

## Message from CEO

**As Team NLM, we will work to be a groundbreaking future-pioneering innovator of aluminum and beyond.**

President and Chief Executive Officer

Ichiro Okamoto



## Message from CEO

### From defense to "aggressive stage"

Aiming to become "a groundbreaking innovator of aluminum and beyond as Team NLM," we are shifting to the "aggressive stage" in full scale. Capturing the growth segments including the automobile- and semiconductor-related sectors, global markets, and carbon neutrality, we will mobilize all our accumulated technological and comprehensive capabilities to strengthen our revenue base and sustainably enhance our corporate value.

### From "materials industry" to "a groundbreaking innovator of aluminum and beyond"

#### Changes in external environment and our business

The production of primary aluminum requires a substantial amount of energy in the electrolytic smelting process for creating new ingots, and this energy cost significantly impacts its price competitiveness. In response to the soaring energy costs in the 1970s due to the oil crisis and structural changes in developed markets, including stagnant demand, Japanese aluminum manufacturers began to withdraw from the electrolytic smelting business. This exodus culminated in the cessation of Nippon Light Metal Company, Ltd.'s electrolytic smelting business in 2014.

Taking these environmental changes as turning points, we expanded our business from electrolytic smelting to downstream aluminum processing and fabrication, and further into service fields such as design, construction, and after-sales maintenance. As a result, our company successfully evolved into the one-of-a-kind comprehensive aluminum manufacturer in Japan, opening up new possibilities for aluminum and aluminum-related materials.

#### As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.

Our strengths lie in our deep understanding of aluminum's material properties and our ability to blend primary processing technologies such as casting, extrusion, and rolling with a variety of secondary fabrication techniques including surface processing, bonding, bending, drawing, shearing, and cutting. Further, by leveraging a comprehensive capability that spans from alloy development to design, construction, assembly, maintenance, and services, we go beyond the scope of a conventional material manufacturer to create customer value and offer products and businesses that contribute to the creation of social value. This is the very vision our Team NLM aims for as a "groundbreaking innovator of aluminum and beyond" and where our strengths shine.

One symbol of the vision is the Nikkei Panel System. The company deals with insulating panels for refrigerated storage facilities; however, aluminum is hardly used in such panels. As exemplified by its management of the large-scale cold storage facilities at the Toyosu Market, the company deploys the technologies and know-how gained from its aluminum business to other materials to generate new value.

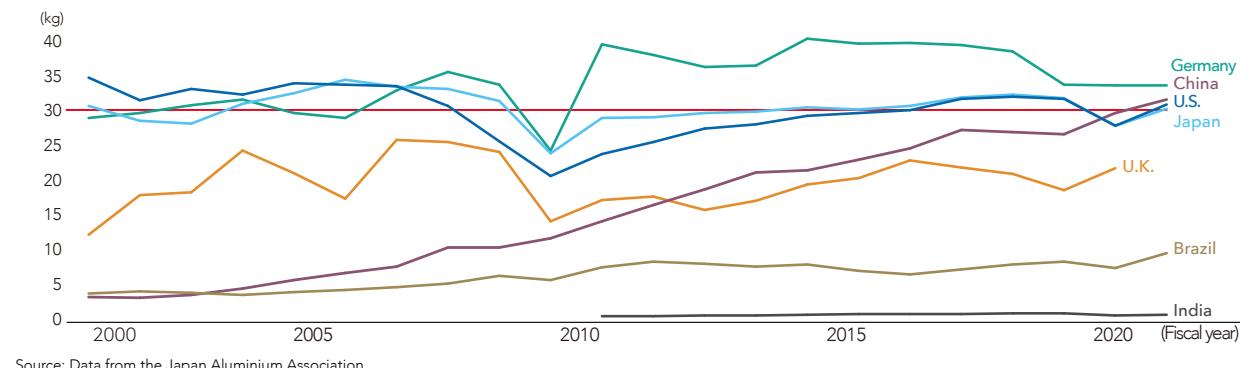
Meanwhile, in the automobile-related field, Nikkeikin Aluminum for Mobility Company is utilizing its comprehensive capability to the fullest. The company established a supply system that is unconstrained by the production method, and built a framework to offer end-to-end solutions covering materials, manufacturing processes, processing technologies, and design and development. This enables the company to combine complex technologies and provide the best solutions to advanced challenges in the automobile industry, such as electrification, weight reduction, and thermal management. Wielding its comprehensive proposal and supply capability, the company is creating customer value through enhanced collaboration with domestic and overseas facilities, especially in

areas like new product development.

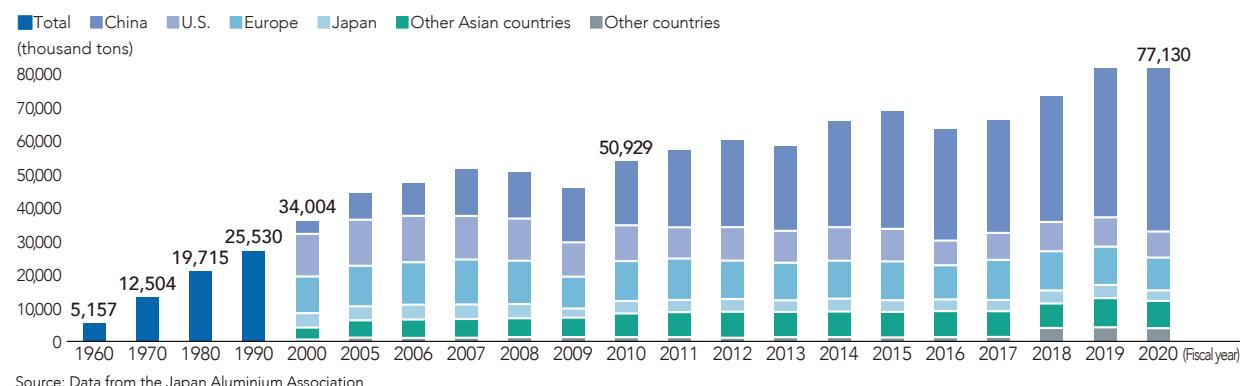
The two driving forces, the Nikkei Panel System, which is realizing its strengths beyond aluminum, and Nikkeikin Aluminum for Mobility Company, which is exercising its comprehensive capability, symbolize the vision of a groundbreaking material innovator. As these examples demonstrate, our company continues its evolution beyond the boundary of the "materials industry," transforming into a "groundbreaking innovator of aluminum and beyond" that solves customers' problems and creates new value.

#### ● The Source of Value Creation (P.14)

#### Changes in per-capita Aluminum Consumption Around the World



#### Changes in Demand for Aluminum in the World



## Message from CEO

### Progress of the 2023 Mid-term Plan and future directionality

#### While maintaining growth in revenue and profit, aiming to achieve profit targets under the next Mid-term Plan

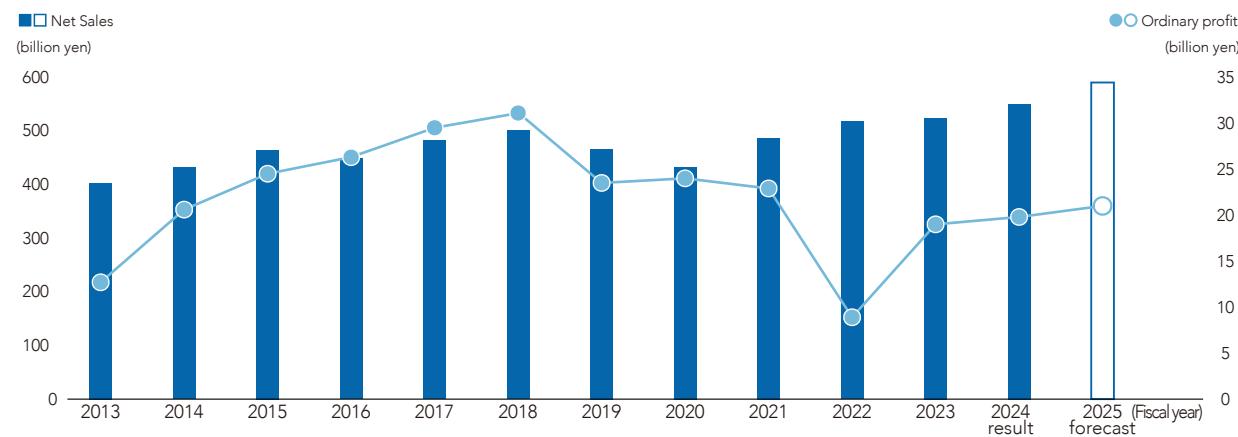
The Mid-term Management Plan launched in FY2023 (2023 Mid-term Plan) steadily generated positive results despite significant fluctuations in the external environment. We secured two consecutive years of revenue and profit growth through FY2024, and this is expected to extend to three consecutive years in FY2025. Consolidated net sales have already met the 2023 Mid-term Plan target, and are on track to attain a record high level.

We also advanced our key initiatives. The measures to address sedimentation in Amehata Dam were completed as planned over five years with the cooperation of national and local authorities, contributing to the safety of the local community. Regarding quality issues, we provided all affected customers with explanations of our recurrence prevention measures to garner their understanding, and have steadily advanced corporate culture reform through site manager meetings and workplace visits. I believe these initiatives enabled us to successfully establish a solid foundation for "defense" in pursuit of our revenue and profit targets.

On the other hand, challenges to profitability remain. The most impactful external factors include aluminum market conditions and exchange rate fluctuations, as well as sluggish growth in the EV sector and the delayed recovery of the semiconductor market. As a result, consolidated ordinary profit for FY2025 is projected at 21.0 billion yen, falling short of the 2023 Mid-term Plan target of 30.0 billion yen. Achievement of the target will be carried forward as a challenge into the next Mid-term Plan.

➤ [Mid-term Management Plan \(P.18\)](#)

#### Consolidated Financial Results



#### Boldly taking on growth areas

To move toward the 2023 Mid-term Plan target "the new Team NLM that secures stable ordinary profit exceeding 30 billion yen," initiatives to capture growth segments are essential. Designating the automobile- and semiconductor-related sectors, global markets, and the carbon-neutral society as growth segments, we will develop products and businesses adapted to these areas and implement proactive initiatives to sustainably enhance our corporate value.

#### Automobile- and semiconductor-related sectors

In the automobile-related sector, short-term demand has reached a plateau, but mid- and long-term demand is projected to grow with high certainty, driven by the expansion of EVs and the advancement of next-generation mobility. Our automotive parts departments have completed their functional integration, and are prepared to deploy their competitiveness when domestic and overseas demand begins to ramp up.

Regarding the semiconductor-related sector, the market is forecast to grow over the medium to long term, albeit subject to demand fluctuations. Our chemicals business offers low soda alumina for semiconductor manufacturing equipment that offers excellent electrical insulation and heat-resisting properties, contributing to improved precision and reliability in semiconductor manufacturing. Additionally, in our engineering business, we are enhancing the supply capacity for clean room design and construction via the Nikkei Panel System, and are establishing a framework to meet the increased demand associated with expanded capital investment in semiconductor and electronic component factories.

Through these initiatives, we are building a foundation to accommodate future demand increase in two growth segments, automobiles- and semiconductor-related sectors. In the next Mid-term Plan, we will establish these growth segments as the pillars of profit growth.

#### Global markets

North America, the world's largest market, and India, expected to see demand increase backed by the demographic dividend, are important markets that can drive our growth.

In North America, we executed a large-scale investment in the automotive parts sector, and commenced operations in FY2024. Currently, we are working on establishing a robust revenue structure, while strengthening our business foundation in anticipation of full-scale EV demand.

In India, we established a new company through a joint venture with Century Metal Recycling Private Ltd., a leading metal alloy manufacturer in the country, and in June 2025, we decided to jointly invest in the aluminum recycling business with the CMR Group. Seizing vigorous demand driven by the country's population of approximately 1.5 billion, we will proceed with building a global supply chain with high environmental value that utilizes state-of-the-art technology. While its contribution to business performance will take some time, we are positioning it as the first step in our future low-carbon product and service strategy, and are determined to nurture it as a new pillar in the global market.

Meanwhile, in the Chinese market, Japanese automakers continue to struggle, and our automotive parts business is facing strong headwinds. We recognize there are significant structural issues, and will offset this risk by reinforcing our growth strategy in other regions, focusing on North America and India.

## Message from CEO

**Carbon neutrality strategy**

To contribute to the realization of a global decarbonized society, it is necessary to reduce reliance on primary aluminum, whose production process generates significant greenhouse gas (GHG) emissions. To that end, it is essential to establish a closed loop supply chain utilizing green aluminum\*1 and recycled aluminum.

In this context, our company is advancing a strategy that harnesses regional characteristics, both domestically and overseas. Specifically, the new company established in India is a system that handles everything from the local collection, sorting, and recycling of aluminum scrap to the supply of low-carbon aluminum billets to Japan, representing a major first step toward converting from the conventional reliance on primary aluminum to a closed loop supply chain. Through this initiative, we will strive to achieve both a reduction in GHG emissions and business growth, and contribute to solving social issues and enhancing our corporate value.

\*1 Green aluminum

Aluminum produced by smelting that uses electricity generated from non-fossil-fuel energy sources (Japan Aluminium Association)

**Management with awareness of capital efficiency and share price**

Our company is in a transition period from a "defensive" to an "aggressive" stance, and I am firmly confident in its future growth potential. However, our company's PBR is around 0.5x, well below 1.0x, indicating that we have not received adequate valuation from the capital market. To improve this situation, we will uphold management mindful of capital efficiency and share price.

From the perspective of capital efficiency, we will use ROIC as a performance indicator for consolidated results, and also apply this as a performance indicator for each business group to advance ROIC management mindful of invested capital efficiency in each business unit.

From the perspective of share price, to improve the PBR, we will broaden the opportunities to explain our strengths as "a groundbreaking innovator of aluminum and beyond," which is our company's unique characteristic, and our "aggressive" growth strategies in an easy-to-understand manner. Since 2022, we have reinforced our IR activities and have energetically and continually engaged in dialogues with investors and analysts through briefing sessions, individual meetings, and other channels. We will sincerely heed the opinions and requests received through these opportunities, appropriately reflect them in our IR activities, and continue to have honest dialogue with our stakeholders.

Moving forward, we will advance ROIC management and proactive IR initiatives as two driving forces to gain the confidence of the capital market and aim to achieve a PBR of 1.0x or higher.

② Financial Strategy (P.30)

**Promoting sustainable management****Realizing both business growth and a sustainable society**

To contribute to the realization of a decarbonized society, our company believes it is crucial to balance the opportunities and risks in pursuit of carbon neutrality. Achieving this balance leads to our sustainable growth and is directly linked to the provision of value to a sustainable society.

To squarely tackle these challenges, in 2023, we established the "Green Growth Strategy Office" and built a cross-functional, group-wide structure.

Currently, the Office is propelling multifaceted initiatives, including GHG reduction (Scopes 1 and 2) via "decarbonization of manufacturing" through measures such as fuel conversion and the introduction of high-efficiency equipment at factories; GHG reduction (Scope 3) via "decarbonization of procurement" through the promotion of green aluminum and recycled aluminum; improvement of energy efficiency through initiatives like weight reduction; and the establishment of a closed loop supply chain.

## Message from CEO

A symbolic example of these initiatives is the horizontal recycling of Shinkansen vehicle bodies. In this initiative, retired vehicles are dismantled, and the aluminum material obtained is recycled for use in the construction of new Shinkansen vehicles. This system is adopted by JR Tokai for its latest vehicle model, the N700S. This project, which achieves both a reduction in GHG emissions and the effective utilization of resources, is highly praised by the Japan Aluminium Association, and demonstrates the innovative spirit of our horizontal recycling technology. Moving forward, we will expand this successful outcome to the automotive parts, truck materials, and motorcycle sectors, among others, to enlarge the circle of circulation.

Furthermore, by combining the development of the recycled aluminum business in India and other overseas locations, we will achieve our business growth and contribute to the realization of a sustainable society.

### Fostering "happiness of employees"

I have held many direct dialogues with a cumulative total of more than 3,500 employees through workplace visits\*2. During these dialogues, I feel it is most important to spark the motivation in each and every employee. As I visited factories, sales offices, and other locations and communicated with our employees face-to-face, I strongly felt their pride in working for our Group and their dedication to exert themselves to the fullest. I am certain that the motivation and autonomous initiatives of each individual will definitely promote personal growth, become the driving force for "Team NLM," and ultimately lead straight to the growth of our company.

Amid the current social issue of workforce shortages in Japan, I believe that creating an environment where our employees can feel a sense of happiness in working for our Group is precisely what results in creating customer value and securing new coworkers.

The Shimbashi Office of the Group's Headquarters adopted ABW\*3 and has established a worker-friendly work environment that transcends organizational boundaries. Additionally, the company has been continuing investment in welfare facilities, such as factory cafeterias and employee dormitories. These are not special commemorative initiatives—they are just "simple acts" to show our gratitude to our comrades who worked alongside us through challenging times.

I believe that nonchalantly yet diligently executing such "simple acts" is vital for our company to achieve sustainable growth. Moving forward, anchoring our philosophy in "happiness of employees," we will artlessly and unwaveringly advance initiatives toward its realization.

\*2 Workplace visit

A dialogue session with approximately 20 employees per meeting. An initiative to promote bidirectional communication, for me to convey management's vision, and for employees to report on the challenges and concerns they face in their work and other issues as voices from the field.

\*3 Activity Based Working

A work style where employees flexibly utilize workspaces according to the task by not having fixed seats, and personally selecting the optimal work environment to fit the purpose, with the aim of improving creativity and productivity (e.g., in the morning, preparing documents in the collaboration area (designed to promote team-based collaboration), and in the afternoon, meeting a client in the café space (ideal for internal and external communication)).

### In Closing

Reflecting on my 10 years as President, I remember I felt a great sense of pride swelling deep within me when, during the period of the FY2016 Mid-term Plan, our consolidated ordinary profit exceeded 30.0 billion yen and our Group united to attain many business goals. On the other hand, we faced numerous difficulties, including the sedimentation issue at the Amehata Dam and quality-related problems, but, working together with our colleagues, we overcame them. And I believe now is the time we confidently take a step forward, shifting from a "defensive" to an "aggressive" stance.

Igniting the spirit and passion in each and every employee as a catalyst for our move toward becoming "a groundbreaking innovator of aluminum and beyond as Team NLM"—this, I recognize, is my mission as President.

Building a workplace culture and environment for every employee who works with us to feel pride in the Group and fully exert their potential. I am confident that persistently working on it will lead to the creation of value for our customers, and ultimately bear fruit in the form of enhanced business performance and returns to our shareholders and investors.

We will powerfully ascend in this aggressive stage to become "a groundbreaking innovator of aluminum and beyond as Team NLM." We kindly ask for your continued support.

