

Financial results for the fiscal year ended March 31, 2022 and medium-term management plan

May 30, 2022

Nippon Light Metal Holdings Company, Ltd.

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2. Medium-term management plan

- (1) Review of fiscal 2019-2021 medium-term management plan (2019 Medium-term Plan)
- (2) Overview of fiscal 2022-2024 medium-term management plan (2022 Medium-term Plan)

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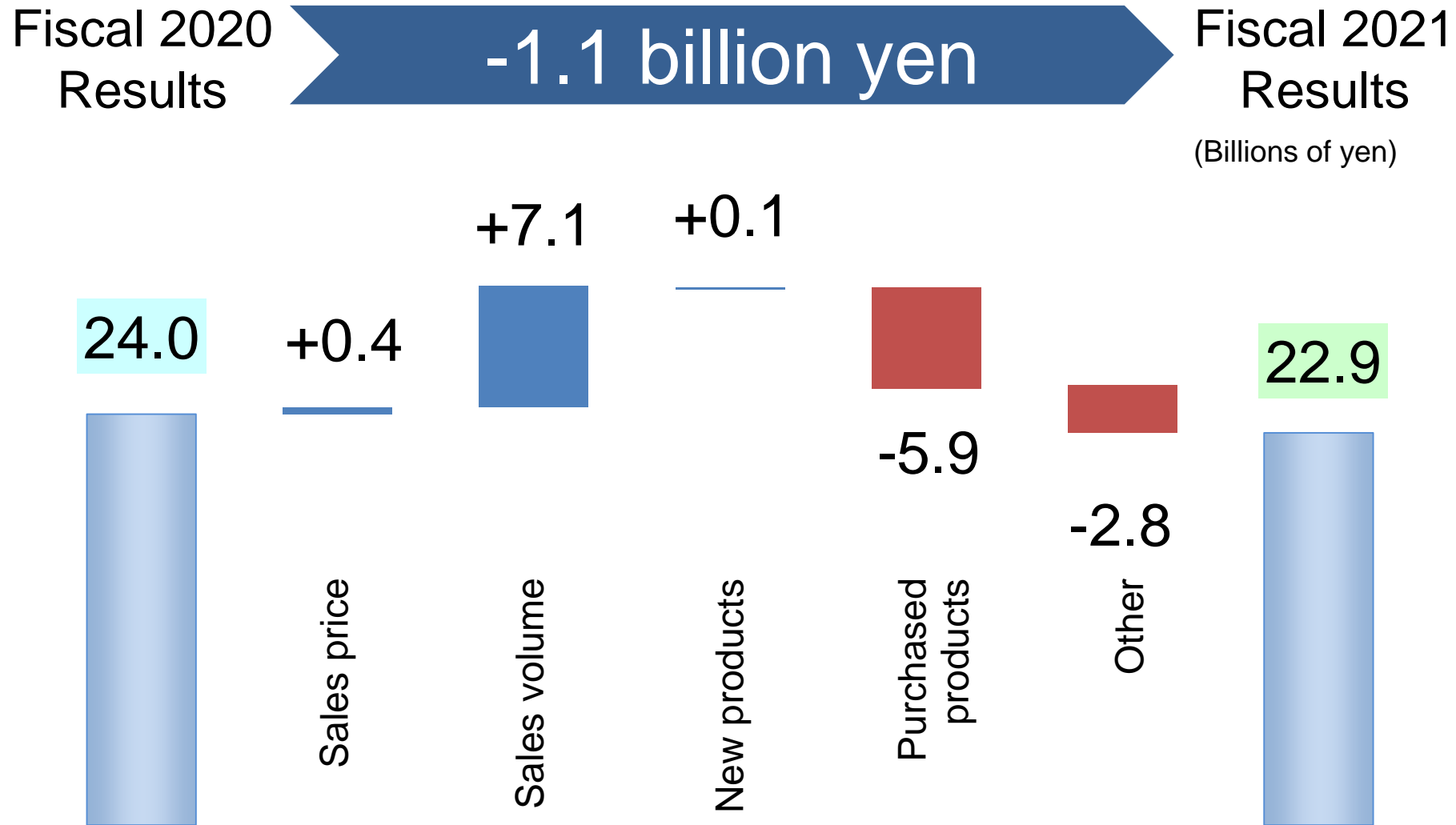
Financial results for the fiscal year ended March 31, 2022

– compared with the previous year

(Billions of yen)

	Fiscal 2021 Results	Fiscal 2020 Results	Change
Net sales	486.6	432.6	+54.0 (+12.5%)
Operating profit	22.2	24.2	-2.0 (-8.2%)
Ordinary profit	22.9	24.0	-1.1 (-4.6%)
Profit attributable to owners of parent	16.8	3.4	+13.4 (+397.9%)
ROCE	8.7%	8.4%	+0.3p
Dividends per share	85 yen	65 yen	+20 yen

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 Results	Fiscal 2020 Results	Change	Fiscal 2021 Results	Fiscal 2020 Results	Change
Aluminum ingot and chemicals	127.6	91.2	+36.4 (+40.0%)	13.0	9.6	+3.4 (+35.4%)
Aluminum sheet and extrusions	113.9	97.9	+16.0 (+16.4%)	7.5	6.0	+1.5 (+26.4%)
Fabricated products and other	153.4	157.3	-3.9 (-2.5%)	3.8	8.9	-5.1 (-57.5%)
Aluminum foil, powder, and paste	91.7	86.2	+5.5 (+6.3%)	1.6	3.3	-1.7 (-52.6%)
Management, shared	—	—	—	-3.7	-3.6	-0.1
Total	486.6	432.6	+54.0 (+12.5%)	22.2	24.2	-2.0 (-8.2%)

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Full-year earnings forecasts – compared with the previous year

(Billions of yen)

	Fiscal 2022 Forecasts	Fiscal 2021 Results	Change
Net sales	540.0	486.6	+53.4 (+11.0%)
Operating profit	20.0	22.2	-2.2 (-9.9%)
Ordinary profit	20.0	22.9	-2.9 (-12.7%)
Profit attributable to owners of parent	14.0	16.8	-2.8 (-16.7%)
Dividends per share	85 yen (*)	85 yen	±0

*Interim dividend: 40 yen/share; year-end forecast: 45 yen/share; dividend payout ratio: 37.6%

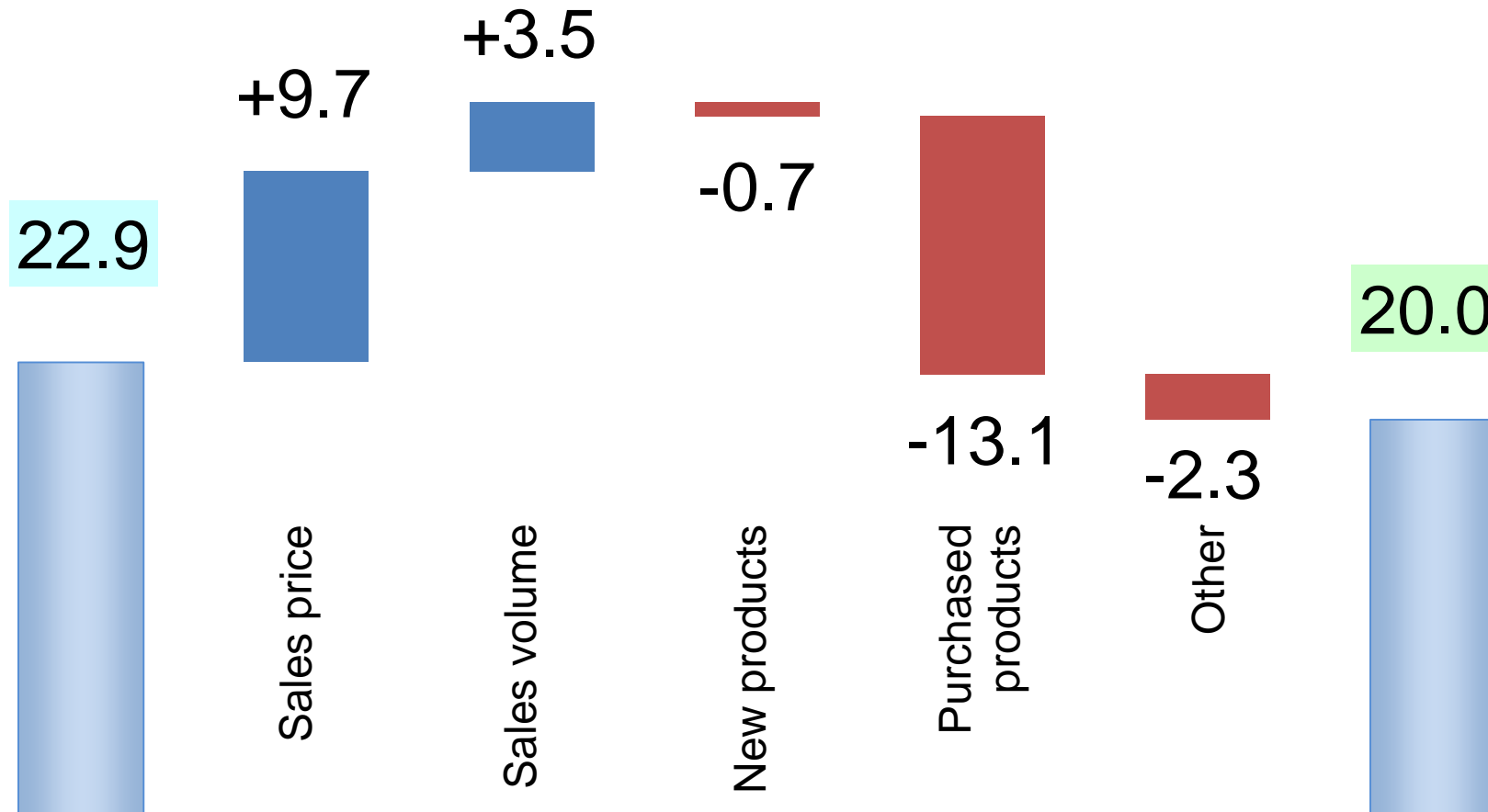
Factors behind changes in ordinary profit – compared with the previous year

Fiscal 2021
Results

-2.9 billion yen

Fiscal 2022
Forecasts

(Billions of yen)



Segment information – compared with the previous year

(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2022 Forecasts	Fiscal 2021 Results	Change	Fiscal 2022 Forecasts	Fiscal 2021 Results	Change
Aluminum ingot and chemicals	161.0	127.6	+33.4 (+26.1%)	12.5	13.0	-0.5 (-4.0%)
Aluminum sheet and extrusions	109.0	113.9	-4.9 (-4.3%)	4.0	7.5	-3.5 (-46.8%)
Fabricated products and other	167.0	153.4	+13.6 (+8.9%)	3.5	3.8	-0.3 (-7.3%)
Aluminum foil, powder, and paste	103.0	91.7	+11.3 (+12.4%)	4.0	1.6	+2.4 (+154.8%)
Management, shared	—	—	—	-4.0	-3.7	-0.3
Total	540.0	486.6	+53.4 (+11.0%)	20.0	22.2	-2.2 (-9.9%)

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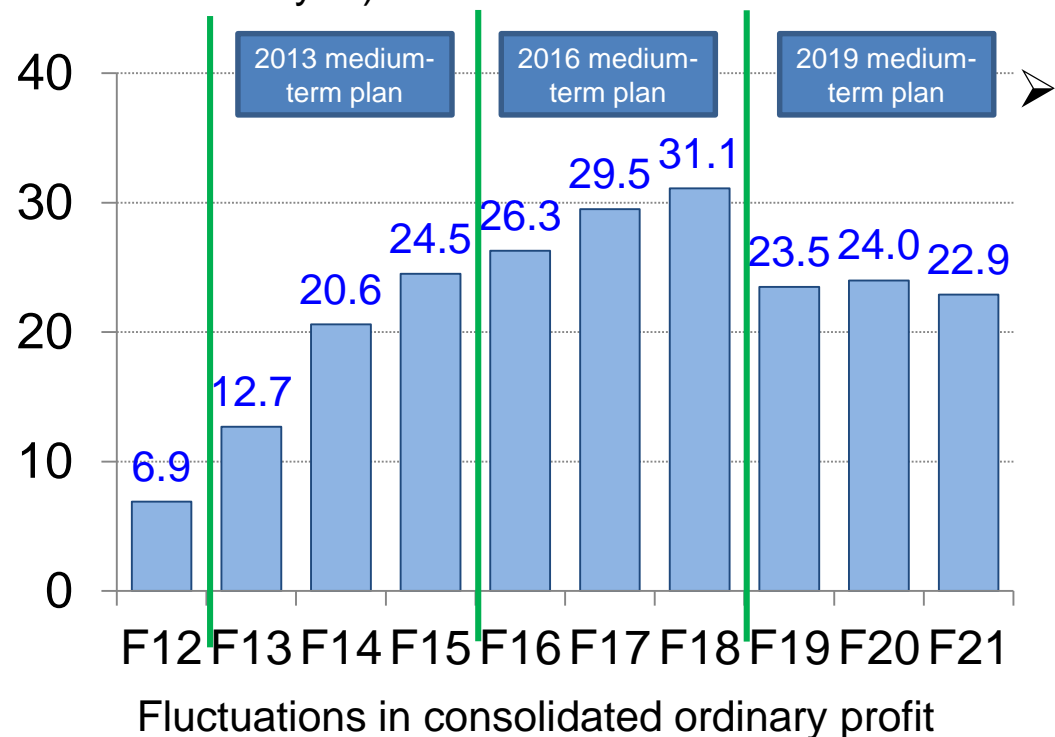
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Summary

Secure a certain amount of revenue even in harsh business environment

(Unit: Billions of yen)



2019 Medium-term Plan: Although financial targets were not achieved, we have built up a system that can steadily generate **20 billion yen** in ordinary profit

External environment marked by negative factors such as the US-China trade friction, COVID-19, semiconductor shortages, a spike in raw material and fuel costs and other

Financial indicators

(Billions of yen)

	Fiscal 2018 Results	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	2019 Medium- term Plan Targets
Net sales	500.5	465.9	432.6	486.6	540.0
Operating profit	30.1	24.6	24.2	22.2	37.5
Ordinary profit	31.1	23.5	24.0	22.9	37.0
Profit attributable to owners of parent	20.6	7.5	3.4	16.8	24.0
ROCE	10.8%	8.0%	8.4%	8.7%	11.4%
Total dividend payout ratio	27.1%	74.6%	119.6%	31.2%	30% as standard

Primary specific measures implemented

Specific results from 2019 medium-term plan

<p>Creation of new products and new businesses</p>	<ul style="list-style-type: none"> ■ Eco-friendly cars: Use of heat-release plates for power control units ■ Eco-friendly cars: Use of battery cooling plates ■ Medical applications: Use of panels for clean rooms
<p>Dedicate resources for growth</p>	<ul style="list-style-type: none"> ■ North America: Establishment of company for manufacture and sale of auto underbody parts ■ India: Operations at second factory for secondary alloys, established third base (new company) ■ India: Aluminum foil processing company made a subsidiary ■ Japan: Technology lab for panels established
<p>Reinforce management foundation</p>	<ul style="list-style-type: none"> ■ Nikkei Heat Exchanger and Nikkei Engineering made wholly owned subsidiaries ■ Sold equity in investment in Tokyo Precision Appliance (Kunshan) Co., Ltd. ■ Establishment of Nomination and Compensation Committee ■ Identification of important issues and value creation process (issuance of 2021 Integrated Report)

Addressing issues

- ◆ Sediment countermeasures at Amehata Dam: Emergency measures, completion of short-term plan (dirt removal), made provisions for reserves for countermeasure costs
- ◆ Inappropriate actions related to JIS certification: Recognized this as an important issue, currently taking measures to prevent reoccurrence

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Ambitions incorporated in medium-term management plan

**Development of corporate structure
capable of sustainable growth**

**Team NLM offers “customer value”
and achieves economic value and social value**

Nippon Light Metal Group's vision

Corporate structure that can achieve sustainable growth

Nippon Light Metal Group's vision

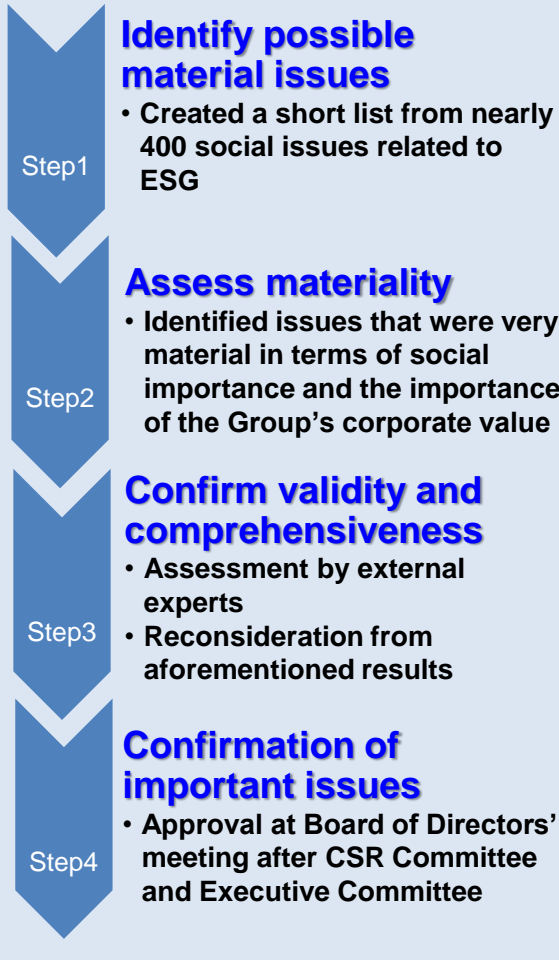
Maximization of corporate value

Material issues



Management policies

We will help to improve peoples' lives and protect the environment by continuing to create businesses centered on aluminum.



Identify possible material issues

- Created a short list from nearly 400 social issues related to ESG

Step1

Assess materiality

- Identified issues that were very material in terms of social importance and the importance of the Group's corporate value

Step2

Confirm validity and comprehensiveness

- Assessment by external experts
- Reconsideration from aforementioned results

Step3

Confirmation of important issues

- Approval at Board of Directors' meeting after CSR Committee and Executive Committee

Step4

Basic policies of medium-term management plan

Team NLM—Groundbreaking Innovator of Aluminum and Beyond

1. Provide products and businesses that contribute to the creation of social value
 - Provide products and businesses that satisfy customers' needs
 - Provide a range of products and businesses throughout the overall supply chain lifecycle
 - Strengthen the Group collaboration system to solve social issues
2. Strengthen management foundation
 - Thorough quality compliance (restoring social trust)
 - Top priority on safety and thorough compliance
 - Response to carbon neutrality
 - HR expansion, appointments and education to improve sustainable corporate value

Specific actions

Basic policies	Measures	2022 Medium-term Management Plan
Provide products and businesses that contribute to the creation of social value	Reinforce parts business for eco-friendly cars	Reinforce parts business for eco-friendly cars
	Expand global markets	North America: Start of mass production of auto parts; India: Start of mass production of secondary alloys
	Carbon neutral (opportunity side)	Horizontal recycling and cascade recycling initiatives, creation of eco-friendly products
Strengthen management foundation	Carbon neutral (risk side)	Use of existing technology and external technology, energy-conservation activities, fuel development
	Quality (restore social trust)	Construction of quality management system, creation of structure that prevents the occurrence of inappropriate actions from simply fading away
	Safety	Zero-accident initiatives that are sustained and well-established within the organization
	Operational reforms and workstyle reforms through DX	Digitization, greater efficiency, common standards, optimization
	Happiness of employees	Safety and hygiene, work motivation, diversity and inclusion, hiring and educating human resources

Basic policies of medium-term management plan

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Eco-friendly automotive part business (Results of previous medium-term plan)

Material from Analysts' Meeting on November 14, 2019

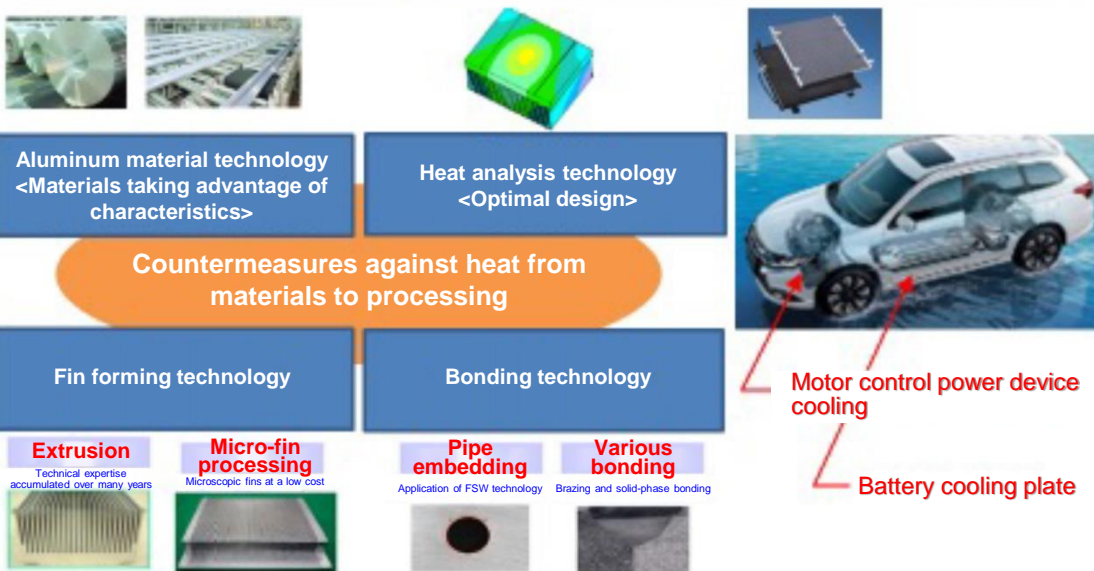
Progress toward 2019 Medium-term Plan

Creation of New Products/Growth Investment

Delivering the greatest value by streamlining materials, design & processing

Total solutions

Nippon Light Metal Group's eco-friendly automotive heat device business



NLM Nippon Light Metal Holdings

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Importance of linkage

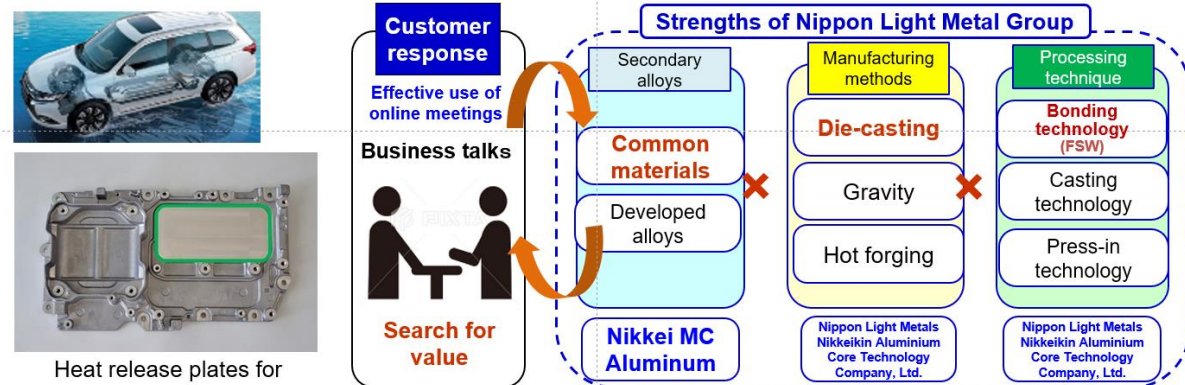
Material from Analysts' Meeting on November 16, 2021

Progress with 2019 Medium-term Plan

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

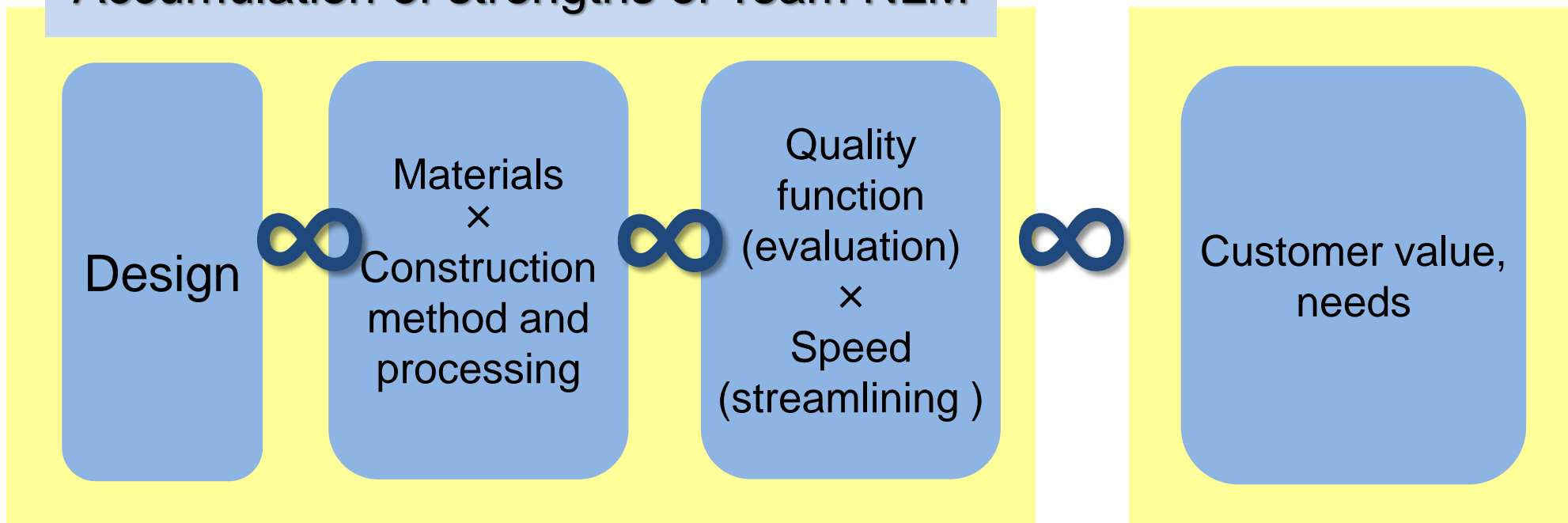
NLM Nippon Light Metal Holdings

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Further reinforce eco-friendly auto parts business

Link to “customer value”

Accumulation of strengths of Team NLM



Aim to double 2021 results in eco-friendly auto parts business

Expansion of sales in global markets

Further promotion of “local manufacturing and local consumption” worldwide

Regional F24 growth image (F21 comparison)

China: Automobiles

Nikkeikin Aluminium Core Technology
Start of mass production of battery cooling plates (2020)

India: Food and health

Toyo Aluminium
Foil processing business for pharmaceutical packaging was made a subsidiary (2021)

India: Automobiles

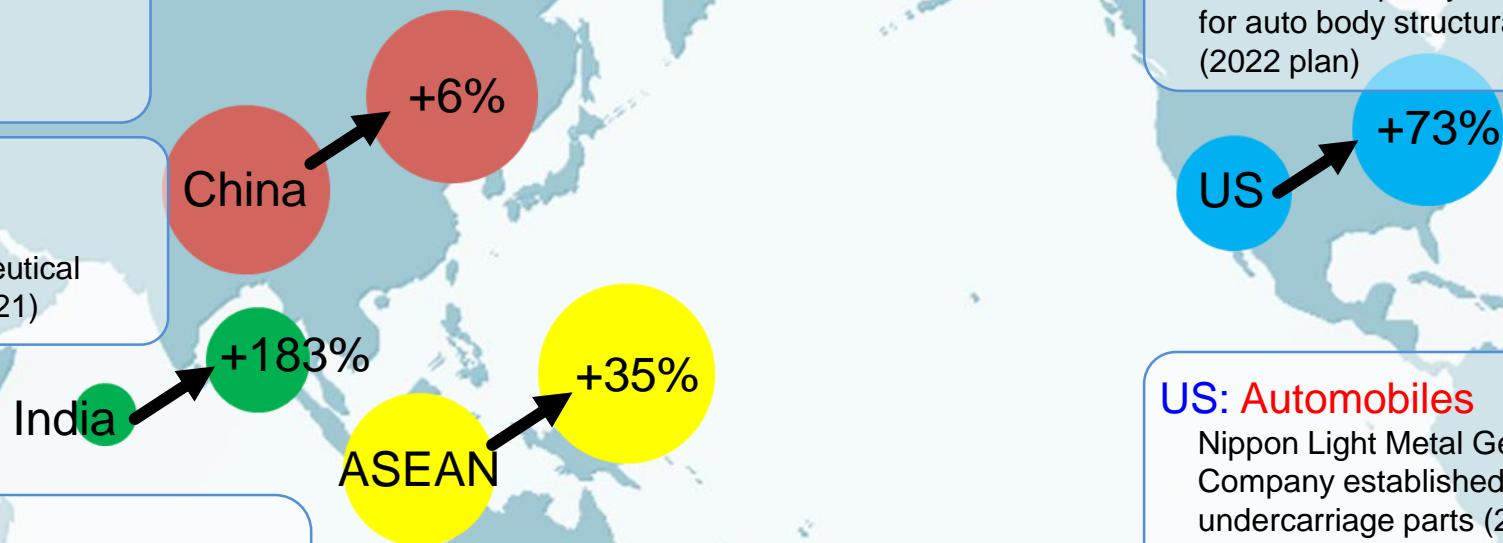
Nikkei MC Aluminium
Reinforced capacity of second plant for secondary alloys (membership company) (2019)
New company (consolidated) established (2019)
Start of mass production (2022 plan)

US: Automobiles

Nikkei MC Aluminium
Reinforce capacity of secondary alloys for auto body structural materials (2022 plan)

US: Automobiles

Nippon Light Metal Georgia, Inc.
Company established for forging of undercarriage parts (2019)
Start of mass production (2022 plan)



2019 Medium-Term Plan Investment

Trilateral system built around Japan, China and US: Global supply operations

Third piece of Japan, China and US system: Full-fledged entry into US



Auto undercarriage parts



Shearing machine

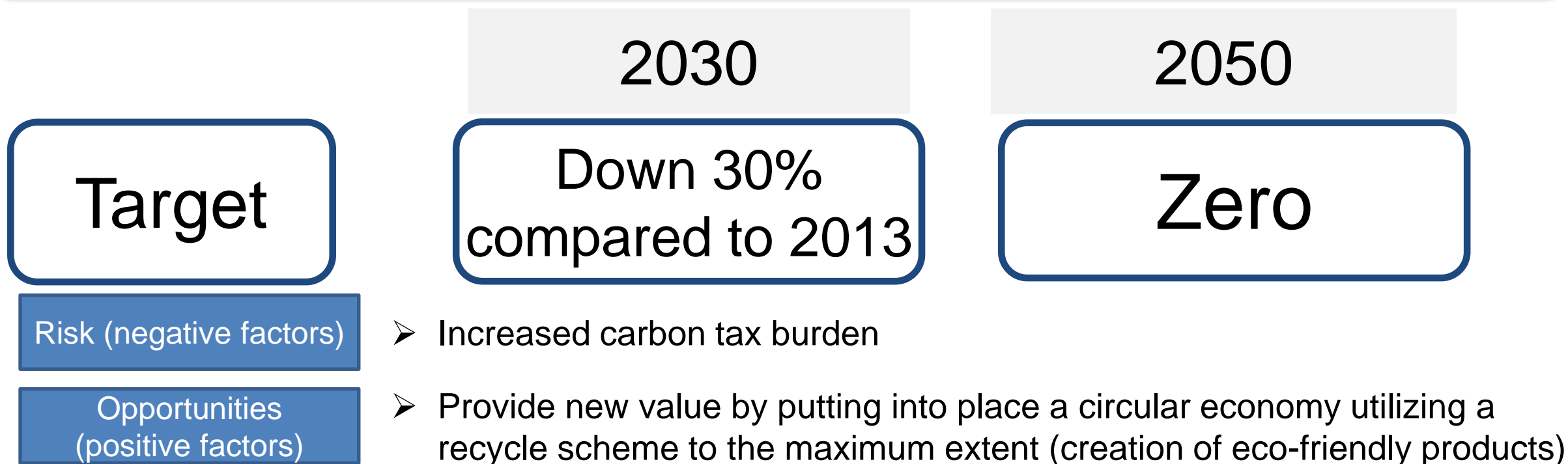
- Name : Nippon Light Metal Georgia, Inc. (Abbreviation: NLMGA)
- Location : Adairsville, Georgia, US
- Capital : USD 16.0 million
- Shareholders : Nippon Light Metal North America, Inc. (NLMNA) 90%, ITOCHU Metals Corporation 10%
- Start of production : Planned for September 2022



Forging machine

Initiatives to achieve carbon neutrality

Contributions to sustainable society: Carbon neutral challenge



- In light of recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD), we will disclose information on risks and opportunities.

Circular economy put into action by Team NLM



Basic policies of medium-term management plan

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Strengthen management foundation: Thorough quality compliance

Independently and thoroughly

- **Rebuild a quality assurance system**
- **Reform organizational culture**

Without waiting for the findings from the Special Investigation Committee, we will independently and thoroughly review the quality assurance system and reform the organizational climate.

Strengthen management foundation

Top priority on safety and thorough compliance

- ◆ Zero accidents
Eradicate getting caught/
being entangled accidents
- ◆ Response to fraud prevention
Expansion to areas beyond quality
Reinforce IT controls on accounting

Operational reform and workstyle reform through DX

- ◆ Improve operations
Raise productivity
Disaster prevention (Energy conservation, automation)
- ◆ Greater efficiency for administrative work
Reduce routine operations

HR expansion, appointments and education

- ◆ Utilization of diverse staff
- ◆ Train and hire digital human resources

Investments for further growth and strengthening of management foundation

Aggressive investment aimed at sustainable growth

2016 Medium-term Plan Results (86.5 billion yen)

R&D expenses: 15.6 bn yen

Capital investment

New products, expanded sales:
11.3 bn yen

Energy conservation and safety:
17.3 bn yen

Maintenance and updates:
42.3 bn yen

2019 Medium-term Plan Results (95.9 billion yen)

R&D expenses: 18.2 bn yen

Capital investment

New products, expanded sales:
23.4 bn yen

Energy conservation and safety:
25.2 bn yen

Maintenance and updates:
29.1 bn yen

2022 Medium-term Plan (111.0 billion yen)

R&D expenses: 20.0 bn yen

Capital investment

**New products, expanded sales:
29.0 bn yen**

**Energy conservation and safety:
32.0 bn yen**

**Maintenance and updates:
30.0 bn yen**

Policy on shareholder returns

Ongoing and stable shareholder returns

Basic policy on profit distribution

Return profits to all shareholders, comprehensively taking into account the maintenance of consolidated earnings and a sound financial foundation for the medium to long term, while also reinforcing the financial system and management foundation.

Indicators for profit distribution

Total dividend payout ratio of 30% as standard

- Steady implementation of shareholder returns
- Plans for aggressive investment to achieve sustainable growth
- Choose methods by comprehensively considering cash position, shareholders' equity rate and other

Financial indicators

(Billions of yen)

	Fiscal 2021 Results	Fiscal 2022 Forecasts	Fiscal 2024 References*
Operating profit	22.2	20.0	Over 30.0
Dividends per share	85 yen	85 yen	100 yen

*These figures indicate the Company's approximations at this point and are not targets that the Company aims to meet.



Team NLM – Groundbreaking Innovator of Aluminum and Beyond