

# **Financial results for the first half of the fiscal year ending March 31, 2022, and full-year earnings forecasts**

November 16, 2021

Nippon Light Metal Holdings Company, Ltd.

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1. Financial results for the first half of the fiscal year ending March 31, 2022
2. Forecast of consolidated financial results for the fiscal year ending March 31, 2022
3. Progress with medium-term management plan

# Financial results for the first half of the fiscal year ending March 31, 2022

## Financial results for the first half of the fiscal year

– compared with the same period in the previous year

(Billions of yen)

	April–September 2021 Results	April–September 2020 Results	Change
Net sales	236.0	198.5	+37.5 (+18.9%)
Operating profit	14.0	7.9	+6.1 (+77.8%)
Ordinary profit	14.2	7.7	+6.5 (+85.5%)
Profit attributable to owners of parent	10.8	4.7	+6.1 (+129.1%)
Dividends per share	40 yen	-	-

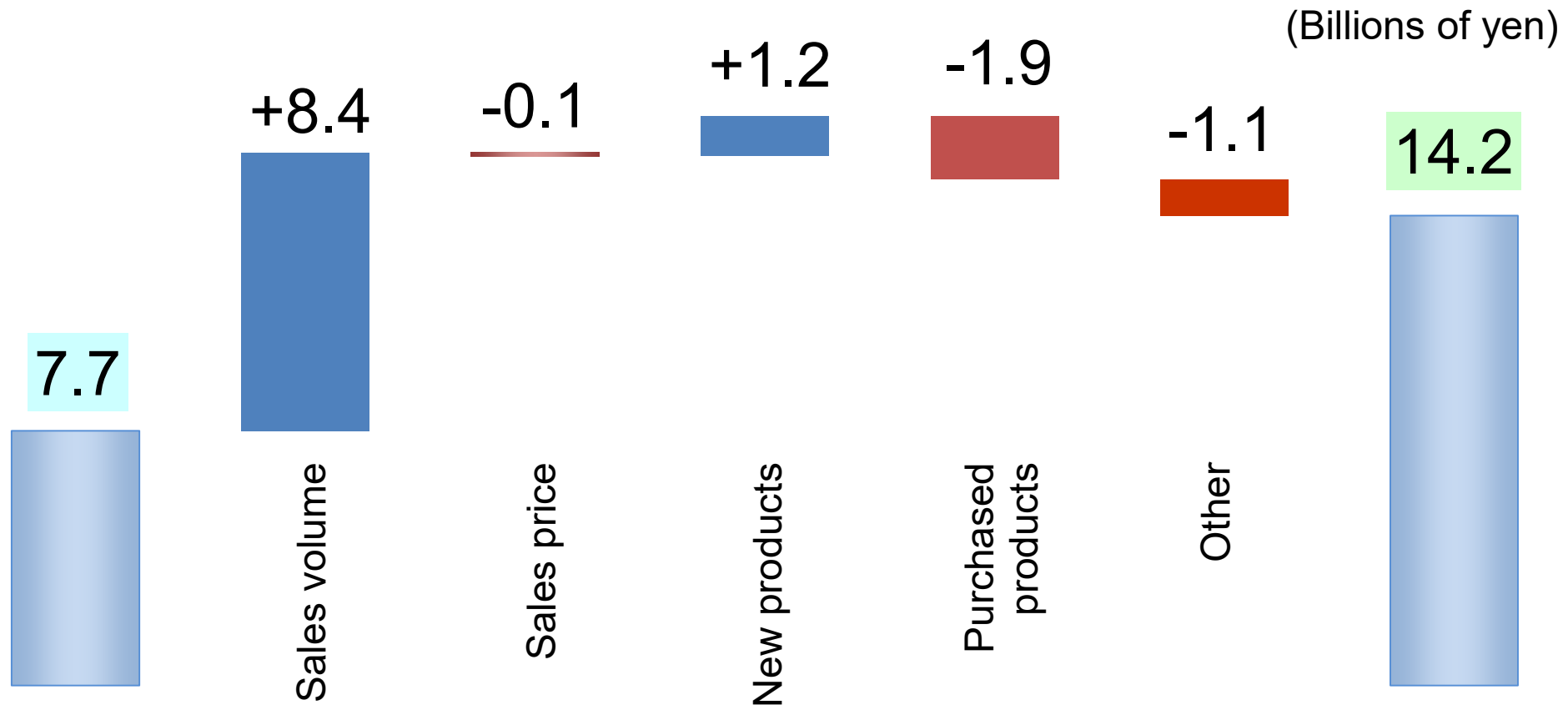
# Factors behind changes in ordinary profit

– compared with the same period in previous year

April–September 2020  
Results

+6.5 billion yen

April–September 2021  
Results



# Segment information – compared with the same period in previous year

(Billions of yen)

	Net sales			Operating profit		
	April–September 2021 Results	April–September 2020 Results	Change	April–September 2021 Results	April–September 2020 Results	Change
Aluminum ingot and chemicals	60.1	38.8	+21.3 (+54.7%)	7.5	4.3	+3.2 (+73.2%)
Aluminum sheet and extrusions	58.0	44.9	+13.1 (+29.3%)	4.7	1.4	+3.3 (+229.6%)
Fabricated products and other	74.6	73.6	+1.0 (+1.4%)	2.1	2.7	-0.6 (-22.1%)
Aluminum foil, powder, and paste	43.3	41.2	+2.1 (+5.1%)	1.4	1.1	+0.3 (+34.9%)
Management, shared	-	-	-	-1.7	-1.6	-0.1
<b>Total</b>	<b>236.0</b>	<b>198.5</b>	<b>+37.5</b> <b>(+18.9%)</b>	<b>14.0</b>	<b>7.9</b>	<b>+6.1</b> <b>(+77.8%)</b>

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# Full-year earnings forecasts – compared with the previous year

(Billions of yen)

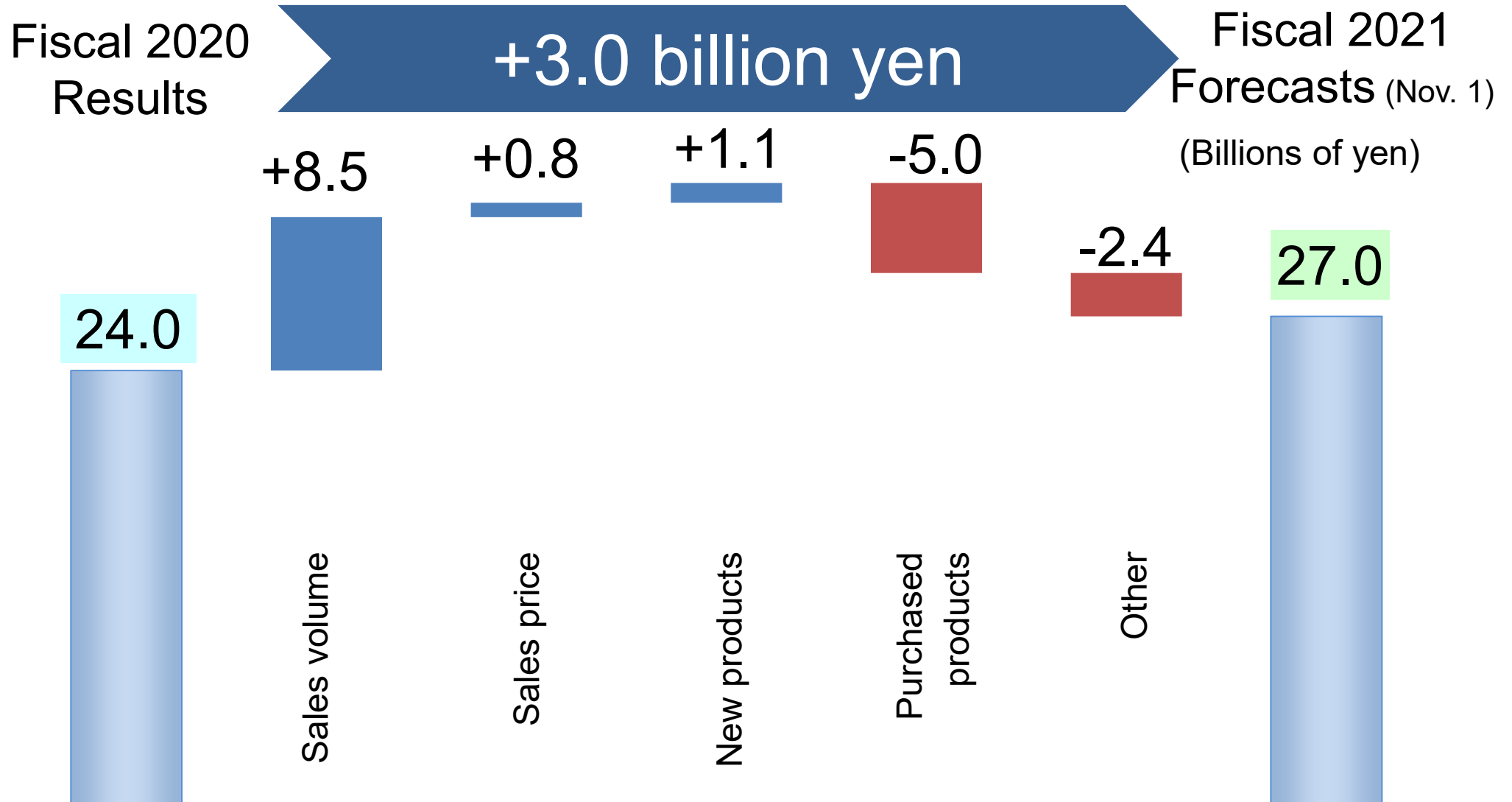
	Fiscal 2021 Forecasts (Nov. 1)	Fiscal 2020 Results	Change
Net sales	470.0	432.6	+37.4 (+8.7%)
Operating profit	27.0	24.2	+2.8 (+11.6%)
Ordinary profit	27.0	24.0	+3.0 (+12.4%)
Profit attributable to owners of parent	18.0	3.4	+14.6 (+434.8%)
Dividends per share	85 yen (*)	65 yen	-

\*Interim dividend: 40 yen/share; year-end forecast: 45 yen/share



# Factors behind changes in ordinary profit

– compared with the previous year



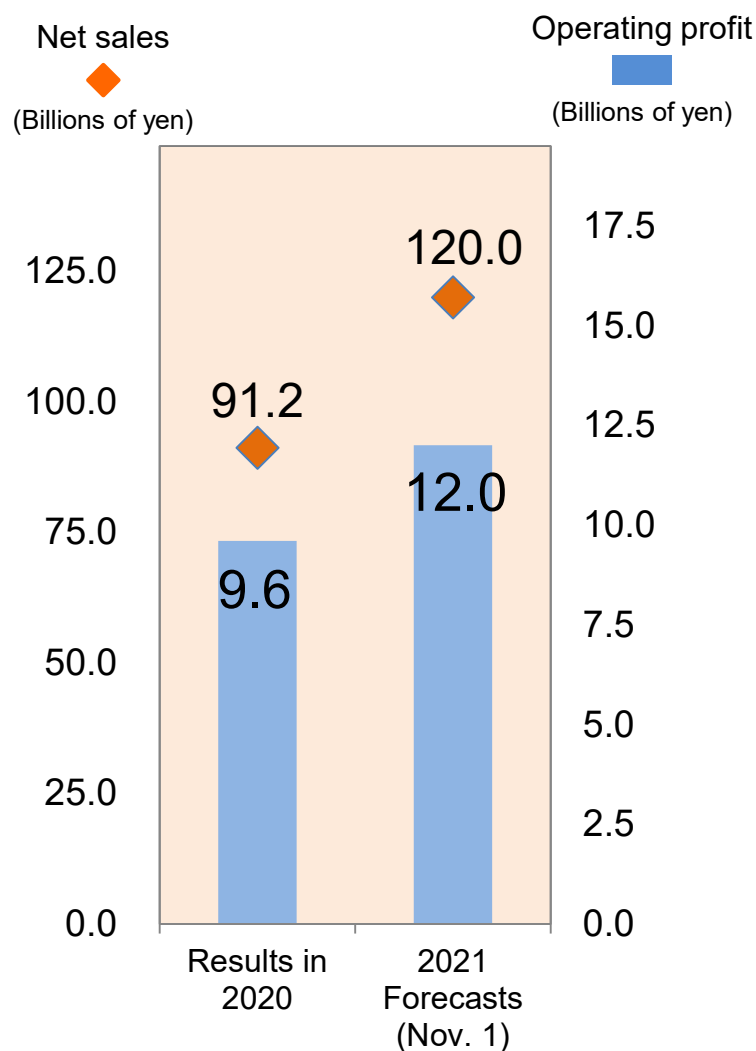


# Segment information – compared with the previous year

(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2021 Forecasts (Nov. 1)	Fiscal 2020 Results	Change	Fiscal 2021 Forecasts (Nov. 1)	Fiscal 2020 Results	Change
Aluminum ingot and chemicals	120.0	91.2	+28.8 (+31.6%)	12.0	9.6	+2.4 (+24.8%)
Aluminum sheet and extrusions	107.0	97.9	+9.1 (+9.4%)	8.5	6.0	+2.5 (+42.9%)
Fabricated products and other	153.0	157.3	-4.3 (-2.7%)	7.5	8.9	-1.4 (-15.7%)
Aluminum foil, powder, and paste	90.0	86.2	+3.8 (+4.4%)	3.0	3.3	-0.3 (-9.4%)
Management, shared	-	-	-	-4.0	-3.6	-0.4
<b>Total</b>	<b>470.0</b>	<b>432.6</b>	<b>+37.4</b> <b>(+8.7%)</b>	<b>27.0</b>	<b>24.2</b>	<b>+2.8</b> <b>(+11.6%)</b>

# Aluminum ingot and chemicals



## Alumina and chemicals

- Aluminum hydroxide: Sales of products for ceramics and fire-resistant materials remained strong, but we are closely monitoring trends in raw material prices in the second half.

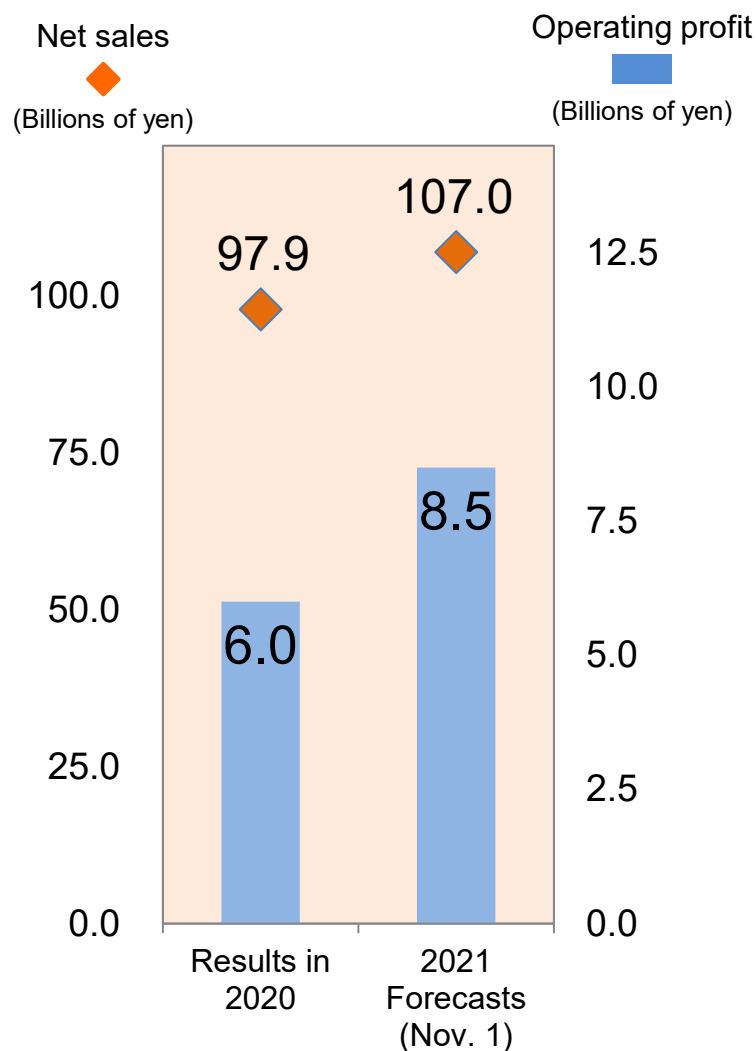
## Nikkei MC Aluminium

- Market environment: Although demand has continued to recover since the second half of 2020 both in Japan and overseas, we are concerned about the effect of decreased auto production.
- China's impact: On the sales side, sales are up in Japan and Thailand due to a decline in the influx of general-purpose products made in China, but restrictions on factory utilization due to power shortages are a risk.

Sales volume for Nikkei MC Aluminium (1,000 tons)

	H1 FY21			H2 FY21			Total for FY21		
	Results	Previous year	Change	Forecast	Previous year	Change	Forecast	Previous year	Change
Japan	67.5	42.9	+57%	71.1	69.2	+3%	138.6	112.1	+24%
Overseas	68.1	52.6	+29%	73.2	77.3	-5%	141.3	129.9	+9%
Total	135.6	95.5	+42%	144.3	146.5	-2%	279.9	242.0	+16%

# Aluminum sheet and extrusions



## Sheet

- **Semiconductor-related:** Demand for investment in semiconductor and liquid crystal manufacturing equipment remains high, so sales of thick sheets remained strong.
- **Battery-related:** Sales of parts for lithium-ion batteries were solid.

Sales volume for sheets business (1,000 tons)

	H1 FY21			H2 FY21			Total for FY21		
	Results	Previous year	Change	Forecast	Previous year	Change	Forecast	Previous year	Change
		35.3	33.4	+ 6%	39.3	35.5	+ 11%	74.6	68.9

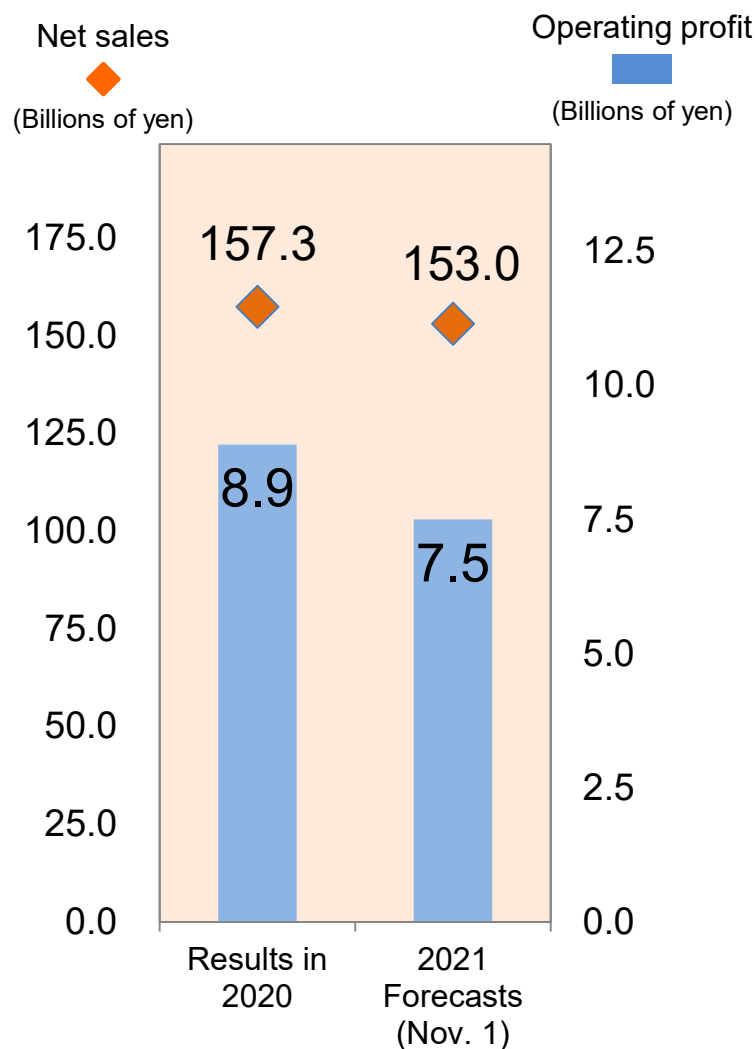
## Nikkeikin Aluminium Core Technology

- **Auto-related:** We are concerned about the impact of lower auto production due to hold-ups along the supply chain resulting from an insufficient supply of semiconductors and other parts.
- **Transportation-related:** Demand for products for railways remained solid, and we are monitoring the decline in production of chassis and parts shortages since the first half, which could affect demand for products for trucks.

Nikkeikin Aluminium Core Technology's sales volume (1,000 tons)

	H1 FY21			H2 FY21			Total for FY21		
	Results	Previous year	Change	Forecast	Previous year	Change	Forecast	Previous year	Change
		18.6	17.1	+ 9%	18.9	19.2	-2%	37.5	36.3

# Fabricated products and other



## Nippon Fruehauf

- Sales: Sales of completed cars for truck manufacturers continue to decline due to lower production of chassis.
- Costs: We expect the impact of the sharp rise in the price of materials such as aluminum to continue in the second half as well.

## Nikkei Panel System

- Refrigerator and freezer sector: Orders and the start of work for food processing plants and distribution warehouses has recovered.
- Clean rooms: Orders are on the rise due to stronger demand for semiconductor factors.
- Costs: There are concerns that a spike in sheet steel prices will continue to have an impact.

## Nikkei Engineering

- Public works: Demand for roads, bridges and structures is strong, but there are signs of a downturn due to the end of demand related to the Tokyo Olympics.

# Aluminum foil, powder, and paste



## Toyo Aluminium

### Aluminum foil business

- Foil for the outer packaging of lithium-ion batteries:  
Demand has remained strong since the first half, particularly for automobiles.
- Pharmaceutical products:  
The impact of a decline in office visits at medical institutions is expected to continue throughout the year.

### Powder and paste business

- Powder products for electronic materials:  
Demand for radiation applications remained solid.
- Products for automobile paint:  
Demand was solid in the first half, but we are concerned about the impact of the decrease in automobile production.

### Daily necessities business

- Products for consumers:  
Sales of house-care products are expected to remain strong in the second half as well.
- Products for packaging:  
The impact of higher costs caused by a spike in aluminum and paper prices is expected to continue.

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# Basic Policies of Medium-term Management Plan

## Team NLM—Groundbreaking Innovator of Aluminum and Beyond

### <Basic policies>

#### 1. Creation of new products and new business

- Create new value for all customers by thoroughly pursuing Group-Wide cooperation
- Develop products and businesses, taking advantage of the supply chain with manufacturing at the core

#### 2. Invest resources for growth

- More vigorously invest resources into fields and regions where the Group's strengths can be utilized
- Manage the Group's organizations agilely and utilize external resources according to businesses

#### 3. Strengthening of management foundation

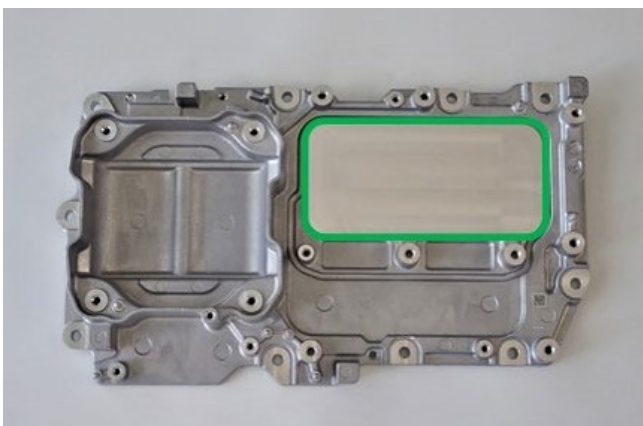
- Give top priority to safety and ensure compliance and quality
- Enrich human resources to improve corporate value sustainably



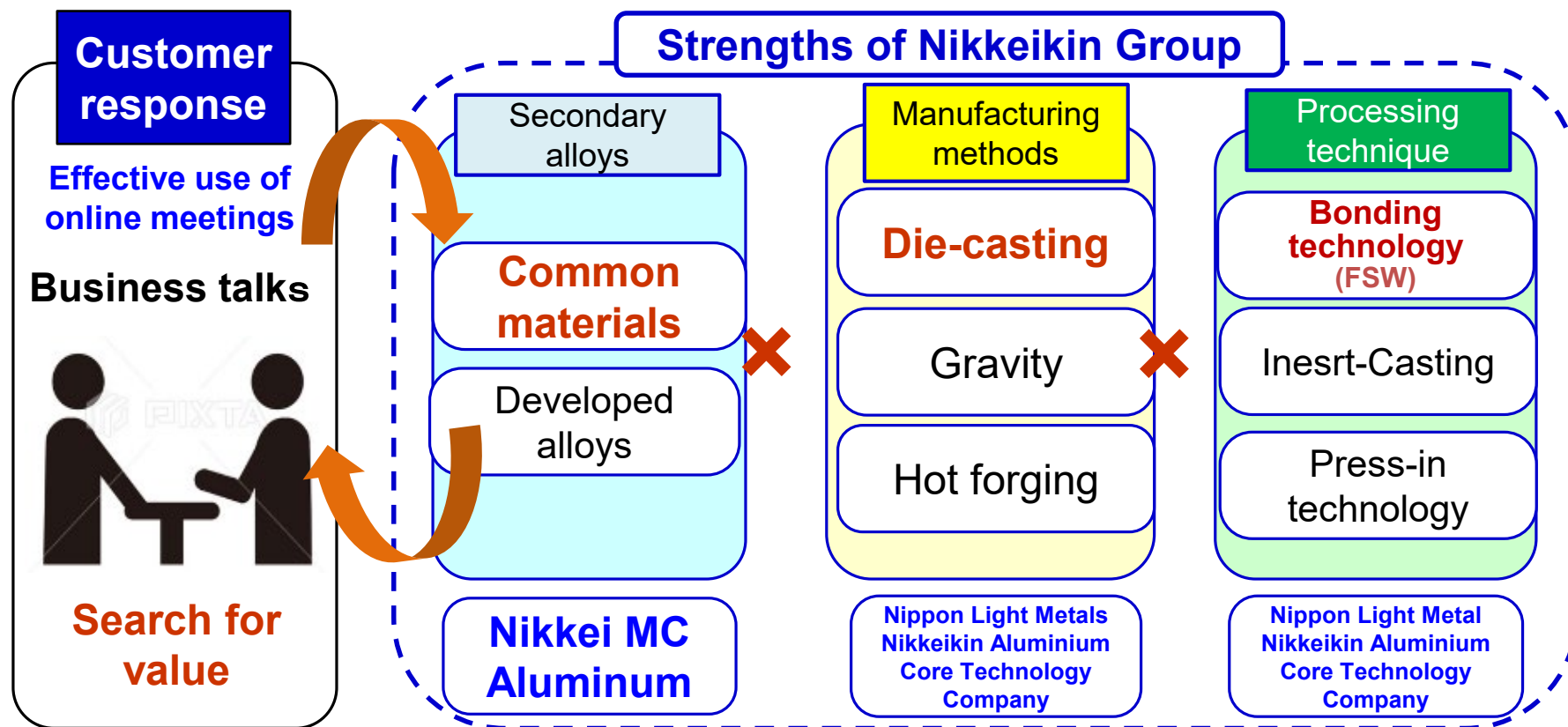
# Team NLM achieves high added value from customers' perspective

NLM , Nikkei MC Aluminum, and Nikkeikin Aluminium Core Technology Company:

Used in heat release plates for power control units, the heart of eco-friendly cars



Heat release plates for eco-friendly automobiles



With the team's power, integrate value that customers can sense and the Group's strengths

# Establish a foundation for business growth

## India: Food and health

Toyo Aluminium

Foil processing business for pharmaceutical packaging made a subsidiary

## US: Automobiles

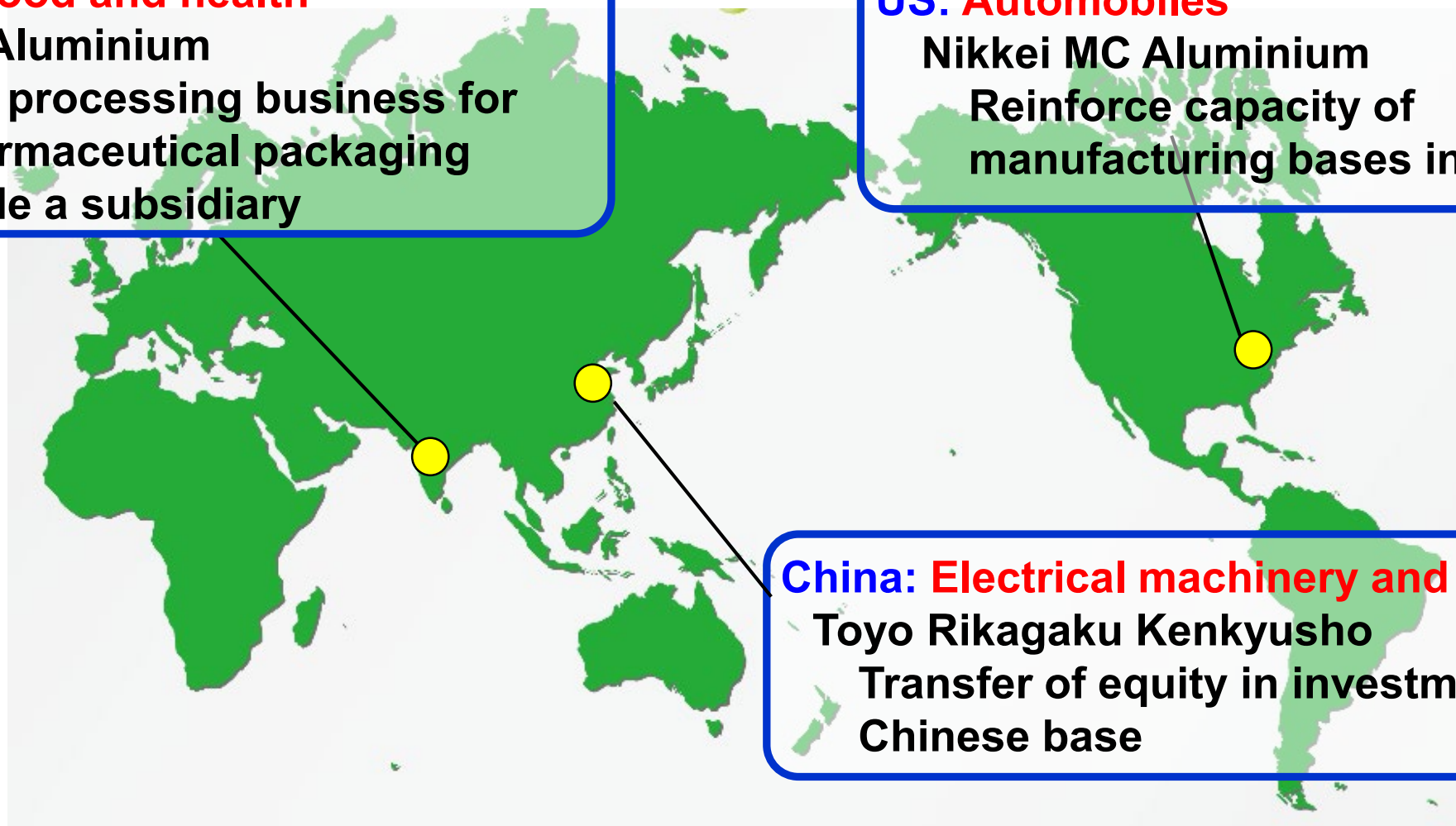
Nikkei MC Aluminium

Reinforce capacity of manufacturing bases in the US

## China: Electrical machinery and electronics

Toyo Rikagaku Kenkyusho

Transfer of equity in investment in Chinese base

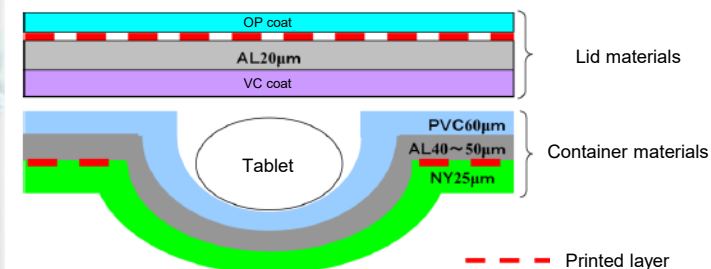


# Local manufacturing and local consumption possible in a growth region

## Toyo Aluminum: Aluminum foil processed products business made a subsidiary in India

### Overview

- Manufacture and sale of packaging materials for pharmaceutical products
- Established in 1998
- Net sales of 4.7 billion yen (2.74 billion rupiah)  
Fiscal year ended on March 31, 2021



### Trends

- 2018: 33.4% of stocks were acquired and collaboration was started in Indian market
- August 2021: An additional 17.6% of stocks was acquired and company became a subsidiary

#### Company overview

- Name: Svam Toyal Packaging Industries Private Limited
- Location: New Delhi, Republic of India
- Capital: 10 million yen (5.8 million rupiah)
- Shareholder: Toyo Aluminum, 51%





# Reinforce capacity to meet growing market demands

## Nikkei MC Aluminum: Reinforce production capacity of secondary alloys at US bases

### Background

- Need to make lighter automobiles  
Growing demand for auto body structural material applications in the US

### Investment overview

- Capital investment: 600 million yen
- Melting furnace and swarf dryer, other
- Operations to begin in fiscal 2021
- Production capacity: 40% augmentation  
4,000 tons/month → 5,500 tons/month

#### Nikkei MC Aluminum America

- Name: NIKKEI MC ALUMINUM AMERICA, INC.
- Location: Indiana, US
- Capita: 440 million yen (US\$ 4 million)
- Shareholders: Nikkei MC Aluminum, 60%; ENKEI Group, 40%



## Processed sheet products: Transfer of equity in investment in Chinese base

**Toyo Rikagaku Kenkyusho Co., Ltd.:** **Sold equity in investment in Tokyo Precision Appliance (Kunshan) Co., Ltd.**

### Overview

Location: Kunshan, Jiangsu Province, China

Business: Manufacture of IT-related housing

Investment: US\$ 28 million

Number of employees: About 1,000

Equity ratio (before transfer): 100% of shares held by Toyo Rikagaku Kenkyusho Co., Ltd.

### History

December 2006: Established

January 2015: Became a consolidated subsidiary due to an additional investment by Nippon Light Metals in Toyo Rikagaku Kenkyusho



On the premise that the business will continue, all of the equity in investment will be sold (an agreement on equity transfer was signed in October 2021).

# To achieve a sustainable society

Integrated Report  
2021 issued



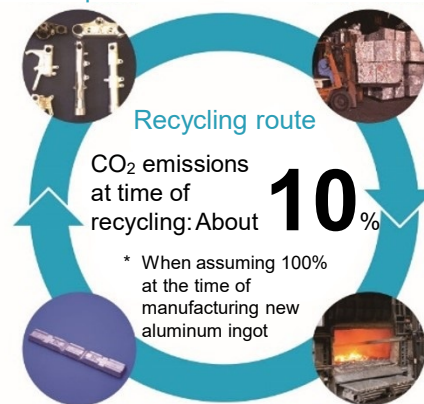
QR code for Integrated Report 2021

Providing sustainable value



**Nikkei MC Aluminium Co., Ltd.**  
**Initiatives to decarbonize**  
**through a recycling business**

Aluminum products      Collection and sorting



Aluminum secondary alloy ingots      Melting and casting alloy ingots

Reduction in CO<sub>2</sub> emissions due to recycling

Happiness of employees



**Nippon Light Metal**  
**Kurumin and Eruboshi**  
**certification earned**



# Inappropriate actions regarding quality that occurred in Group

Date	Chronology of events
May 14, 2021	JIS certification was revoked for Nippon Light Metals' Nagoya Plant
June 9, 2021	Special investigation committee was established
July 2, 2021	JIS certification was revoked for Nikkei Niigata Co., Ltd.

Request for temporary suspension of use of JIS mark  
June 30, 2021, at the Okayama Plant of Nikkei Extrusions  
August 20, 2021, at Nikkei Kambara

In order to restore the trust of shareholders, investors and customers, we will make improvements so that the Group's governance, management systems and compliance function well.





**Team NLM – Groundbreaking Innovator of Aluminum and Beyond**



# Nippon Light Metal Holdings Co., Ltd.

## Notes on this document

1. This document is intended to provide information on the financial results for the fiscal year ending March 31, 2022, and future management strategies, and not to solicit the purchase or sale of the marketable securities issued by the Company.
2. The forward-looking statements, including future trends and earnings estimates, are not historical facts and involve risks and uncertainties, and therefore do not guarantee future performance. Actual financial results may differ materially from the estimates due to various factors, including unpredictable changes in economic conditions. Significant factors that may affect actual financial results include but are not limited to the economic climate surrounding the Group, social trends, and changes in the Group's relative competitiveness in line with the demand trends for the products and services provided by the Group.
3. The matters described in this document reflect the views of the Company at the time of its preparation and are subject to change without prior notice.
4. The Company shall assume no responsibility for any damage resulting from the use of this document.

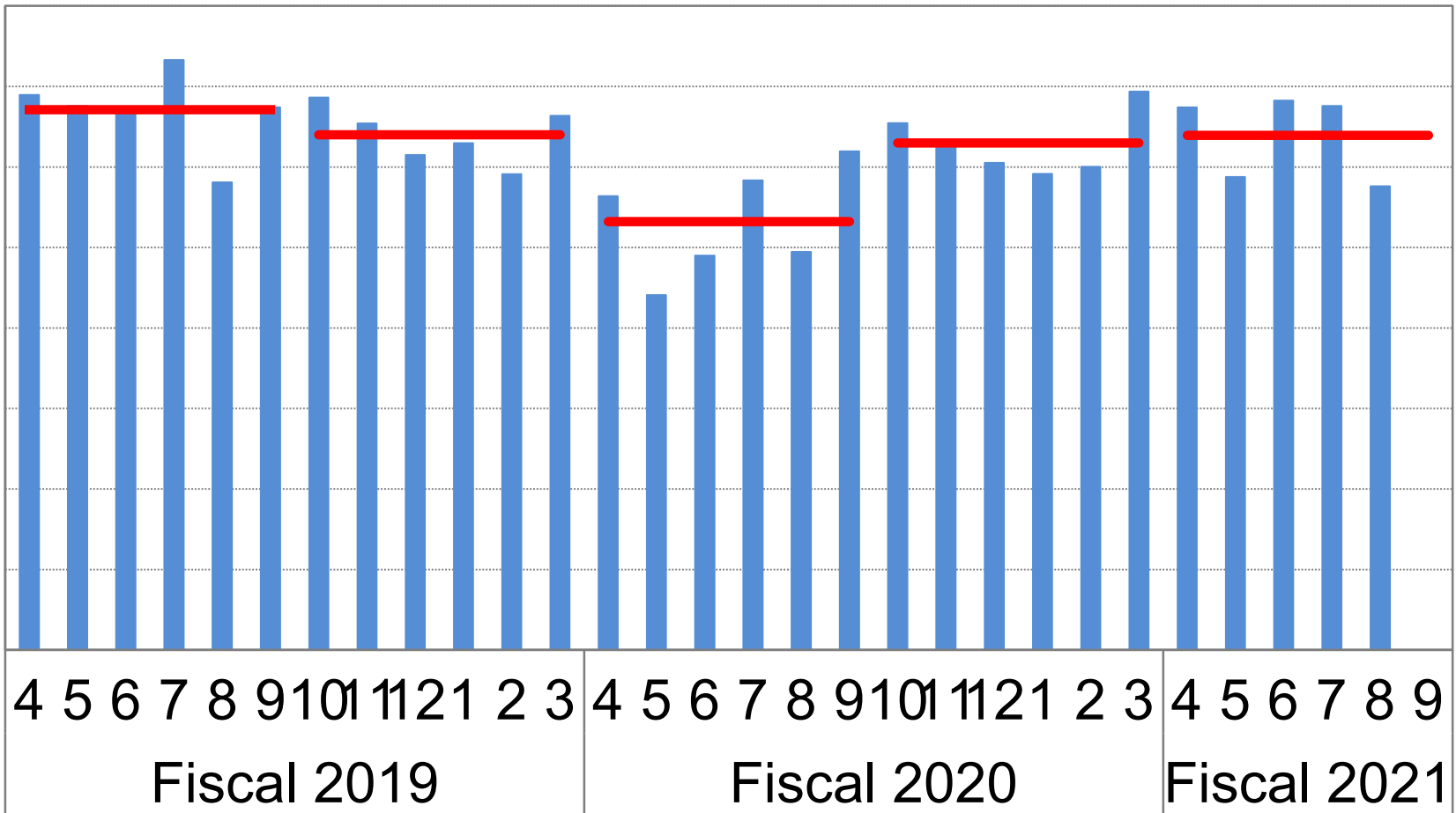
# Supplemental materials



# Financial results for first half of fiscal year ending on March 31, 2022

## Trends in overall demand for aluminum products in Japan

(tons)  
400,000  
350,000  
300,000  
250,000  
200,000  
150,000  
100,000  
50,000  
0



Source: Japan Aluminium Association

# Elements and sensitivity

	Fiscal 2020 Results	April-September 2021 Results	Sensitivity to ordinary profit
Aluminum ingot (yen/kg)	243	340	Assuming a 10 yen/kg increase -0.5 billion yen/year
Exchange rates (JPY/USD)	106	110	Assuming 10 yen appreciation -0.5 billion yen/year
Dubai crude (USD/BBL)	45	69	Assuming a USD10/BBL increase -0.6 billion yen/year

## Ordinary profit

(Billions of yen)

	April-September 2021 Results	April-September 2020 Results	Y-o-Y change	April-September 2021 Forecast at start of fiscal year	Compared to forecast at start of fiscal year
Ordinary profit	14.2	7.7	+6.5	12.0	+2.2

### Breakdown of 6.5 billion yen y-o-y increase

Operating profit	+6.1
Foreign exchange gain or loss	+0.3
Other	+0.1

# Profit attributable to owners of parent

(Billions of yen)

	April-September 2021 Results	April-September 2020 Results	Y-o-Y change	April-September 2021 Forecast at start of fiscal year	Compared to forecast at start of fiscal year
Profit attributable to owners of parent	10.8	4.7	+6.1	12.0	-1.2

## Breakdown of 6.1 billion yen Y-o-Y increase

Ordinary profit	+6.5
Extraordinary profit	+1.5
Tax costs	-1.6
Profit attributable to non-controlling interests	-0.3



# Financial results for first half of fiscal year ending on March 31, 2022

## Financial results of key companies – Y-o-Y change

(Billions of yen)

	April-September 2021 results			April-September 2020 results		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Parent)	64.9	4.4	7.6	53.4	1.6	5.5
Toyo Aluminium (Consolidated)	43.5	1.4	1.8	41.4	1.1	1.1
Nikkei MC Aluminium (Consolidated)	38.0	1.7	1.8	17.6	-0.2	-0.3
Nippon Fruehauf (Consolidated)	32.4	0.2	0.2	32.8	0.8	0.7
Nikkeikin Aluminium Core Technology (Consolidated)	27.0	1.9	2.0	18.1	0.2	0.3

# Consolidated earnings forecasts for fiscal year ending March 31,2022

## Financial results of key companies – QoQ change

(Billions of yen)

	Fiscal 2021 Forecasts (Nov .1)			Fiscal 2020 Results		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Parent)	135.4	6.5	9.6	112.4	3.4	7.3
Toyo Aluminium (Consolidated)	90.0	3.1	3.6	86.7	3.3	3.7
Nikkei MC Aluminium (Consolidated)	75.8	3.1	3.4	49.8	1.8	2.0
Nippon Fruehauf (Consolidated)	65.0	0.1	0	68.5	2.3	2.3
Nikkeikin Aluminium Core Technology (Consolidated)	54.1	2.6	2.8	40.5	1.8	1.8

# Financial results for the first half of the fiscal year ending March 31, 2022

## Capital investment and Depreciation– Y-o-Y change

(Billions of yen)

	Capital investment			Depreciation		
	April-September 2021 Results	April-September 2020 Results	Difference	April-September 2021 Results	April-September 2020 Results	Difference
Aluminum ingot and chemicals	1.5	1.9	-0.4	2.1	2.0	+0.1
Aluminum sheet and extrusions	4.5	3.5	+1.0	3.0	2.8	+0.2
Fabricated products and other	2.3	3.7	-1.4	2.6	2.4	+0.2
Aluminum foil, powder, and paste	2.5	2.1	+0.4	2.1	2.1	±0
Total	10.8	11.2	-0.4	9.8	9.3	+0.5

# Capital investment and Depreciation– Q-o-Q change

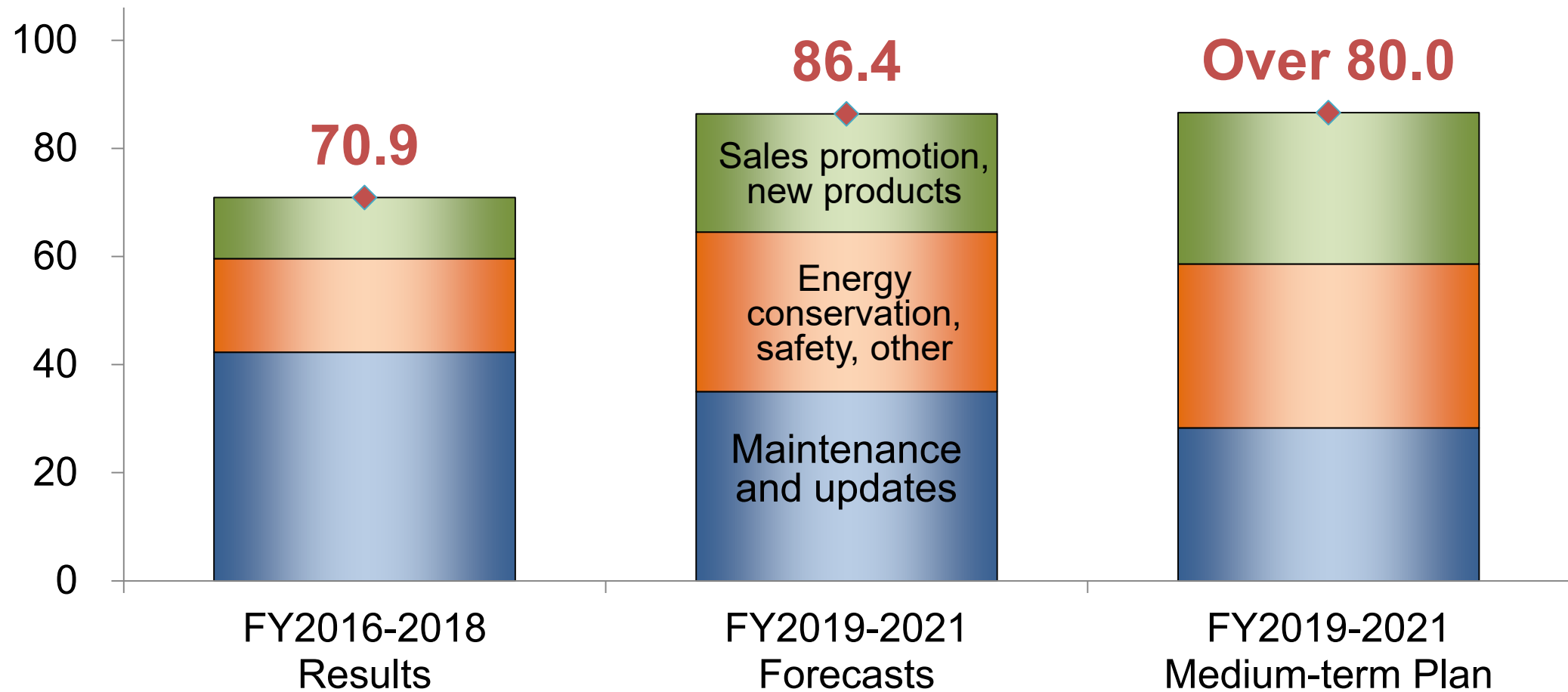
(Billions of yen)

	Capital investment			Depreciation		
	Fiscal 2021 Forecasts (Nov.1)	Fiscal 2020 Results	Difference	Fiscal 2021 Forecasts (Nov.1)	Fiscal 2020 Results	Difference
Aluminum ingot and chemicals	10.1	6.6	+3.5	4.5	4.0	+0.5
Aluminum sheet and extrusions	8.9	7.9	+1.0	5.6	5.7	-0.1
Fabricated products and other	6.6	6.4	+0.2	5.2	5.0	+0.2
Aluminum foil, powder, and paste	5.0	5.0	±0	4.4	4.5	-0.1
Total	30.6	25.9	+4.7	19.7	19.2	+0.5

# Progress with 2019 Medium-term Plan

## Capital investment

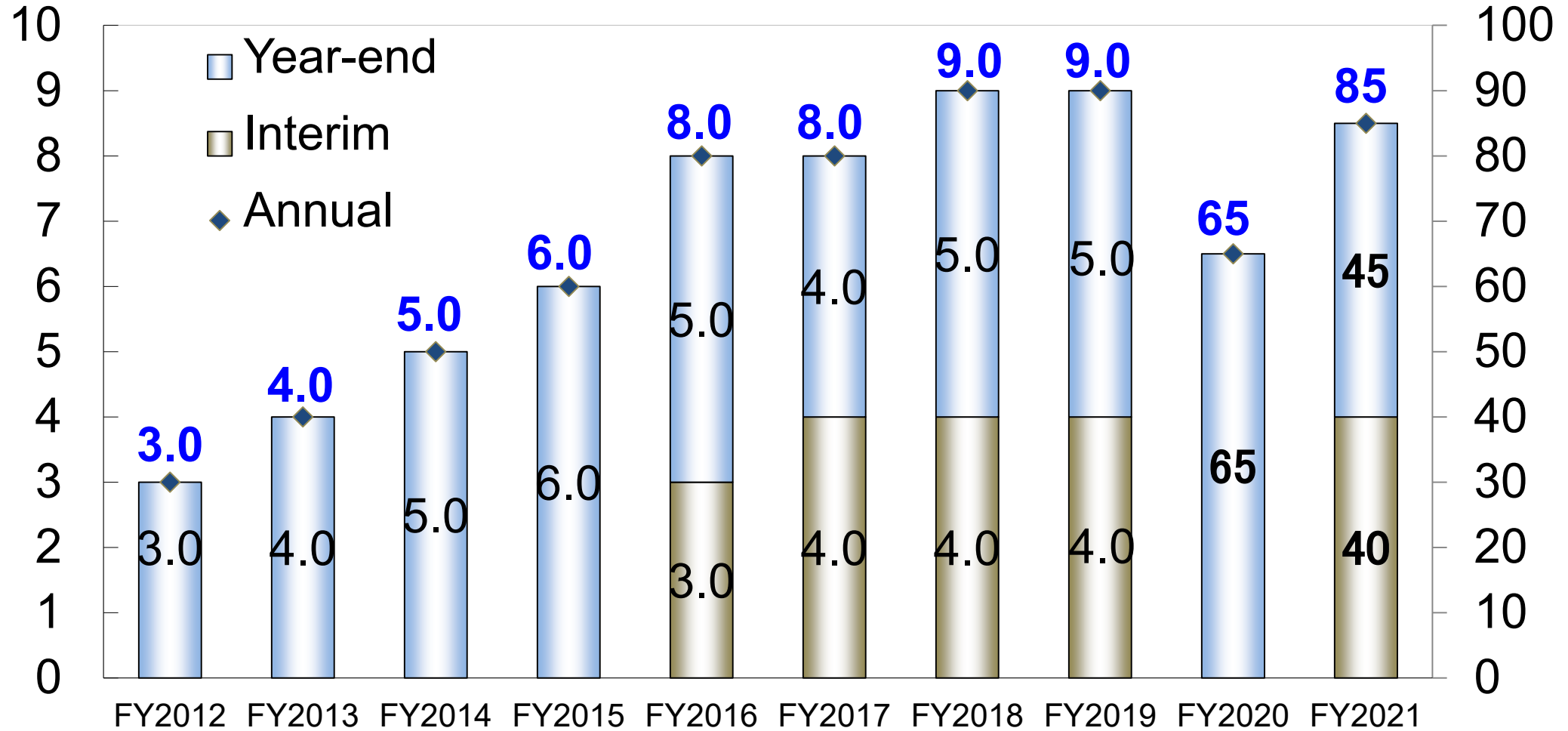
(Billions of yen)



# Consolidated earnings forecasts for fiscal year ending March 31, 2022

## Dividends per share

On October 1, 2022, the Company implemented a share consolidation in which ten shares of common stock were consolidated into one share, the result for FY20 and the forecast for FY21 show the amounts taking into account the impact of this share consolidation.





# Overview of 2019 Medium-term Plan


## Shareholder returns

### [Basic Policy for Profit Distribution]

The Company pays dividends to all shareholders by taking into account consolidated earnings and other factors from medium- and long-term perspectives in a comprehensive manner, while also working to reinforce its financial standing and management base.






### [Indicator for profit distribution: from 2019 Medium-term Plan]

#### Total payout ratio of 30% as standard

- Steadily provide shareholder returns
  - Plan proactive investments to achieve sustainable growth
- 
- Select a dividend level (and method for returning profits to shareholders) by taking into account the Company's cash position, shareholders' equity and other factors in a comprehensive manner.

# Progress with 2019 Medium-term Plan

## The Five Material Issue Themes

The Five Material Issue Themes	Material Issues	SDGs-related Items
Protecting the global environment	<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions from company activities (scope 1, 2)</li> </ul>	
	<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions in the supply chain (scope 3)</li> </ul>	
	<ul style="list-style-type: none"> <li>Action on climate change (TCFD)</li> </ul>	
	<ul style="list-style-type: none"> <li>Responding to water stress</li> </ul>	
	<ul style="list-style-type: none"> <li>Preventing environmental pollution</li> </ul>	
Providing sustainable value	<ul style="list-style-type: none"> <li>Efforts to expand the use of renewable energy</li> </ul>	
	<ul style="list-style-type: none"> <li>Developing and providing low-carbon products and services</li> </ul>	
	<ul style="list-style-type: none"> <li>Promoting a recycling-oriented economy and society</li> </ul>	
	<ul style="list-style-type: none"> <li>Developing and providing robust infrastructure</li> </ul>	
	<ul style="list-style-type: none"> <li>Contributing to the stable supply of food</li> </ul>	
Happiness of employees	<ul style="list-style-type: none"> <li>Occupational health and safety</li> </ul>	
	<ul style="list-style-type: none"> <li>Developing a fulfilling workplace</li> </ul>	
	<ul style="list-style-type: none"> <li>Diversity &amp; inclusion</li> </ul>	
	<ul style="list-style-type: none"> <li>Securing and cultivating human resources</li> </ul>	
Responsible procurement, production and supply	<ul style="list-style-type: none"> <li>Providing safe and secure products and services</li> </ul>	
	<ul style="list-style-type: none"> <li>Protecting and respecting human rights</li> </ul>	
	<ul style="list-style-type: none"> <li>Developing a stable supply chain</li> </ul>	
	<ul style="list-style-type: none"> <li>A resilient value chain that is flexible to changes</li> </ul>	
Corporate ethics and governance	<ul style="list-style-type: none"> <li>Strengthening governance</li> </ul>	
	<ul style="list-style-type: none"> <li>Reinforcing the compliance framework</li> </ul>	