

Consolidated Financial Results
For the Fiscal Year Ended March 31, 2024
(Japan GAAP)

May 15, 2024

Name of listed company: Nippon Light Metal Holdings Company, Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5703
URL: <https://www.nikkeikinholdings.com/>
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Scheduled date of Ordinary General Meeting of Shareholders: June 25, 2024
Scheduled date of commencement of dividend payment: June 26, 2024
Scheduled date of filing securities report: June 25, 2024
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, 2024 (April 1, 2023 – March 31, 2024)

(1) Consolidated Operating Results

(% figures show year-on-year change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	523,715	1.3	18,189	141.3	19,033	114.8	9,037	25.5
March 31, 2023	516,954	6.2	7,539	(66.0)	8,859	(61.4)	7,203	(57.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2024 ¥18,932 million / 183.8%
Fiscal year ended March 31, 2023 ¥6,672 million / (66.8%)

Fiscal year ended	Net profit per share (basic)	Net profit per share (diluted)	Return on equity (ROE)	Ordinary profit to total assets	Operating profit to net sales
March 31, 2024	Yen 145.91	Yen —	% 4.2	% 3.6	% 3.5
March 31, 2023	Yen 116.33	Yen —	% 3.5	% 1.7	% 1.5

(Reference) Share of loss (profit) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: ¥934 million
Fiscal year ended March 31, 2023: ¥1,989 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, 2024	543,193	238,095	40.7	3,572.06
As of March 31, 2023	526,201	220,758	39.0	3,318.17

(Reference)

Shareholders' equity: As of March 31, 2024: ¥221,258 million
As of March 31, 2023: ¥205,475 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, 2024	38,041	(23,931)	(11,049)	35,087
March 31, 2023	695	(15,123)	85	31,263

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, 2023	—	40.00	—	10.00	50.00	3,096	43.0	1.5
Fiscal year ended March 31, 2024	—	10.00	—	40.00	50.00	3,097	34.3	1.5
Fiscal year ending March 31, 2025 (forecast)	—	20.00	—	50.00	70.00		33.4	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(April 1, 2024–March 31, 2025)

(% 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, 2024	260,000	3.8	5,500	(3.2)	5,000	(25.3)	2,500	16.6	40.36
Fiscal year ending March 31, 2025	560,000	6.9	21,000	15.5	20,000	5.1	13,000	43.9	209.89

*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: None

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

(iii) Changes in accounting estimates: Yes

(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, 2024	61,993,750 shares
As of March 31, 2023	61,993,750 shares

(ii) Number of treasury stock at end of period

As of March 31, 2024	52,490 shares
As of March 31, 2023	69,643 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	61,937,360 shares
Fiscal year ended March 31, 2023	61,917,662 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.2 of the attached documents.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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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

During the period under review, the global economy showed signs of recovery in some regions, such as the recovery of the U.S. economy centered on solid consumer spending. However, the situation remained unpredictable due to the monetary tightening around the world, an economic slowdown affected by China's stagnant real estate market, Russia's prolonged invasion of Ukraine, as well as heightened geopolitical risks in the Middle East region, among other factors. In Japan, there is a risk that the disappointing performance of overseas economies could push down Japan's economy, which include the monetary tightening around the world and uncertain outlook for the Chinese economy, as well as financial and capital market fluctuations and the economic impact of the 2024 Noto Peninsula earthquake. While these conditions call for ongoing vigilance, the economy generally showed signs of gradual recovery, including a recovery in corporate earnings, as evidenced by the Nikkei Stock Average reaching a record high, and a pickup in consumer spending due to improved employment and income conditions.

In the aluminum industry, although demand for the automobile sector rose compared to the previous fiscal year, total domestic demand for aluminum products fell short of the previous fiscal year's level for the second year in a row. In addition, raw material and fuel prices, including aluminum ingot used as a raw material, were relatively stable compared to the previous year, but remained at high levels.

In May of last year, the Group formulated the Mid-term Management Plan (fiscal years 2023-2025) based on the basic policies of "Initiatives for new Team Nippon Light Metal" and "Provide products and businesses that contribute to the creation of social value" in order to respond flexibly to the increasingly uncertain business environment. In the fiscal year under review, the first year of the plan, we are accelerating efforts to meet customer needs throughout the supply chain lifecycle with diverse products and businesses that help solve social issues.

Specifically, in light of customers' growing demand for CO₂ reduction, we are the first in the truck body industry to manufacture the Green Body from recycled aluminum by horizontally recycling heavy-duty wing roofs, thereby successfully reducing CO₂ emissions by about 8 tons per truck (i.e., CO₂ emissions reduced by about 80% in the production process of aluminum materials for conventional heavy-duty wing roofs). Furthermore, we constructed a plant to increase production of non-fluorine heat-insulating non-combustible panels for clean rooms, in order to meet both the increasing demand for clean rooms due to the growth of the semiconductor industry in Japan and reduction of CO₂ emissions.

We also made our approach toward carbon neutrality by setting the Group's carbon neutrality strategy to reduce CO₂ emissions by 30% (Scopes 1, 2, and 3) by fiscal 2030 from fiscal 2013 levels, in an effort to accommodate the growing expectation for aluminum toward a decarbonized society, and we took step to formulate the Group's policies and strategies aiming at establishing a closed-loop supply chain, led by the Green Growth Strategy Office launched in April of last year.

In addition, Nikkeikin Aluminum for Mobility Company, Ltd., which was formed in October of last year to integrate the Group's automotive parts business to allocate resources in an optimal way and create Group synergies, worked to expand sales of new products, and we also made steady efforts to stabilize operations at the new plant in the U.S.

In regards to initiatives to prevent the reoccurrence of inappropriate behavior regarding issues related to quality identified in our Group companies in 2021, which were formulated and announced in March of last year, the Business Transformation Office, newly established in April, played a leading role in rebuilding the Group governance system, strengthening the internal control functions, and the Group companies made concerted efforts to reform the corporate culture to make the Group truly sustainable.

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

Despite the impact of semiconductor-related demand corrections and the slowdown in automobile-related demand in China, net sales were higher than in the previous fiscal year, thanks to strong performance in the panel system division and a recovery in sales of products for truck bodies. From a profitability standpoint, despite the impact of the time required to stabilize operations at the new U.S. plant in the extrusion products division, operating profit, ordinary profit, and profit attributable to owners of parent were all higher than in the previous fiscal year, reflecting a strong performance in the panel system division and the expanded effect of sales price revisions in the truck body business.

For the Amehata Dam owned by our subsidiary Nippon Light Metal Company, Ltd., it was deemed necessary to implement additional processes for sediment removal in accordance with the progress of the Amehata Dam sediment control master plan submitted to the Ministry of Land, Infrastructure, Transport and Tourism in April 2020, among others, and accordingly, the expenses for environmental measures are recorded as extraordinary losses.

Consolidated Results of Operations

(Unit: million yen)

	Current consolidated fiscal year (ended on March 31, 2024)	Previous consolidated fiscal year (ended on March 31, 2023)	Change	YoY
Net sales	523,715	516,954	6,761	1.3%
Operating profit	18,189	7,539	10,650	141.3%
Ordinary profit	19,033	8,859	10,174	114.8%
Profit attributable to owners of parent	9,037	7,203	1,834	25.5%

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

<Aluminum ingot and chemicals>

In the aluminum chemical division, net sales were lower than in the previous fiscal year due to the significant impact of decreased sales of products for refractories and ceramics among the mainstay aluminum hydroxide and alumina-related products. On the profitability side, despite the impact of a decline in sales, operating profit was in line with the previous fiscal year due to the effect of sales price revisions.

In the ingot division, the sales volume of the mainstay secondary alloy ingot for automobiles increased due to a recovery in automobile production in Japan, and overseas sales remained strong in the U.S. and Thailand. As a result, although net sales were lower than in the previous fiscal year due to a decline in sales prices reflecting the aluminum ingot market conditions, operating profit exceeded the previous year's level.

As a result of the above, net sales in the aluminum ingot and chemicals segment decreased 3.5% over the previous fiscal year to 150,462 million yen, but operating profit increased 5.5% over the previous fiscal year to 10,766 million yen.

<Aluminum sheet and extrusions>

In the sheet product division, sales of thick gauge plate for semiconductor manufacturing equipment continued to be sluggish and were also affected by a decline in sales prices reflecting the aluminum ingot market conditions. As a result, net sales were below the previous fiscal year's level. On the profit side, despite an increase in outsourcing and other expenses, operating profit was higher than in the previous fiscal year due to the effect of revisions to sales prices.

In the extrusion product division, although recovery in sales of products for truck bodies and domestic automobiles is ongoing, net sales fell over the previous fiscal year due to sluggish sales of products for semiconductor manufacturing equipment and a slowdown in sales of automobile-related products in China, among other factors. On the profitability side, operating profit decreased over the previous fiscal year due to the sales impact and the time required to stabilize mass-production operations at the new plant in the U.S.

With the aim of responding to changes in the automotive-related market environment and improving competitiveness, the Group's automotive parts business (comprising the automotive-related business of the division as well as the heat exchanger products and industrial parts businesses) was integrated to form Nikkeikin Aluminum for Mobility Company, Ltd. on October 1, 2023.

As a result of the above, net sales in the aluminum sheet and extrusions segment decreased 9.2% over the previous fiscal year to 97,533 million yen, and operating loss amounted to 573 million yen, a negative difference of 32 million yen.

<Fabricated products and others>

Results in the key sectors are described below.

In the transport-related division, net sales in the truck body business exceeded the previous fiscal year's level thanks to a recovery in sales resulting from increased production amid the normalization of truck chassis supply. On the profit side, as a result of the recovery in sales as well as efforts to revise sales prices, increase productivity, and reduce fixed costs, and other measures, operating loss improved significantly compared with the previous fiscal year to a level that is projected to return to profitability.

In other transportation-related division, net sales in the heat exchanger products business were higher than in the

previous fiscal year thanks to solid sales of capacitors for air conditioners to the automobile market in Japan. On the profitability side, operating loss improved from the previous fiscal year, partly because of price revision of capacitors for air conditioners. In the industrial parts business, despite a slowdown in demand for the Chinese market, sales in the domestic market were strong due to a recovery in automobile production as well as the introduction of new brake-related products. As a result, both net sales and operating profit increased over the previous fiscal year. Effective October 1, 2023, the heat exchanger products and industrial parts businesses are now under the Nikkeikin Aluminum for Mobility Company, Ltd., which was formed as a result of the integration of Group's automotive parts business.

In the electronic material division, demand in the electronic component industry, starting with semiconductors, continued to fall, resulting in lower sales of anodized foil for electric capacitors, and stubbornly high chemical and other material prices also had an influence. As a result, both net sales and operating profit were lower than in the previous fiscal year.

In the panel system division, sales of large projects for low-temperature distribution warehouses came in line with the previous year, but sales of small projects for stores were solid in the freezing and refrigeration field. Strong demand for clean rooms for semiconductor-related manufacturers supported increased sales in the clean room field. As a result, net sales in the division as a whole increased over the previous fiscal year. On the profit side, operating profit surpassed the previous fiscal year's level thanks to increased sales of large projects for clean rooms, despite the impact of material price increases and other factors.

In the landscape engineering division, sales of scaffolding products used for inspections for roads and bridges grew, but demand for aluminium guard fences declined. As a result, net sales were in line with the previous fiscal year in the division overall. On the profit side, despite the impact of higher construction material prices, operating profit increased over the previous fiscal year, partly due to a focus on sales of high-value-added products.

In the carbon products division, sales of mainstay carbon blocks for the steel industry decreased, but sales of cathode blocks for smelting aluminum increased, and the weak yen also had a boosting effect. As a result, both net sales and operating profit increased over the previous fiscal year.

As a result of the above, net sales in the fabricated products and others segment increased 11.3% to 170,426 million yen over the previous fiscal year, and operating profit increased 6,506 million yen, thanks to improved earnings in the transportation-related division, to 6,565 million yen.

<Aluminum foil, powder and paste>

In the aluminum foil division, sales of foils for automobile lithium-ion battery exteriors remained at the same level as in the previous fiscal year, and sales of processed foil for medical product packaging increased due to sales price revisions, and sales to overseas markets were solid. As a result, both net sales and operating profit for the division overall exceeded the previous fiscal year's levels.

In the powder and paste division, semiconductor-related demand for powder products for heat dissipation, such as aluminum powder for electronic materials and aluminum nitride, showed a recovery trend from the second half of the fiscal year. In addition, sales of paste products for mainstay automobile paints increased mainly in overseas markets as a result of the recovery in automobile production. As a result, both net sales and operating profit for the division overall exceeded the previous fiscal year's levels.

In the daily necessities division, in consumer products, sales of house-care products increased, with sales price revision of aluminum foil having a positive effect. In addition, sales of packaging products rose thanks to strong demand for frozen food products and sales price revisions. As a result, both net sales and operating profit for the division overall exceeded the previous fiscal year's levels.

As a result of the above, net sales in the aluminum foil, powder and paste segment increased 4.9% over the previous fiscal year to 105,294 million yen, and operating profit increased 271.1% to 5,634 million yen.

(ii) Earnings forecasts for the next fiscal year (year ending on March 31, 2025)

Although we expect the global economy to continue making a gradual recovery, it remains difficult to make predictions due to factors such as monetary tightening measures around the world, the stagnation of the Chinese economy, growing geopolitical risks including the prolonged situation in Ukraine as well as conditions in the Middle East, and the outcome of the U.S. presidential election. 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 2025 are shown below.

Consolidated earnings forecasts

(Unit: hundred million yen)

	Forecast for fiscal year ending March 31, 2025 (A)	Fiscal year ended March 31, 2024 – Actual (B)	Change (A-B)	
Net sales	5,600	5,237	363	6.9%
Operating profit	210	182	28	15.5%
Ordinary profit	200	190	10	5.1%
Profit attributable to owners of parent	130	90	40	43.9%

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	95	6.3%	110	2	2.2%
Aluminum sheet and extrusions	1,170	195	20.0%	10	16	–
Fabricated products and others	1,750	46	2.7%	80	14	21.9%
Aluminum foil, powder and paste	1,080	27	2.6%	50	(6)	(11.3%)
Elimination and company-wide	–	–	–	(40)	2	–
Total	5,600	363	6.9%	210	28	15.5%

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.

As of the end of the consolidated fiscal year under review, total assets increased by 16,992 million yen compared to the end of the previous consolidated fiscal year to 543,193 million yen, due to an increase in trade receivables as the year-end fell on a holiday and a higher market value of investment securities resulting from a rise in stock prices, among other factors. Liabilities decreased by 345 million yen compared to the end of the previous consolidated fiscal year to 305,098 million yen, due to a decrease in repayments of long-term borrowings and other factors. Net assets increased by 17,337 million yen compared to the end of the previous consolidated fiscal year to 238,095 million yen, due to an increase in retained earnings from the recording of profit attributable to owners of the parent and 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 40.7%.

Cash flows from operating activities

Net cash provided by operating activities in the consolidated fiscal year under review amounted to 38,041 million yen. This was because non-cash profit/loss items such as profit before income taxes and depreciation more than offset cash outflows, including income taxes paid. Net cash provided by operating activities rose 37,346 million yen compared to the previous consolidated fiscal year, which was largely due to an increase in profit before income taxes and improvement in working capital, which had increased significantly in the previous consolidated fiscal year.

Cash flows from investing activities

Net cash used in investing activities in the consolidated fiscal year under review amounted to 23,931 million yen, primarily due to purchase of property, plant and equipment. Net cash used in investing activities was up 8,808 million yen compared to the previous consolidated fiscal year, primarily due to an increase in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities in the consolidated fiscal year under review amounted to 11,049 million yen. This was primarily due to repayments of long-term borrowings. Financing activities provided 85 million yen in cash in the previous consolidated fiscal year, but this consolidated fiscal year financing activities used 11,049 million yen, which was primarily due to a decrease in proceeds from short-term borrowings.

As a result, cash and cash equivalents on a consolidated basis were up 3,824 million yen (12.2%) compared to the end of the previous consolidated fiscal year, to 35,087 million yen.

Reference: Fluctuations in indicators related to cash flow

	FY2020	FY2021	FY2022	FY2023
Equity ratio	37.6%	38.1%	39.0%	40.7%
Mark-to-market capital ratio (%)	27.0%	19.9%	17.2%	20.7%
Cash flow/interest-bearing debt ratio	3.5	104.5	235.4	4.1
Interest coverage ratio	39.6	1.3	0.5	28.0

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 for which interest is paid. 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, 2024, and the fiscal year ending March 31, 2025

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% or more as its indicator for profit returns.

The Group plans to pay year-end dividends of 40 yen per share for the fiscal year ended March 31, 2024.

The Group will decide on dividend amounts for the fiscal year ending March 31, 2025, using a total dividend payout ratio, including the acquisition of treasury stock, of 30% or more. The Group plans to pay interim dividends of 20 yen and year-end dividends of 50 yen, for an annual dividend of 70 yen. (The dividend payout ratio based on the consolidated earnings forecast at this point is 33.4%.)

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

Looking forward, the global economy is expected to continue its gradual recovery, but we anticipate that unpredictable conditions will persist, given the monetary tightening around the world, economic stagnation in China, heightened geopolitical risks including the prolonged turmoil in Ukraine and the situation in the Middle East, and the course of the U.S. presidential election, among other factors.

In this situation, we consider it necessary for the Group to achieve sustainable growth that, while closely monitoring the business environment surrounding the Group, we strengthen sustainable efforts to resolve issues, including improvements in profitability as well as reforms in corporate culture and the utilization of human resources, that the Group must overcome, and continuously pursue management and structural reforms as we continue to take on the challenges for value creation by addressing both customer needs and social issues, thereby transforming ourselves into a new NLM Group.

With this in mind, the Group aims to reform its organizational structure to accelerate the creation of new value by working together as Team NLM.

That is, comprehensively taking into account the markets and product characteristics and other factors to which each group company belongs, we will group our businesses and integrate operations with market sectors in close proximity to each other, in an effort to strengthen group collaboration and improve capital efficiency. In addition, we will review our organization with a view to strengthening group governance. These organizational reforms will allow us to embody a new NLM Group beyond the conventional format, accelerate the creation of new products and businesses by appropriately allocating management resources, reform operations, strengthen group governance, as well as formulate and implement growth strategies from a broader, longer-term perspective than in the past, thereby maximizing Group corporate value.

In addition, we aim to strengthen our corporate governance system through a review of the number and composition of the Board of Directors and other measures that place greater emphasis on its position as a "supervisory body focused on formulating the group's strategies to maximize corporate value."

Our efforts toward carbon neutrality will also go beyond addressing the risk aspect, and, in order to meet the growing demand for aluminum to realize a decarbonized society, we intend to develop a roadmap for a decarbonization strategy, and contribute to the creation of social value and increase corporate value.

In addition to above, we will promote DX to improve operational efficiency and productivity, and take measures, including aggressive investment in growth areas with an eye to the future, thereby working as one group to achieve the goals of the Mid-term Management Plan. At the same time, we will lay the foundation for a new NLM Group with a robust earnings structure by steadily implementing management reforms.

(3) Management indicators

We aim to develop a structure which enables us to secure stable ordinary profit exceeding 30.0 billion yen, to enable the sustainable growth of the NLM Group. During the 2023 Mid-term Plan, we will create value through the growth strategies of the individual business segments. At the same time, we will build a revenue base that is less susceptible to the external environment by addressing the Group's issues.

(Unit: hundred million yen)

	Fiscal year ended March 31, 2023 (actual)	Fiscal year ended March 31, 2024 (actual)	Fiscal year ending March 31, 2025 (forecast)	Fiscal year ending March 31, 2026 (2023 Medium- term Plan Objectives)
Net sales	5,170	5,237	5,600	5,300
Operating profit	75	182	210	300
Ordinary profit	89	190	200	300
Profit	72	90	130	200
ROCE(%)	3.2	6.0	6.3	10.3

The Group pays dividends in line with the basic policy regarding profit distribution outlined on page 6 of these materials.

	FY2023		FY2024		FY2025, final year of 2023 Medium-term Plan
	Interim actual	Year-end plan	Interim forecast	Year-end forecast	Annual reference figure
Dividends	10 yen	40 yen	20 yen	50 yen	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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	31,305	35,206
Notes and accounts receivable - trade, and contract assets	116,802	120,408
Electronically recorded monetary claims - operating	33,907	36,669
Merchandise and finished goods	44,576	42,251
Work in process	20,715	23,264
Raw materials and supplies	29,332	29,290
Other	16,062	15,180
Allowance for doubtful accounts	(366)	(286)
Total current assets	292,333	301,982
Non-current assets		
Property, plant and equipment		
Buildings and structures	163,640	168,661
Accumulated depreciation	(104,801)	(109,582)
Buildings and structures, net	58,839	59,079
Machinery, equipment and vehicles	311,692	319,135
Accumulated depreciation	(264,204)	(273,081)
Machinery, equipment and vehicles, net	47,488	46,054
Tools, furniture and fixtures	38,812	40,632
Accumulated depreciation	(32,939)	(34,899)
Tools, furniture and fixtures, net	5,873	5,733
Land	55,046	55,669
Construction in progress	7,003	12,102
Total property, plant and equipment	174,249	178,637
Intangible assets		
Goodwill	1,771	1,461
Other	10,392	10,512
Total intangible assets	12,163	11,973
Investments and other assets		
Investment securities	33,546	38,177
Deferred tax assets	8,392	6,386
Other	6,071	6,582
Allowance for doubtful accounts	(553)	(544)
Total investments and other assets	47,456	50,601
Total non-current assets	233,868	241,211
Total assets	526,201	543,193

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	68,539	73,546
Short-term borrowings	80,290	86,228
Current portion of long-term borrowings	12,867	6,580
Income taxes payable	1,025	4,679
Provision for environmental measures	—	8,428
Other	33,758	38,567
Total current liabilities	196,479	218,028
Non-current liabilities		
Bonds payable	801	908
Long-term borrowings	69,612	62,375
Retirement benefit liability	18,571	16,932
Provision for environmental measures	12,693	—
Other	7,287	6,855
Total non-current liabilities	108,964	87,070
Total liabilities	305,443	305,098
Net assets		
Shareholders' equity		
Share capital	46,525	46,525
Capital surplus	19,087	19,031
Retained earnings	130,938	138,736
Treasury shares	(95)	(74)
Total shareholders' equity	196,455	204,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,535	6,161
Deferred gains or losses on hedges	(39)	38
Revaluation reserve for land	145	145
Foreign currency translation adjustment	5,826	9,121
Remeasurements of defined benefit plans	(447)	1,575
Total accumulated other comprehensive income	9,020	17,040
Non-controlling interests	15,283	16,837
Total net assets	220,758	238,095
Total liabilities and net assets	526,201	543,193

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	516,954	523,715
Cost of sales	440,024	435,107
Gross profit	76,930	88,608
Selling, general and administrative expenses	69,391	70,419
Operating profit	7,539	18,189
Non-operating income		
Interest income	115	164
Dividend income	309	360
Share of profit of entities accounted for using equity method	1,989	934
Foreign exchange gains	1,148	1,210
Rental income	603	630
Other	2,794	2,034
Total non-operating income	6,958	5,332
Non-operating expenses		
Interest expenses	1,288	1,346
Loss on disposal of non-current assets	334	522
Rental expenses	670	686
Other	3,346	1,934
Total non-operating expenses	5,638	4,488
Ordinary profit	8,859	19,033
Extraordinary income		
Gain on change in equity	1,883	—
Total extraordinary income	1,883	—
Extraordinary losses		
Expense for environmental measures	—	1,796
Impairment losses	—	762
Total extraordinary losses	—	2,558
Profit before income taxes	10,742	16,475
Income taxes - current	2,650	5,622
Income taxes - deferred	2,441	710
Total income taxes	5,091	6,332
Profit	5,651	10,143
Profit (loss) attributable to non-controlling interests	(1,552)	1,106
Profit attributable to owners of parent	7,203	9,037

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	5,651	10,143
Other comprehensive income		
Valuation difference on available-for-sale securities	786	2,666
Deferred gains or losses on hedges	(226)	78
Foreign currency translation adjustment	(292)	3,274
Remeasurements of defined benefit plans, net of tax	77	2,099
Share of other comprehensive income of entities accounted for using equity method	676	672
Total other comprehensive income	1,021	8,789
Comprehensive income	6,672	18,932
Comprehensive income attributable to owners of parent	8,101	17,057
Comprehensive income attributable to non-controlling interests	(1,429)	1,875

(3) Consolidated Statement of changes in shareholders' equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	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)
Capital increase of consolidated subsidiaries					—
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 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 period	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)
Capital increase of consolidated subsidiaries								—
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 period	3,535	(39)	145	5,826	(447)	9,020	15,283	220,758

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	46,525	19,087	130,938	(95)	196,455
Changes during period					
Dividends of surplus			(1,239)		(1,239)
Profit attributable to owners of parent			9,037		9,037
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares		1		34	35
Change in scope of consolidation					—
Capital increase of consolidated subsidiaries		(80)			(80)
Tax effect adjustment on change in equity of prior period		23			23
Net changes in items other than shareholders' equity					
Total changes during period	—	(56)	7,798	21	7,763
Balance at end of period	46,525	19,031	138,736	(74)	204,218

	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 period	3,535	(39)	145	5,826	(447)	9,020	15,283	220,758
Changes during period								
Dividends of surplus								(1,239)
Profit attributable to owners of parent								9,037
Purchase of treasury shares								(13)
Disposal of treasury shares								35
Change in scope of consolidation								—
Capital increase of consolidated subsidiaries								(80)
Tax effect adjustment on change in equity of prior period								23
Net changes in items other than shareholders' equity	2,626	77	—	3,295	2,022	8,020	1,554	9,574
Total changes during period	2,626	77	—	3,295	2,022	8,020	1,554	17,337
Balance at end of period	6,161	38	145	9,121	1,575	17,040	16,837	238,095

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	10,742	16,475
Depreciation	19,732	20,525
Amortization of goodwill	691	479
Loss (gain) on change in equity	(1,883)	—
Impairment losses	—	762
Increase (decrease) in allowance for doubtful accounts	(23)	(97)
Increase (decrease) in retirement benefit liability	249	524
Increase (decrease) in provision for environmental measures	(5,560)	(4,265)
Interest and dividend income	(424)	(524)
Interest expenses	1,288	1,346
Share of loss (profit) of entities accounted for using equity method	(1,989)	(934)
Decrease (increase) in trade receivables	(5,916)	(4,884)
Decrease (increase) in inventories	(4,187)	1,286
Increase (decrease) in trade payables	(2,197)	4,202
Other, net	(203)	4,344
Subtotal	10,320	39,239
Interest and dividends received	587	939
Interest paid	(1,296)	(1,360)
Income taxes paid	(8,916)	(777)
Net cash provided by (used in) operating activities	695	38,041
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,515)	(22,040)
Proceeds from sale of property, plant and equipment	233	120
Purchase of intangible assets	(1,893)	(1,889)
Proceeds from sale of investment securities	3,409	520
Other, net	(357)	(642)
Net cash provided by (used in) investing activities	(15,123)	(23,931)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,363	5,272
Proceeds from long-term borrowings	6,689	1,180
Repayments of long-term borrowings	(12,773)	(14,933)
Dividends paid	(5,255)	(1,237)
Dividends paid to non-controlling interests	(716)	(553)
Other, net	(1,223)	(778)
Net cash provided by (used in) financing activities	85	(11,049)
Effect of exchange rate change on cash and cash equivalents	461	763
Net increase (decrease) in cash and cash equivalents	(13,882)	3,824
Cash and cash equivalents at beginning of period	45,145	31,263
Cash and cash equivalents at end of period	31,263	35,087

(5) Notes regarding the consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Changes in accounting estimates)

(Provision for environmental measures)

The Group sets out realistic and feasible plans (i.e. removal methods and destinations) to remove the amount of sediment as specified in the Amehata Dam sediment control master plan. In addition, the Group makes a reasonable estimate of costs for sediment removal, construction of in-river routes used to transport the sediment and site preparation work if the work is performed at the removal destination, as well as other incidental costs. These costs are recorded as “provision for environmental measures” in the consolidated balance sheets.

During the consolidated fiscal year under review, it was determined necessary to implement additional processes for sediment removal in accordance with the progress of the Amehata Dam sediment control master plan, among others. Accordingly, we have revised the estimate for the provision for environmental measures. As a result, we recorded an extraordinary loss of 1,796 million yen as an expense for environmental measures, resulting in a decrease of the same amount in profit before income taxes in the consolidated fiscal year under review.

(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, 2023 (April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reporting segments					Adjustments ^{Note 1}	Consolidated profit/loss posted ^{Note 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. The adjustment 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.

The Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(Millions of yen)

	Reporting segments					Adjustments ^{Note 1}	Consolidated profit/loss posted ^{Note 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	150,462	97,533	170,426	105,294	523,715	—	523,715
Intersegment sales or transfers	51,936	28,453	18,074	346	98,809	(98,809)	—
Total	202,398	125,986	188,500	105,640	622,524	(98,809)	523,715
Segment profit (loss)	10,766	(573)	6,565	5,634	22,392	(4,203)	18,189
Segment assets	168,757	118,046	183,323	114,674	584,800	(41,607)	543,193
Other items							
Depreciation	4,734	5,617	5,008	4,706	20,065	460	20,525
Amortization of goodwill	—	—	223	256	479	—	479
Impairment	—	534	65	163	762	—	762
Investment in entities accounted for using equity method	5,092	2,958	4,383	6,772	19,205	—	19,205
Increases in property, plant and equipment, and intangible assets	6,945	5,672	7,237	3,837	23,691	209	23,900

Notes:

1. The adjustments are shown below.

- (1) The 4,203-million-yen negative adjustment to segment profit represents corporate expenses. The adjustment 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 41,607-million-yen negative adjustment to segment profit represents 60,952 million yen in the elimination of intersegment assets and 19,345 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 460 million yen in depreciation represents amortization of corporate assets that are not attributed to a specific segment.
- (4) The 209-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, 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.

The Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)

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
410,074	113,641	523,715

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
158,524	20,113	178,637

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, 2023 (April 1, 2022, to March 31, 2023)	Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)
Net assets per share	¥ 3,318.17	¥3,572.06
Net profit per share	¥116.33	¥145.91
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, 2023 (April 1, 2022, to March 31, 2023)	Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)
Net profit per share		
Profit attributable to owners of parent (Millions of yen)	7,203	9,037
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	7,203	9,037
Average number of common stock outstanding during the term (shares)	61,917,662	61,937,360

(Significant subsequent events)

Not applicable