

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	539,116	217,634	37.5
As of March 31, 2022	532,601	220,907	38.1

(Reference) Shareholders' equity: As of December 31, 2022 ¥201,963 million
 As of March 31, 2022 ¥203,089million

2. Dividends



*Notes

(1) Change insignificant 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 accounting procedures to the preparation of quarterly consolidated financial statements:

None

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

In the first three quarters 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 and economic activity gradually recovered, skyrocketing raw material and fuel prices and cuts in automobile production continue to have an impact, while rapid fluctuations in exchange rates, inflation pressures and the prolonged conflict in Ukraine also cloud the outlook.

The Group continues to be influenced by the production cutbacks in automobile and truck chassis, and the correction in semiconductor-related demand such as semiconductor manufacturing equipment has affected sales. However, sales prices were increased to reflect the situation in the aluminum ingot market and sales price revisions were applied in response to the surging price of purchased goods such as raw material and fuel. As a result, net sales surpassed levels in the same period of the previous year. From a profitability standpoint, however, operating profit, ordinary profit, and profit attributable to owners of parent decreased significantly year on year due to lower sales in the truck body business and in the automobile business including the lithium battery business, as well as of thick sheets for semiconductor manufacturing equipment, along with higher costs resulting from the soaring price of purchased goods.

In the first three quarters of the Group's consolidated fiscal year under review, net sales rose by 24,535 million yen (6.8%) year on year, from 360,515 million yen to 385,050 million yen. However, operating profit decreased by 14,133 million yen (73.6%) year on year, from 19,208 million yen to 5,075 million yen. Ordinary profit decreased by 13,606 million yen (69.6%) year on year, from 19,537 million yen to 5,931 million yen. Profit attributable to owners of parent decreased by 11,183 million yen (73.4%) year on year, from 15,230 million yen to 4,047 million yen.

An overview of each business segment is provided below.

<Aluminum ingot and chemicals>

In the aluminum chemical divisions, sales for mainstay aluminum hydroxide and alumina-related products for refractories decreased, but sales for flocculants were solid, and in chemical products, sales of organic chlorine compounds increased year on year. This, coupled with the revisions of sales prices, resulted in net sales that exceeded levels in the same period of the previous fiscal year. In terms of profitability, operating profit decreased year on year due to the impact of soaring raw material and fuel prices.

The ingot divisions saw an increase in net sales compared to the same period of the previous fiscal year. This was because, in the mainstay secondary alloy for automobiles, sales volume exceeded levels in the previous year despite the impact of automobile production cutbacks in Japan and the supply chain issues resulting from lockdowns in China, and in the first half of the current fiscal year the sales price was increased to reflect the aluminum ingot price. On the profit side, operating profit fell short of the previous year's levels due to rising costs attributable to the spike in the price of fuel and other materials.

As a result of the above, net sales in the aluminum ingot and chemicals segment in the first three quarters of the current consolidated fiscal year increased by 25,870 million yen (28.1%) year on year, from 91,914 million yen to 117,784 million yen, however operating profit fell by 2,191 million yen (20.4%) year on year, from 10,728 million yen to 8,537 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 batteries and correction in demand for thick sheets for semiconductor manufacturing equipment. On the profit side, costs rose due to skyrocketing raw material and fuel prices, and the decline in aluminum ingot prices also had an impact.

In the extruded products division, net sales were unchanged from levels in the same period of the previous fiscal year because, although the drop in sales for truck bodies had a significant impact, price revisions were made in response to

In the transport-related division, net sales of the truck body business fell 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. 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 and a significant impact of an increase in the price of aluminum, steel and other materials, as well as a time lag before the effects of sales price revisions materialize.

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 e-commerce, however sales were unchanged from the same period of the previous fiscal year due in part to the impact of difficulties in procuring construction materials for some large projects. The clean room field was supported for higher demand for industrial clean rooms for semiconductor or manufacturers such as semiconductor manufacturing equipment, and as a result, net sales in the division as a whole exceeded levels in the same period of the previous fiscal year. Due to higher sales, profits were up compared to the same period of the previous fiscal year, despite the impact of skyrocketing raw material prices.

As a result of the above, net sales in the fabricated products and others segment decreased by 4,802 million yen (4.2%) to 108,399 million yen in the first three quarters of the current consolidated fiscal year, compared to 113,201 million yen in the same period of the previous fiscal year. Operating loss amounted to 1,796 million yen, a negative difference of 3,989 million yen compared to the same period of the previous fiscal year, which was a profit of 2,193 million yen.

<Aluminum foil, powder, and paste>

The aluminum foil division

(3) E

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 guidelines on the application of accounting standards, 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

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

As of March 31, 2022	As of Dec. 31, 2022
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(Millions of yen)

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

**Quarterly consolidated statements of income
(April 1, 2022 – December 31, 2022)**

(Millions of yen)

	Nine months ended Dec. 31, 2021	Nine months ended Dec. 31, 2022
Net sales	360,515	385,050
Cost of sales	289,660	327,844
Gross profit	70,855	57,206
Selling, general and administrative expenses	51,647	52,131
Operating profit	19,208	5,075
Non-operating profit		
Share of profit of entities accounted for using equity method	1,285	1,648
Other	2,161	3,539
Total non-operating profit	3,446	5,187
Non-operating expenses		
Interest expense	771	961
Other	2,346	3,370
Total non-operating expenses	3,117	4,331
Ordinary profit	19,537	5,931
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	1,962	
Gain on step acquisitions	1,526	
Gain on sale of non-current assets	910	
Total extraordinary income	4,398	
Extraordinary Losses		
Expense related to recall	1,170	
Total extraordinary losses	1,170	
Profit before income taxes	22,765	5,931
Income taxes - current	5,438	1,255

(3) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Aluminum
ingot and