

FY2023-2025
Medium-term Management Plan
(2023 Medium-term Plan)



May 29, 2023
Nippon Light Metal Holdings Company, Ltd.

Quality issues

Inappropriate behavior regarding issues related to quality in the Group

- We sincerely apologize for the serious inconvenience caused to customers and other stakeholders by several incidents of inappropriate behavior by a Group company, including violation of the standards specified in the Ministerial Ordinance on Certification of Conformity to Japanese Industrial Standards (JIS) relating to mineral and industrial products and their processing technologies (hereinafter, “the case”).
- The Group established a special investigation committee on June 9, 2021 to investigate the details of the case, and since then the Group has cooperated in all respects with the committee’s investigation. This investigation ended up taking considerable time since the scope of the investigation by the special investigation committee was expanded beyond the JIS-certified subsidiary relating to mineral and industrial products and their processing technologies, resulting in delays in sharing the investigation results with all stakeholders. We apologize for this delay.
- On March 29, 2023, we received the Investigation Report from the special investigation committee, and on the same day a special meeting of the Board was held and measures to prevent the reoccurrence of this case were discussed and determined.
- The Group views this case as a management issue and is pursuing management reforms and reinforcing internal control functions. Going forward, management will take the leading role on initiatives to prevent reoccurrence, and all of the Group’s officers and employees will implement these measures with conscientious intent. We will not allow our sincere regret over this case and the lessons learned from it to dissipate but will ensure that they are shared by the next generation so that we can transform into a corporate group worthy of the trust of its stakeholders.

Overview of inappropriate behavior from discovery and progress with investigation and remedial actions

Background and future plans

May 2021	Revocation of JIS certification for Nippon Light Metal Company's Nagoya Plant JIS Certification Violation Investigation Committee established
June 2021	Special investigation committee established
July 2021	Nikkei Niigata Company's JIS certification revoked
November 2021	Makeup of special investigation committee adjusted
March 29, 2023	Investigation report received from special investigation committee "Results of Investigation on the Group's Misconduct Related to Quality, etc. and Prevention of Recurrence, etc." released
<u>April 27, 2023</u>	<u>Business Transformation Office set up</u>
<u>Mid-June, 2023</u>	<u>First report on progress to be released</u>

Inappropriate behavior revealed by investigation

Total number of inappropriate acts	Acts								Total	
	① Manufacturing methods		② Test and inspection methods		③ Handling of test and inspection results		④ Reports and release			
	Total	Of which falsified, etc.	Total	Of which falsified, etc.	Total	Of which falsified, etc.	Total	Of which falsified, etc.	Total	Of which falsified, etc.
Total	26	2	90	3	88	61	10	1	214	67

Status of safety investigation (as of May 23, 2023)

Company inspections and a company assessment determined that none of these incidents had an impact on safety

- Status of explanations to customers (4,015 companies): 99% complete

Status of remedial actions (as of May 23, 2023)

Of the 204 cases of inappropriate behavior related to manufacturing and inspections, remedial actions have been taken for 201 (measures are currently being taken for three)

Analysis of causes of Group's inappropriate behavior

Perspective	Factors
Motivation	① Strict deadlines An appropriate relationship between the sales, development, manufacturing and quality assurance divisions broke down, and motivation to take inappropriate steps to comply with the deadline was created.
Erroneous justification	② Employees mistakenly justified their behavior with the assumption that it would not hurt the safety of products
Opportunity	③ Lack of restraint and check functions at workplace ④ Lack of independence and authority with quality assurance functions ⑤ Closed nature and distortions attributable to Group's history ⑥ These factors acted off of each other so that no one spoke up about inappropriate behavior, and the difficulties faced on site were not addressed across divisions and throughout the Group.
Individual problems	<ul style="list-style-type: none"> • Weak independence and effectiveness of quality assurance system • Structural problems attributable to Group's history • Problems with corporate culture

Individual problems	Specific content
Weak independence and effectiveness of quality assurance system	<ul style="list-style-type: none"> • Inadequate management resources • Problems with management system at time of orders
Structural problems attributable to Group's history	<ul style="list-style-type: none"> • Negative side of decentralized corporate group
Problems with corporate culture	<ul style="list-style-type: none"> • Climate in which it is difficult to report problems or employees are reluctant to do so • Reluctance to "offend" • Habit of following precedent even if employee has doubts • Inadequate awareness of standards and rules

Company's establishment of measures to prevent reoccurrence

Pursue management reforms

- (1) Rebuild Group's governance system
 - Strengthen Group affiliation
- (2) Rebuild relationships between the Company and Group companies
- (3) Address management issues and risks within the Group
- (4) Cross-sectoral response by sales, development, manufacturing, quality assurance and other divisions
- (5) Rebuild the quality assurance system
- (6) Constant verification
- (7) Reinforce supervision by Board of Directors

Reinforce internal control functions

- (1) Build and administer effective internal control system under supervision of Board of Directors
- (2) Reforms of corporate culture
- (3) Reinforce information reporting and affiliations
- (4) Promote activities to strengthen compliance
- (5) Reinforce internal audit division
- (6) Reforms to internal reporting system
- (7) Utilize external resources

System for future initiatives

Areas indicated as important for prevention of reoccurrence (special investigation committee)

Reforms to perceptions to correct inappropriate behavior and prevent reoccurrence

- Reconfirm legal responsibility for failure to comply with laws
- Reforms to awareness so that employees understand the importance of reporting the truth as it is
- Encourage understanding of the emotional burden that orders to act inappropriately have on employees
- Ensure effectiveness of internal reporting system for the sake of changes to the way of thinking

Rebuild quality assurance system for Nippon Light Metal HD

- Multiple reporting lines from Quality Assurance Administration Department
- Ensure independence of head of Quality Assurance Administration Department director
- Reinforce functions of Group subsidiary management

Rebuild quality assurance system for Group subsidiaries

- Improve position of quality assurance divisions
- Hire staff for quality assurance divisions
- Update equipment and systems
- Reformulate internal rules

Initiatives to prevent reoccurrence

Pursue management reforms

- Rebuild Group governance system (strengthen Group affiliations)
- Rebuild relationships between the Company and Group subsidiaries
- Five other items

Reinforce internal control functions

- Reform corporate culture
- Pursue activities to strengthen compliance
- Reforms to internal reporting system
- Four other items

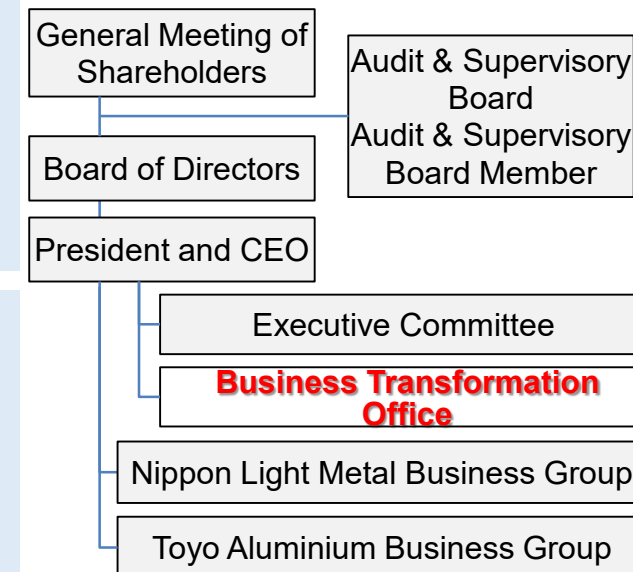
Rebuild quality assurance system

- Reinforce Company's quality assurance system
- Reinforce quality assurance system for Group overall
- Augment injection of management resources into quality assurance functions
- Two other items



Establishment of Business Transformation Office

(April 2023)



We aim to complete the 11 preventive measures in three areas pointed out by the special investigation committee by the completion of the 2023 Medium-term Plan.

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Background for Revisions to 2022 Medium-term Plan
2. FY2023-2025 Medium-term Management Plan
2023 Medium-term Plan

1. FY2022-2024 Medium-term Management Plan

Background for Revisions to 2022 Medium-term Plan

The Group revised the 2022 Medium-term Plan in light of changes in the Group's business structure and strategic initiatives and began implementing the new 2023 Medium-term Plan.

- **Changes to Group structure**

⇒ Transfer of shares in Toyo Aluminium, consolidation of auto parts business and new company Nikkeikin ALMO Corporation

- **Comprehensive initiatives to realize carbon neutrality**

- **Initiatives to prevent reoccurrence of the Group's Inappropriate behavior Related to Quality, etc.**

External environment in F22

- **Higher geopolitical risks**

Risk of prolonged inflation related to restrictions on imports and exports, exchange rates, and rate trends

⇒ Fluctuations in aluminum ingot prices, spike in fuel and raw material prices, higher needs for economic security

- **Risk of prolonged disruption in supply chain**

⇒ Prolonged disruption in auto and truck production mainly due to insufficient semiconductor supply

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2. FY2023-2025 Medium-term Management Plan, 2023 Medium-term Plan

(1) Nippon Light Metal Group's management policy and FY2023-2025 Medium-term Plan



Basic policies of 2023 Medium-term Plan

Pursue reforms to further raise corporate value so that we can become a corporate group that provides reliable value to stakeholders and regains the trust of stakeholders

1. Initiatives for new Team Nippon Light Metal

- Structural reforms to raise Group's corporate value
- Response to carbon neutrality
- Promote management reforms and reinforce internal control functions

2. 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 Group affiliation systems to solve social issues

2. Overview of 2023 Medium-term Plan

Basic Policies— Measures

Basic policies		Measures	Objective (Background)	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	
1	Initiatives for new Team Nippon Light Metal	Structural reforms to raise Group's corporate value	Optimal allocation of resources and structural reforms so that more Group synergies can be created			Consolidation of auto parts business, new company		
		Carbon neutral (risk side)	Bring greenhouse gases down to net zero by FY2050, down 30% in FY2030 (compared to FY2013)	Cut CO ₂ , set KPI, support for TCFD	Group decarbonization strategy; formation of organization, drafting and implementation of integrated strategy			Integration of functions for procurement, production and sale of aluminum ingot
		Promote management reforms and reinforce internal control functions	Top management will take the lead with a strong commitment to implementing initiatives	Special investigation committee, internal investigation, improvement activities	Measures to prevent reoccurrence (rebuilding Group governance system, reinforcing internal audit divisions, reforming corporate culture, etc.)			
2	Provide products and businesses that contribute to the creation of social value	Acquisition of growth areas	<ul style="list-style-type: none"> Autos: Rapid growth in eco-friendly cars Expansion of overseas auto market Semiconductors: return to production in Japan High need among customers to reduce CO₂ (Scope 3) 	Lighter weight of auto parts, thermal countermeasures for auto parts, compatible with method-by-method cross-organizational approach	Auto parts company Nikkeikin ALMO			
		Overseas strategy		Auto parts	US: mass production of auto underbody parts (trilateral system)			
		Carbon neutral (Opportunity side)		Two poles consisting of Japan and China	US: Increased production for secondary alloys for auto body structural materials			
			India: Two bases for secondary alloys (minority)	India: third base for secondary alloys (majority)				
			Japan: thermal insulation panels, reinforce engineering	Japan: increased production of thermal insulation panels for semiconductor clean rooms				

2. Overview of 2023 Medium-term Plan

Basic Policies— Measures

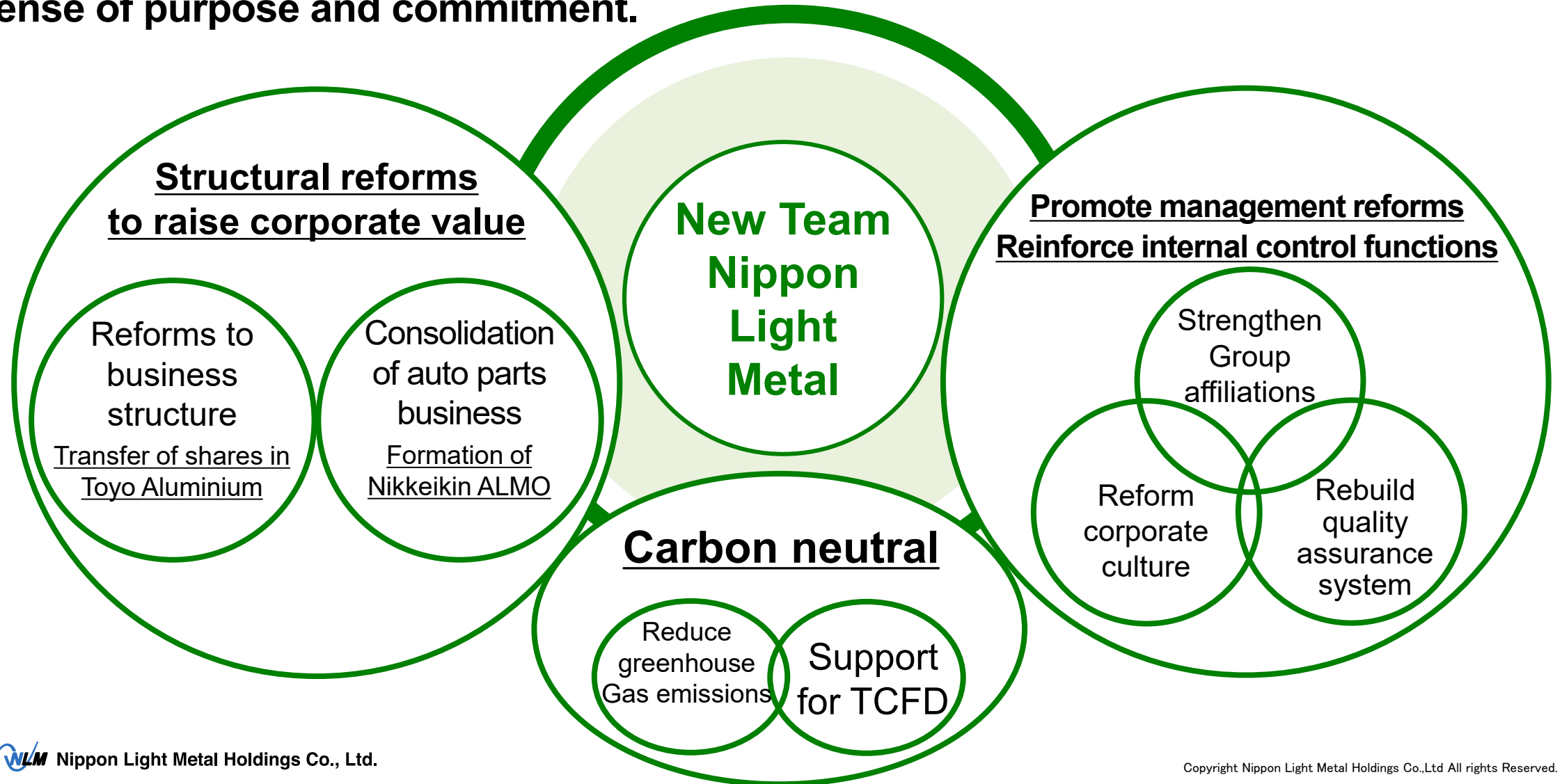
1. Initiatives for new Team Nippon Light Metal

- Structural reforms to raise Group’s corporate value
- Response to carbon neutrality
- Promote management reforms and reinforce internal control functions

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	Promote management reforms and reinforce internal control functions	Top management will take the lead with a strong commitment to implementing initiatives	Special investigation committee, internal investigation, improvement activities	Measures to prevent recurrence (rebuilding Group governance system, reinforcing internal audit divisions, reforming corporate culture, etc.)		
2 Provide products and businesses that contribute to the creation of social value	Acquisition of growth areas		Countermeasures for auto parts, compatible with method-by-method cross-organizational approach	Auto parts company Nikkeikin ALMO		
	Overseas strategy	•Autos: Rapid growth in eco-friendly cars •Expansion of overseas auto market	Auto parts Two poles consisting of Japan and China	US: mass production of auto underbody parts (trilateral system)		
	Carbon neutral (Opportunity side)	•Semiconductors: return to production in Japan •High need among customers to reduce CO ₂ (Scope 3)		US: increased production for secondary alloys for auto body structural materials		
				India: second base for secondary alloys (minority)	India: third base for secondary alloys (majority)	
			Japan: thermal insulation panels, reinforce engineering	Japan: increased production of thermal insulation panels for semiconductor clean rooms		

Overall view of initiatives

Top management will take the lead in pursuing the following initiatives with a strong sense of purpose and commitment.



Response to carbon neutrality

■ Reduce greenhouse gas emissions ■

Company reductions (Scopes 1 and 2)
Reductions along the supply chain (Scope 3)
Target announced in 2022
30% reduction in FY2030 (compared to 2013)



Fiscal 2050
Greenhouse gas emissions
Net zero

■ Support for TCFD ■

Task Force on Climate-Related
Financial Disclosures (TCFD)
Expressed support in 2022



Green Growth Strategy Office established as the system and organization to pursue carbon neutrality

2. 2023 Medium-term Plan 1. Initiatives for new Team Nippon Light Metal

Establishment of Green Growth Strategy Office April 2023

Comprehensive drafting and implementation of Group's optimal decarbonization strategy

- ① Formation of cyclical aluminum material supply system and optimization within Group
- ② Strategy formulation to raise corporate value
- ③ Establishment of road map for realization
- ④ Progress management for plan execution

Green Growth Strategy Office

Drafting of comprehensive decarbonization strategy

Group recycling project team

Reductions in Scope 3 emissions

Response to carbon neutral measures

Reduction of Scope 1, 2 emissions
(energy conservation)

Management of procurement of low-carbon materials

Promotion of expanded materials
(horizontal recycling)

Expanded use of scrap
(Upgrades)

Expansion of areas in which aluminum is used

Green technology project team

Drafting, implementation and support for decarbonization R&D technology development strategy

June 2023 **Reorganization of metal-related divisions**

Consolidation of organizations as the core of efforts to promote carbon neutrality

- ① Consolidation of material procurement, production and sales functions
- ② Reinforcement of scrap procurement, use of Group affiliations, and expansion of scrap uptake
- ③ Expand business through stable procurement of high-purity materials

2. Overview of 2023 Medium-term Plan

Basic Policies— Measures

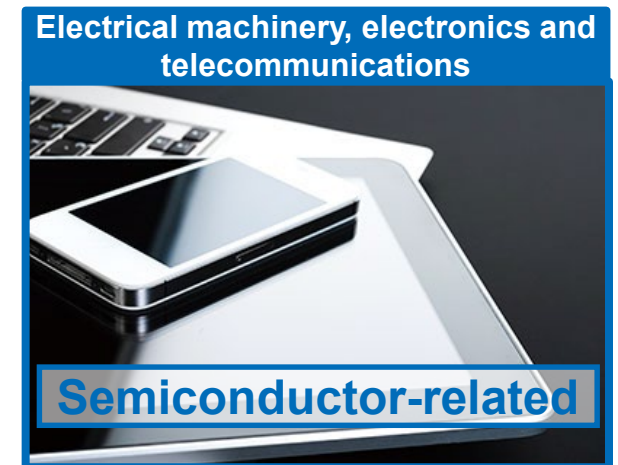
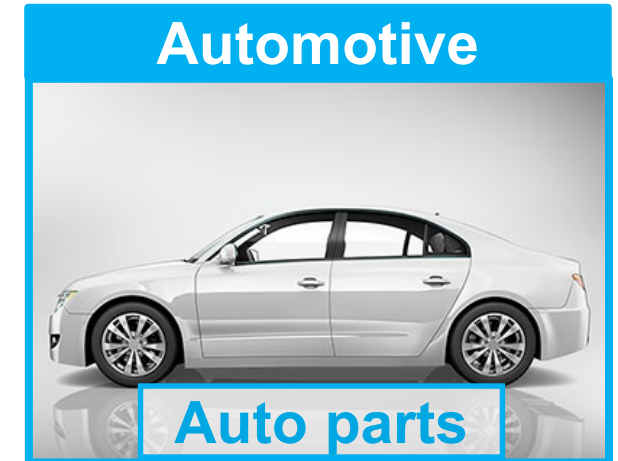
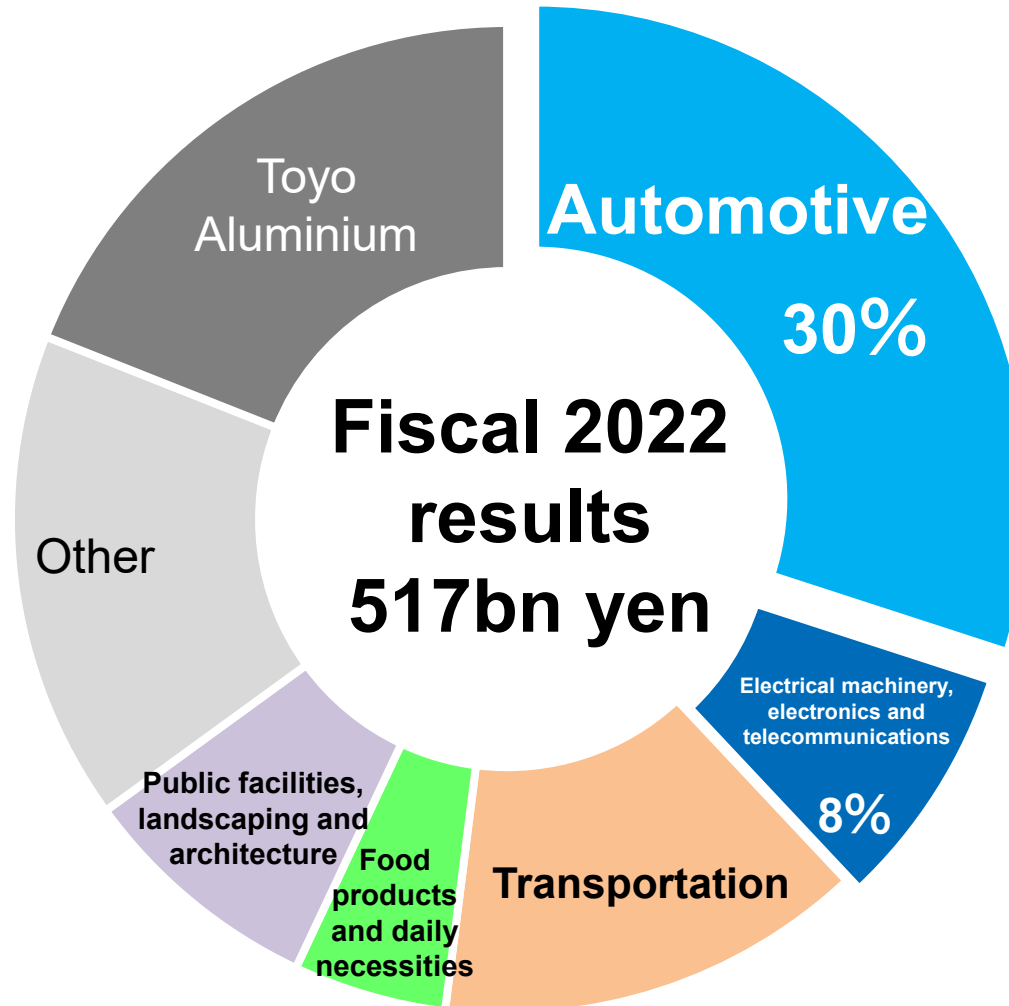
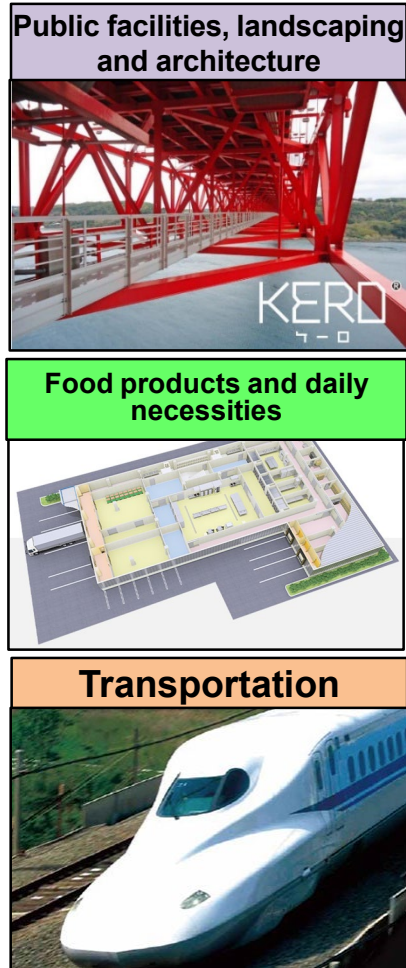
2. Provide products and businesses that contribute to the creation of social value

- Provide products and businesses that satisfy customers' needs
- Provide a range of products and businesses throughout the overall supply chain lifecycle
- Strengthen Group affiliation systems to solve social issues

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2 Provide products and businesses that contribute to the creation of social value	Acquisition of growth areas		Lighter weight of auto parts, thermal conduction materials for auto parts, and cross-organizational approach			
	Overseas strategy	<ul style="list-style-type: none"> •Autos: Rapid growth in eco-friendly cars •Expansion of overseas auto market •Semiconductors: return to production in Japan •High need among customers to reduce CO₂ (Scope 3) 	Auto parts Two poles consisting of Japan and China US: mass production of auto underbody parts (trilateral system) US: increased production for secondary alloys for auto body structural materials			
	Carbon neutral (Opportunity side)		India: second base for secondary alloys (minority) India: third base for secondary alloys (majority) Japan: increased production of thermal insulation panels, reinforce engineering Japan: increased production of thermal insulation panels for semiconductor clean rooms			

Growth areas that Group will focus on

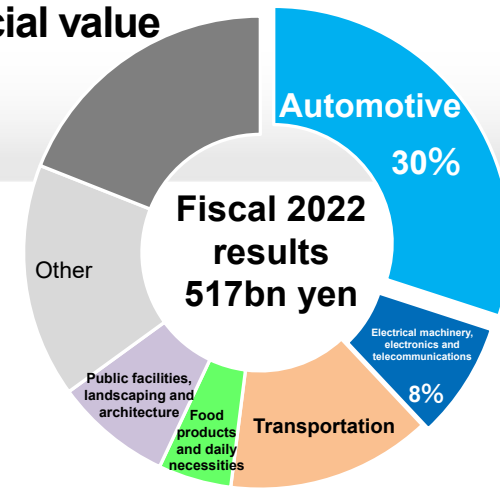
Full mobilization of Group's strengths to resolve social issues (reductions in CO₂, economy security) and satisfy customer needs



Consolidation of auto parts business and formation of new company

Integrate Group's strengths (materials, manufacturing methods, processing technology, development) and create the value customers are seeking

October 2023, business consolidation **New company, Nikkeikin ALMO, formed**



■ Air conditioning and heating parts ■

Capacitors for car air conditioners



■ Main products ■



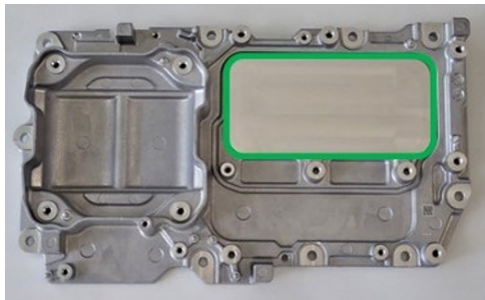
■ Structural parts ■

Sunroof guide rails



■ Powertrain ■

Heat dissipation plates for eco-friendly cars



■ Underbody parts ■

Brake calipers



Suspension



Trends in auto industry and Group's initiatives

< Trends in auto industry >

Auto industry is shifting to electric cars as governments take environmental measures and other

Auto manufacturers and mega suppliers

- **Drastic shift to electric vehicle development together with massive investments**
→ Allocation of resources from hardware to non-hardware
- **Efforts to reduce environmental impact**
→ One of the options when selecting a supplier
- **Threat of entries from other industries, intense competition**
- **Inadequate resources for development and quality assurance, etc.**
→ Dependence on suppliers
- **Local production, local consumption**

Suppliers of auto parts

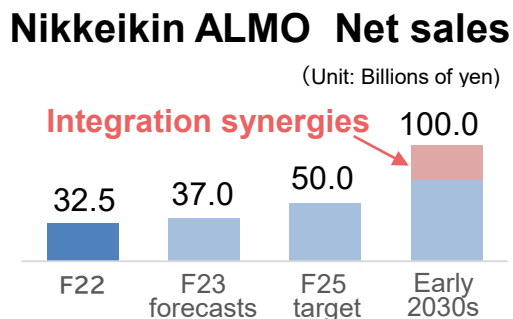
- **Response to requests for new parts for electric cars**
→ Increase in number of business consultations
→ Development over short period
- **Response to larger scale of business consultations**
→ Secure resources for development and manufacturing, etc.
- **Global supply system**

Better services for customers and higher corporate value

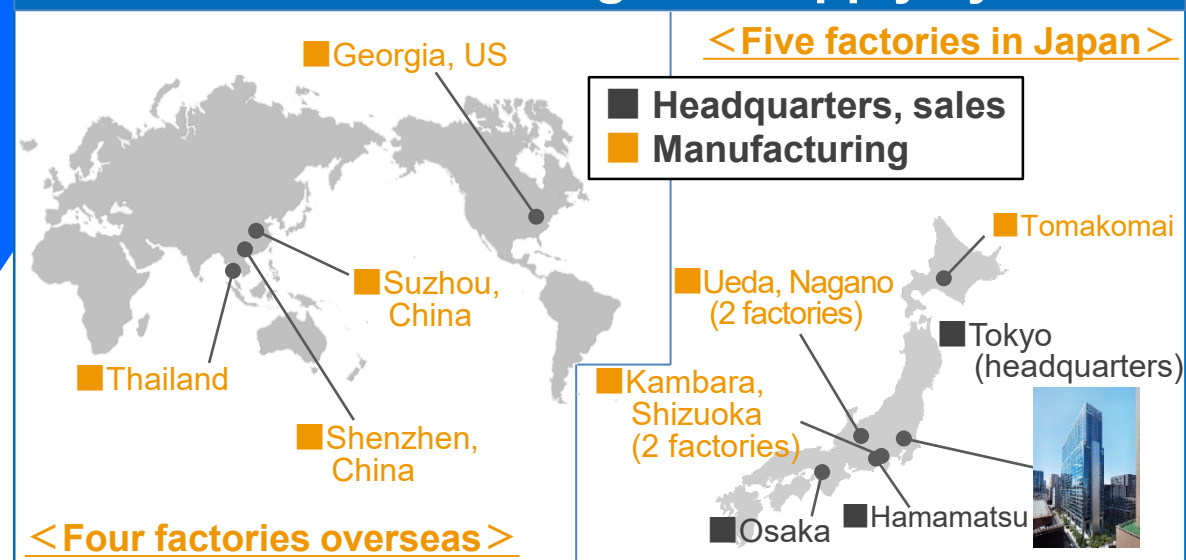
< Nippon Light Metal Group's initiatives >

New company, Nikkeikin ALMO, formed

- Centralization of information, faster decision-making
- Consolidation of scattered resources and flexible allocation
- Ability to respond to global supply
- Establish and popularize Company's brand



Global Manufacturing and supply system



Group's semiconductor-related products

Provide diverse products and business for growth opportunities in semiconductor-related industries

Semiconductor manufacturing equipment applications

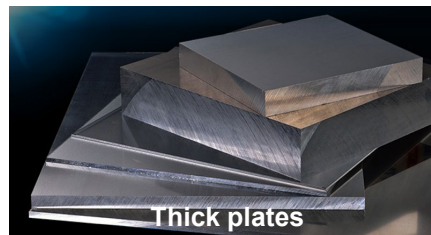


NLM 日本軽金属株式会社

■ Chemicals Division ■
Low-dielectric aluminum for semiconductor manufacturing equipment



■ Rolled Products Division ■
Thick plates for semiconductor manufacturing equipment

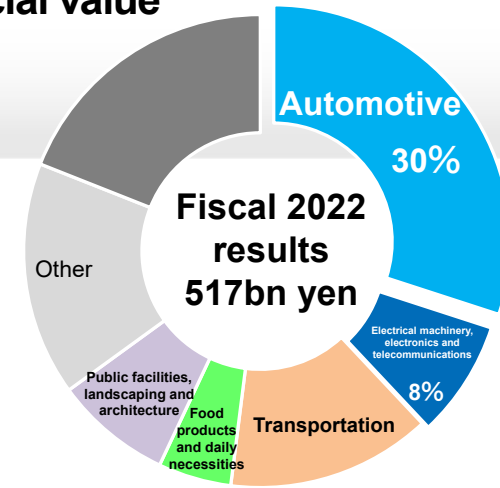


株式会社 東陽理化学研究所

SUS valve for semiconductor manufacturing equipment

ACT 日軽金アクト株式会社
Nikkeikin Aluminium Core Technology Company, Ltd.

Materials for extruded products



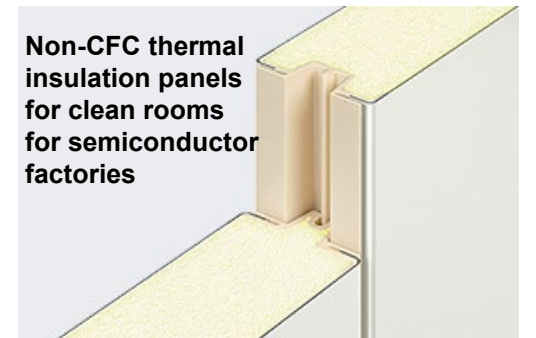
Applications for clean rooms for semiconductor factories

日軽パネルシステム株式会社

Processed goods for clean rooms for semiconductor factories



Non-CFC thermal insulation panels for clean rooms for semiconductor factories



Trends in semiconductor-related market and Group's initiatives

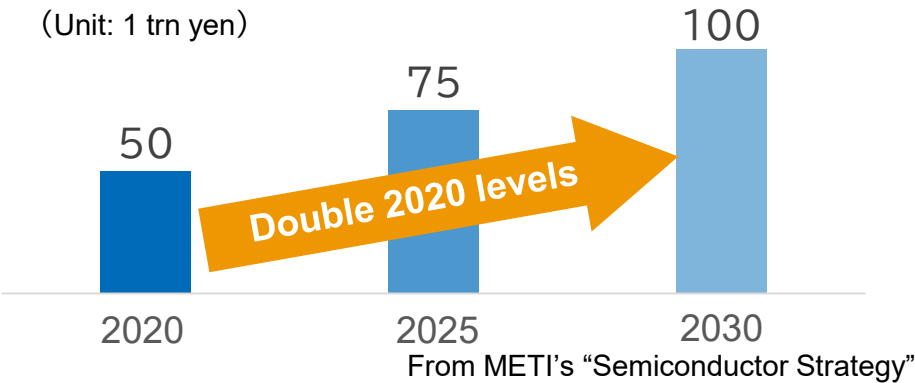
< Trends in semiconductor-related markets >

Semiconductor-related demand doubles

→ Shortage of 100,000 panels in thermal insulation panel industry

Scale of semiconductor-related market

(Unit: 1 trn yen)



Scale of thermal insulation panel market

Scale of market for thermal insulation panels for semiconductor-related clean rooms estimated at 14 billion yen

- Expand demand in medium term as interior material for clean room buildings
- Operation of thermal insulation panel manufacturers at nearly 100% in Japan

18-20 bn yen from 2023

Company's estimates

Capture demand for expansion of semiconductor factories in Japan

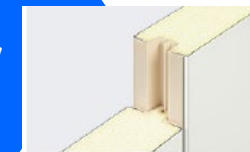
< Group's initiatives >

Construction of system for increased production of non-fluoron thermal insulation panels for clean rooms

Nikkei Panel System builds second factory in Shimonoseki



- Second factory building about 4,500 m²
- 2.5 billion yen investment
- Start construction in 2023 with manufacturing to begin in 2024
- 10% increase in Nikkei Panel System's production capacity

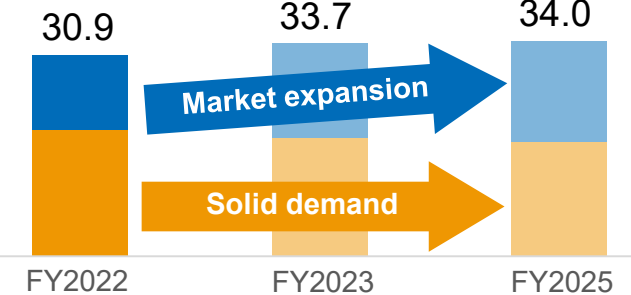


GENESTA
Non-fluoron thermal insulation panels

- Nikkei Panel System's manufacturing sites: Shiga factory, Shimonoseki factory, Tomakomai factory

Nikkei Panel System < Net sales >

- for clean rooms
- for low-temperature spaces

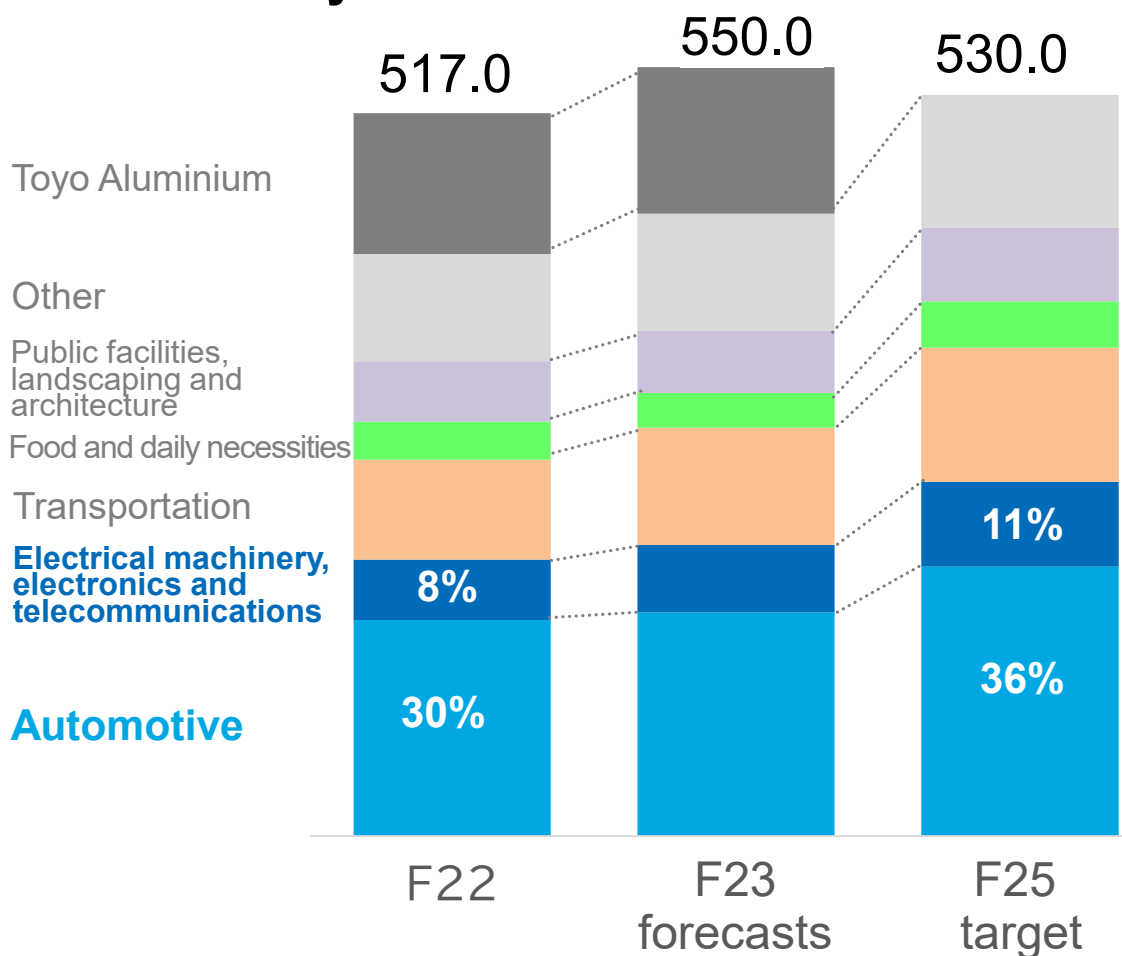


2. 2023 Medium-term Plan 2. Provide products and businesses that contribute to the creation of social value

Growth business and products

Develop and provide products utilizing the strengths of aluminum as a lightweight material with high heat dissipation

■ Sales by market domain (Unit: Billions of yen)



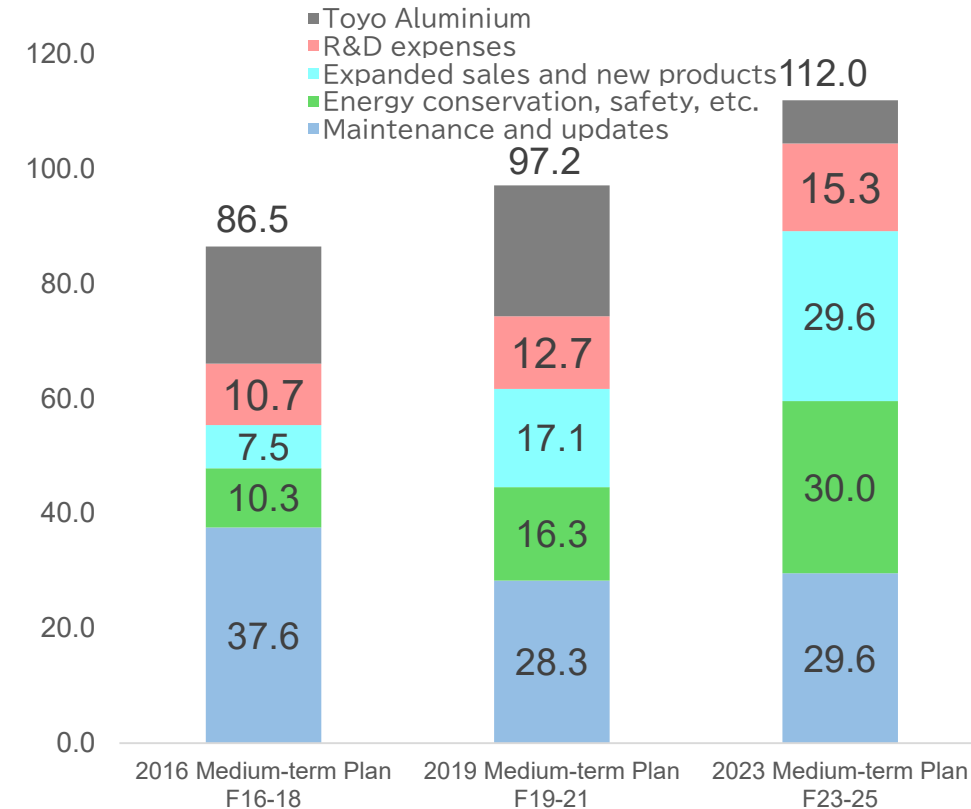
Market domain	Business company and division	Growth business and product	Sales growth(%) Compared to FY22 F23→F25
Automotive	Nippon Light Metal, chemicals	Fire-resistant heat-dissipating filler (for xEV, etc.)	46% increase → 67% increase
	Nikkei MC Aluminium	US, secondary alloys car body structural components	2% increase → 32% increase
	Nikkei MC Aluminium	India, third base for secondary alloy New company (operations to begin in FY24)	(overseas sales of secondary alloys) 10% increase → 41% increase
	Nippon Light Metals, aluminum sheets	Sheet materials for auto battery cases	12% increase → 25% increase
	Nikkeikin ALMO (new company)	Consolidation of auto parts business	14% increase → 54% increase
	Electrical machinery, electronics and Tele-communications (semiconductor-related)	Nippon Light Metals, chemicals	Low-soda aluminum for semiconductor manufacturing equipment
Nippon Light Metals, aluminum sheets		Thick plates and general materials for semiconductor manufacturing equipment and other	12% increase → 33% increase
Nikkei Panel System		Japan, thermal insulation panels for clean rooms	26% increase → 35% increase

2. Overview of 2023 Medium-term Plan

Capital investment and R&D expenses

Aggressive capital investment to expand sales and develop new products

Unit: Billions of yen



	2016 Medium-term Plan (F16-18)	2019 Medium-term Plan (F19-21)	2023 Medium-term Plan (F23-25)
Depreciation (of which, Toyo Aluminium)	51.0 (12.1)	57.9 (13.7)	61.0 (5.0)

Since the timing of the transfer of shares in Toyo Aluminium has not been set at this point, Toyo Aluminium's figures is factored only into FY23 forecasts.

Main capital investment into sales expansion and new products during period of 2023 Medium-term Plan

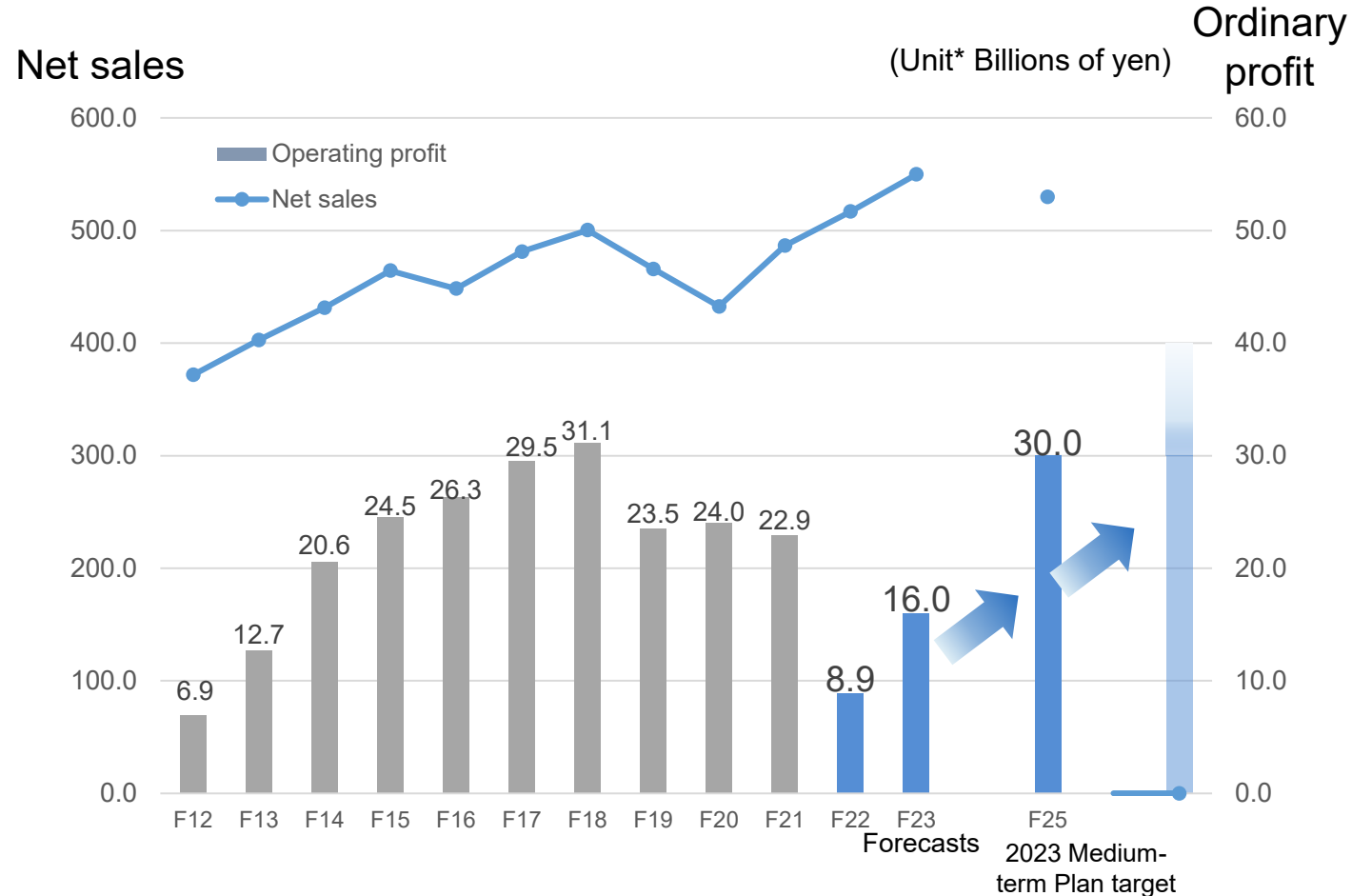
Market area	Company	Case	Capital investment during 2023 Medium-term Plan (Billions of yen)
Automotive, Electrical machinery, electronics and telecommunications (semiconductor)	Nippon Light Metals, chemicals	New alumina products	1.0
Automotive	Nikkei MC Aluminium	Third base in India	1.0
Automotive	Nikkeikin ALMO	New auto parts in Japan	3.5
Automotive	Nikkeikin ALMO	New auto products for thermal countermeasures in Japan	1.5
Automotive	Nikkeikin ALMO	North America auto parts factory	3.5
Automotive	Nikkeikin ALMO	China new auto parts	2.5
Electrical machinery, electronics and Telecommunication (semiconductor)	Nikkei Panel System	Increased production of non-fluoron thermal insulation panels in Japan	2.5

2. Overview of 2023 Medium-term Plan

Financial targets

Build up a system that can consistently achieve ordinary profit in the 30-40 billion yen range to enable the Group's sustainable growth

	F22 actual	F23 forecast	2023 medium-term plan target F25
Net sales	517.0	550.0	530.0
Operating profit	7.5	17.0	30.0
Ordinary profit	8.9	16.0	30.0
Profit	7.2	7.5	20.0
Annual dividends	50 yen	50 yen	100 yen
ROCE	3.2%	5.2%	10.3%
Total dividend payout ratio	43.0%	41.3%	31.0%



2. Overview of 2023 Medium-term Plan

FY2025 Financial Targets by segment – Compared to FY2022

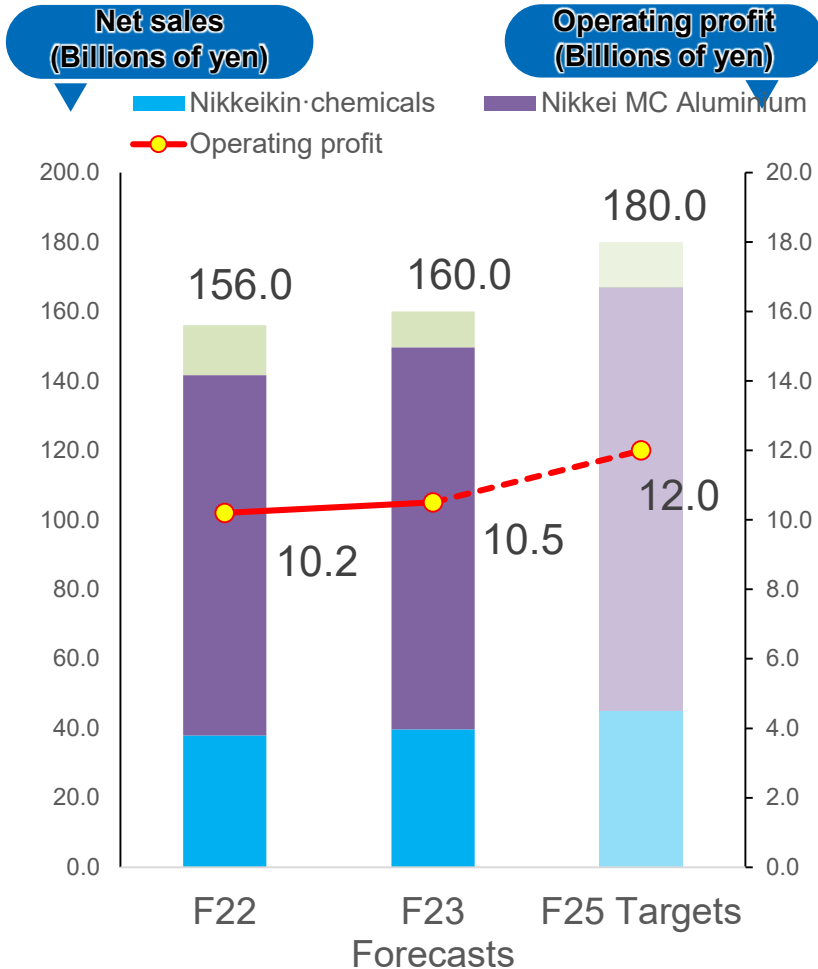
(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2022 Results	Fiscal 2025 Targets	Change	Fiscal 2022 Results	Fiscal 2025 Targets	Change
Aluminum ingot and chemicals	156.0	180.0	+24.0 (+15.4%)	10.2	12.0	+1.8 (+17.6%)
Aluminum sheet and extrusions	107.4	150.0	+42.6 (+39.7%)	-0.6	9.0	+9.6 (-)
Fabricated products and others	153.2	200.0	+46.8 (+30.6%)	0.1	13.0	+12.9
Aluminum foil, powder, and paste	100.4	—	-100.4	1.5	—	-1.5
Management, shared	—	—	—	-3.7	-4.0	-0.3
Total	517.0	530.0	+13.0 (+2.5%)	7.5	30.0	+22.5 (+297.9%)

2. 2023 Medium-term Plan: Overview by segment

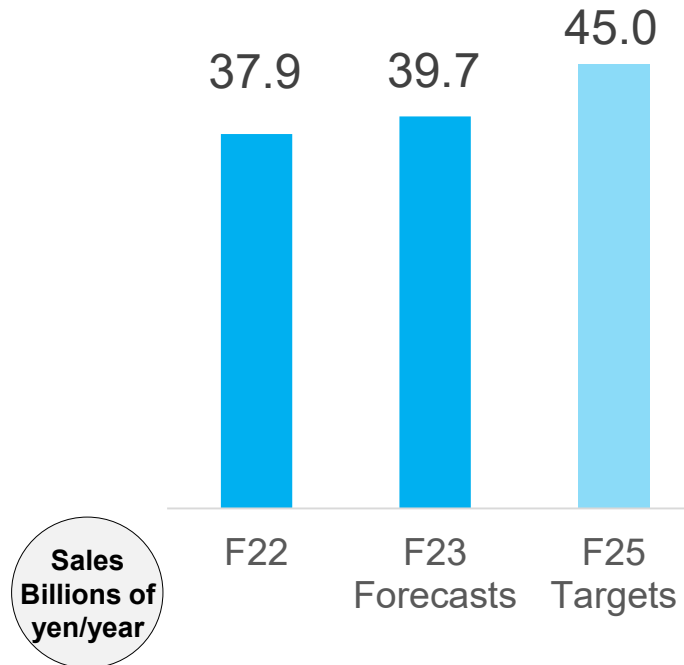
Aluminum ingot and chemicals

Expand heat-dissipating, lightweight products and capture higher demand for autos overseas to boost operating profit by 18% in FY25 (compared to FY22)



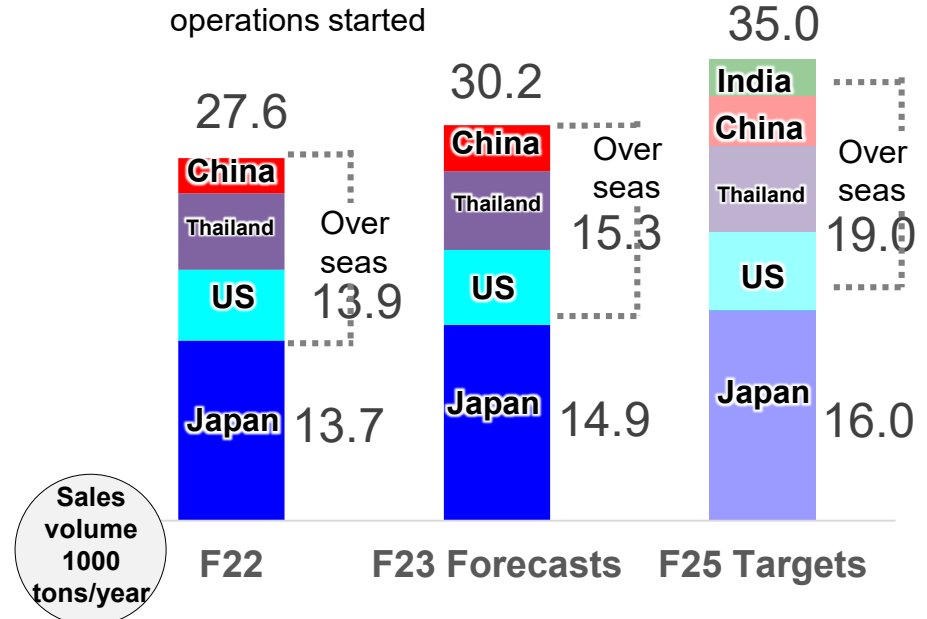
Aluminum, chemicals (Nippon Light Metal, chemicals)

- Expand sales of fire-resistant heat-dissipating filler for xEV (aluminum hydroxide)
- Increased sales of low-soda aluminum for semiconductor manufacturing equipment



Secondary alloys (Nikkei MC Aluminium)

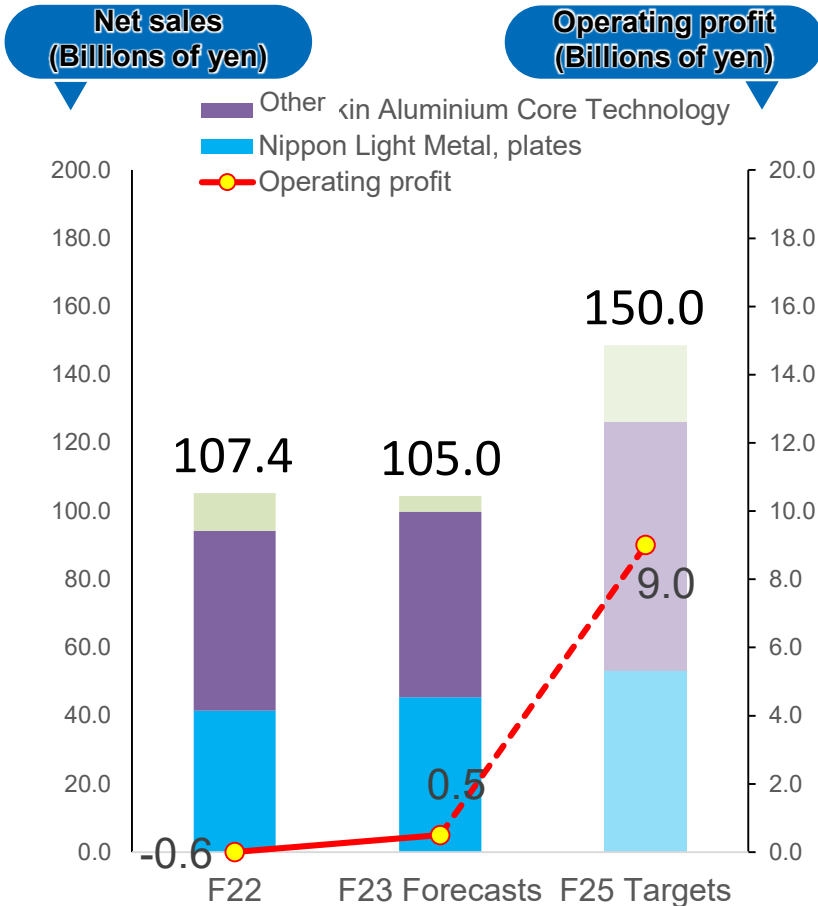
- Japan: Capture auto body structural materials for EV and electric car part material
- US: Increased sales of applications for auto body structural parts
- Thailand: Capture growth in number of autos sold
- China: Expand sales of applications for EV parts and materials
- India: Third base newly built (Company majority), operations started



2. 2023 Medium-term Plan: Overview by segment

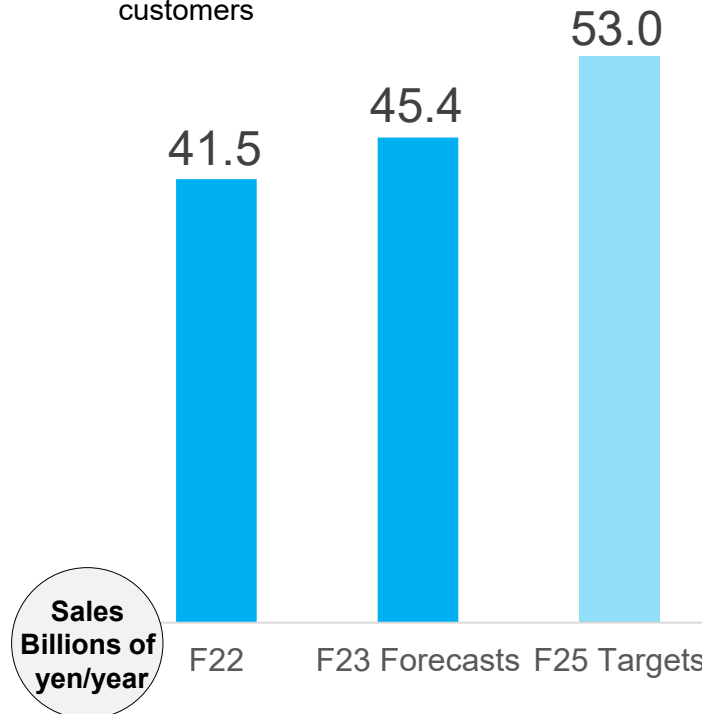
Aluminum sheet and extrusions

Capture high-revenue products and new product types on back of recovery in thick plates for semiconductor manufacturing equipment and applications for autos and trucks to improve operating profit by about 10 billion yen by FY25



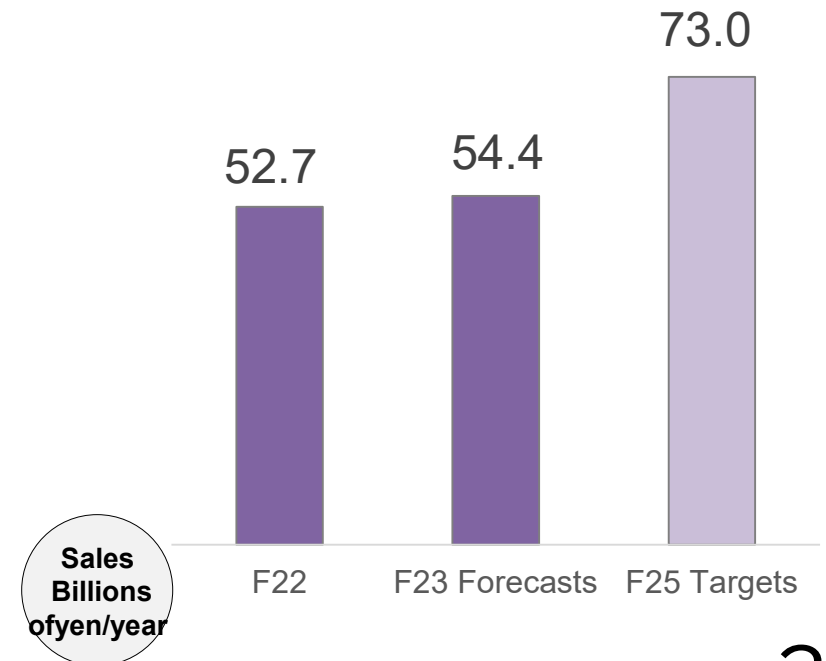
Nippon Light Metal, sheets

- Demand recovery and expansion from correction in semiconductor-related products and capture of high-revenue products
- Expand sales of battery materials for autos, secure new product types in Japan and overseas and new customers



Extruded products (Nikkeikin Aluminium Core Technology)

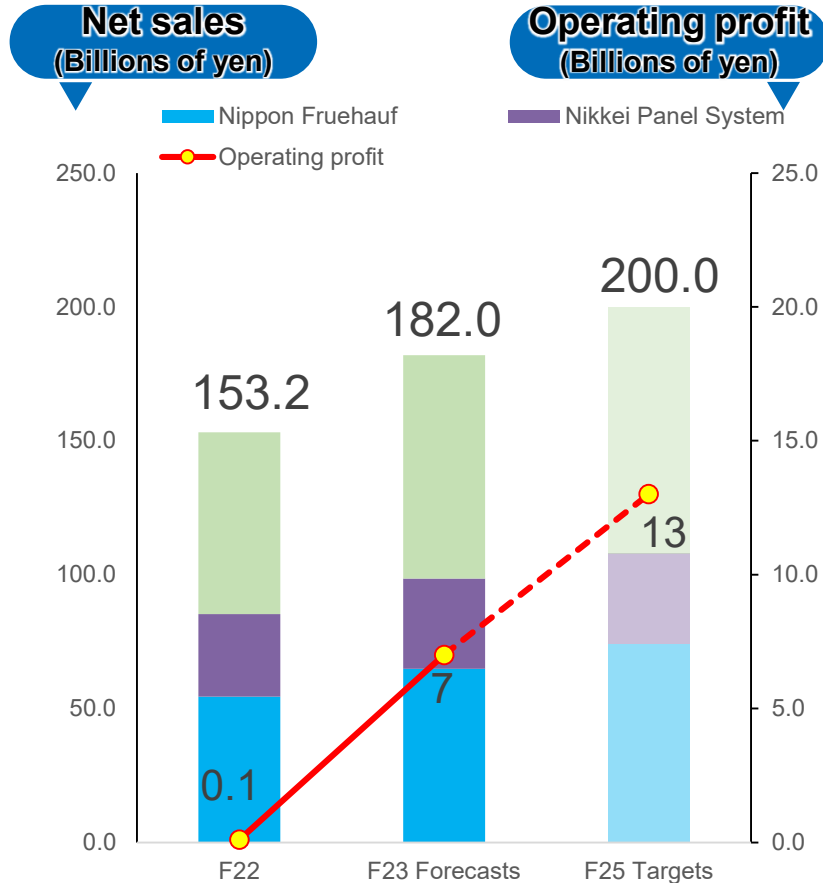
- Stabilize revenue foundation due to recovery in sales of truck body applications
- Capture expanded sales, new products and new demand for autos, such as EV, focused on Japan, China and US (Heat dissipation and underbody parts)



2. 2023 Medium-term Plan: Overview by segment

Fabricated products and others

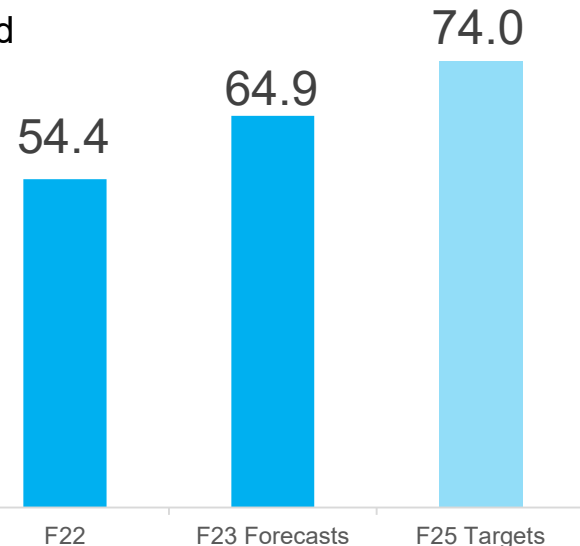
Following sales price revisions, capture restored demand for truck bodies and demand on recovery of semiconductor production in Japan and other to generate 13 billion yen in operating profit in FY25



Nippon Fruehauf

- Recovery in earnings due to steady revisions to sales prices to counter spike in raw material and fuel prices
- Capture restored demand for trucks, as well as demand for EV and electric cars and demand spurred by 2024 problem
- Higher sales in service and maintenance field

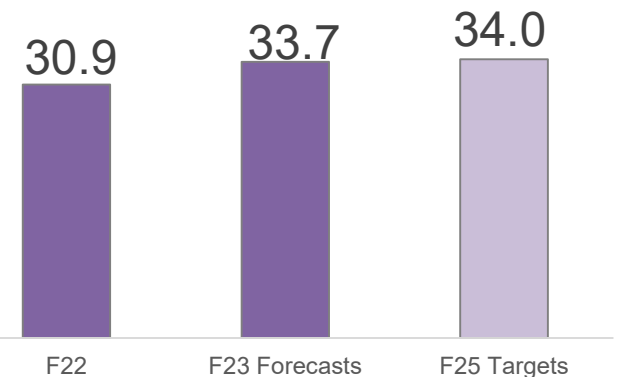
Sales
Billions of
yen/year



Nikkei Panel System

- Increased sales of thermal insulation panels for clean rooms by capturing demand for factory expansions and demand sparked by return of semiconductor production to Japan
- Compatibility with larger projects, including food processing factories, and reinforcement of engineering

Sales
Billions of
yen/year



2. Overview of 2023 Medium-term Plan

Factors behind changes in ordinary profit – Fiscal 2022→Fiscal 2025

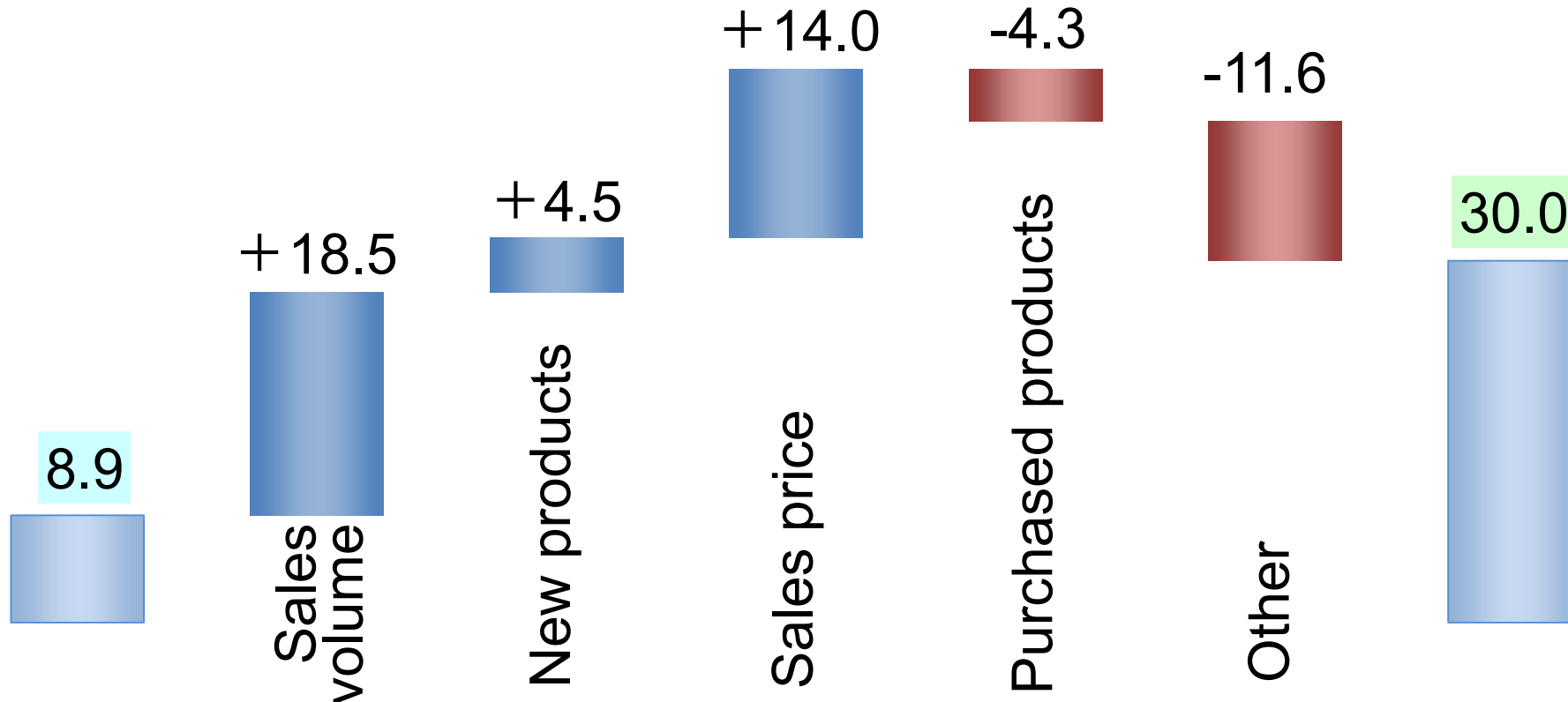
F23 recovery in truck body, auto and semiconductor-related applications, improved profits offsetting spike in fuel and material prices

→ F25 Profit growth on growth areas and new products such as auto- and semiconductor-related

Fiscal 2022
Results

+21.1 billion yen

Fiscal 2025
Targets



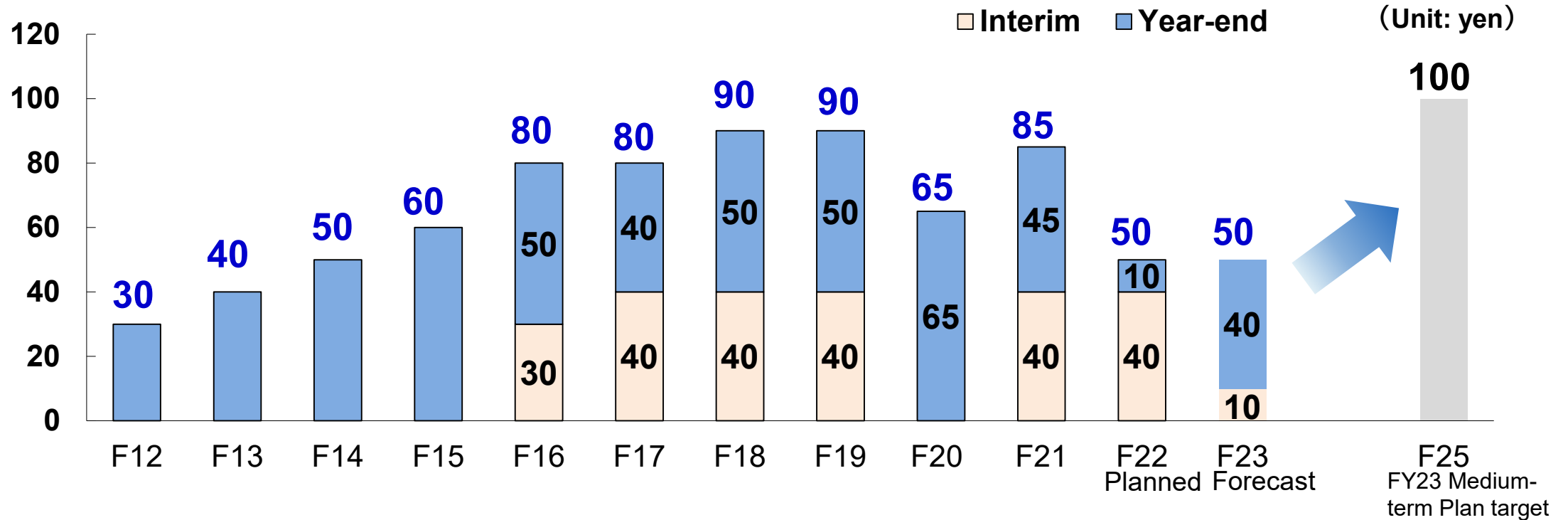
2. Overview of 2023 Medium-term Plan

Shareholder returns

Basic policy

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 (shareholder returns based on stable dividends).

Total dividend payout ratio 「30% or higher」



We will strive to manage business with a focus on improving PBR by raising profitability through implementation of the measures in the 2023 Medium-term Plan, overhauling the business structure and improving capital efficiency.

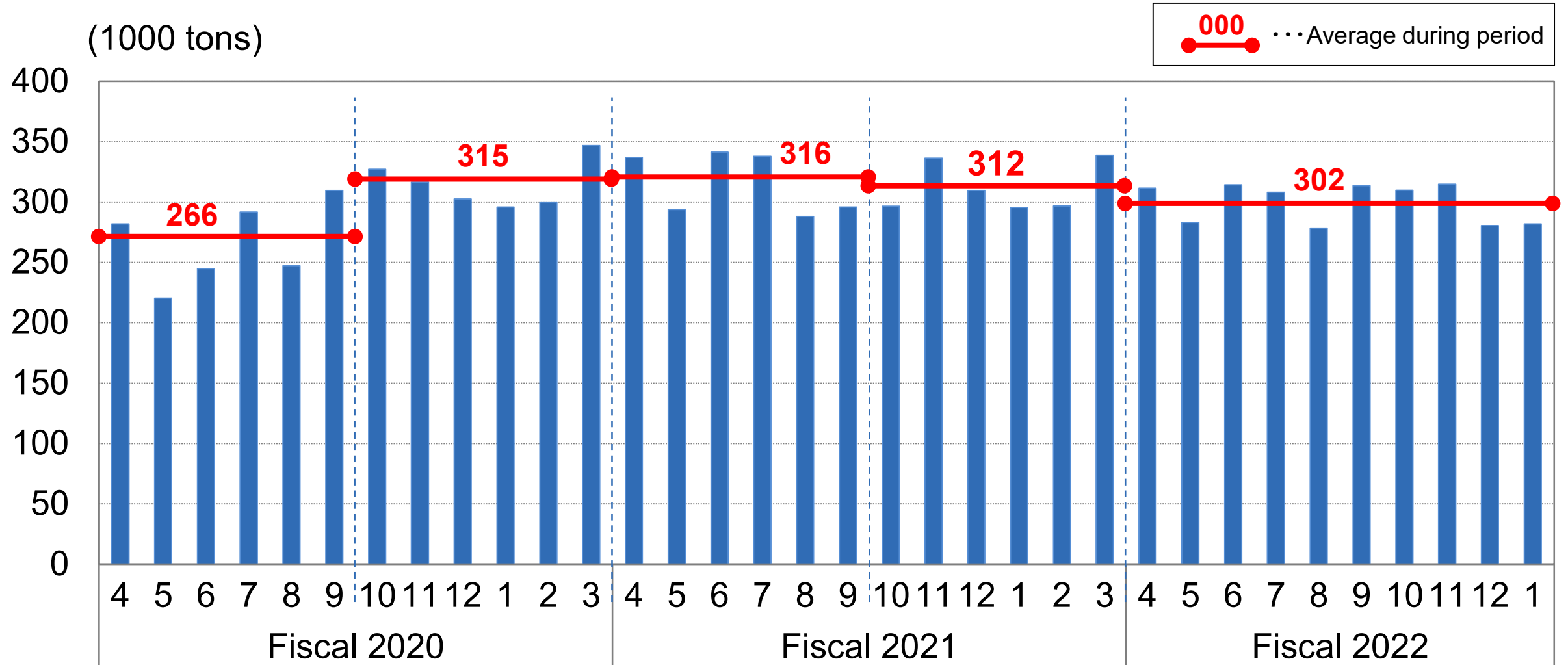
The Company carried out a share consolidation at a ratio of 1 share for every 10 shares of common stock on October 1, 2020, and the dividend amount per share prior to FY2019 (fiscal year ended in March 2020) takes into account the effect of this share consolidation



Team NLM – Groundbreaking Innovator of Aluminum and Beyond

Supplemental materials

Trends in overall demand for aluminum products in Japan



Elements and sensitivity

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Forecasts	Sensitivity to ordinary profit
Aluminum ingot (yen/kg)	378	408	400	Assuming a 10 yen/kg increase -0.5 billion yen/year
Exchange rates (JPY/USD)	113	135	140	Assuming 10 yen appreciation -0.5 billion yen/year
Dubai crude (USD/BBL)	78	93	95	Assuming a USD10/BBL increase -0.6 billion yen/year

Financial results for the fiscal year ended March 31, 2023

– compared with the same period in previous fiscal year

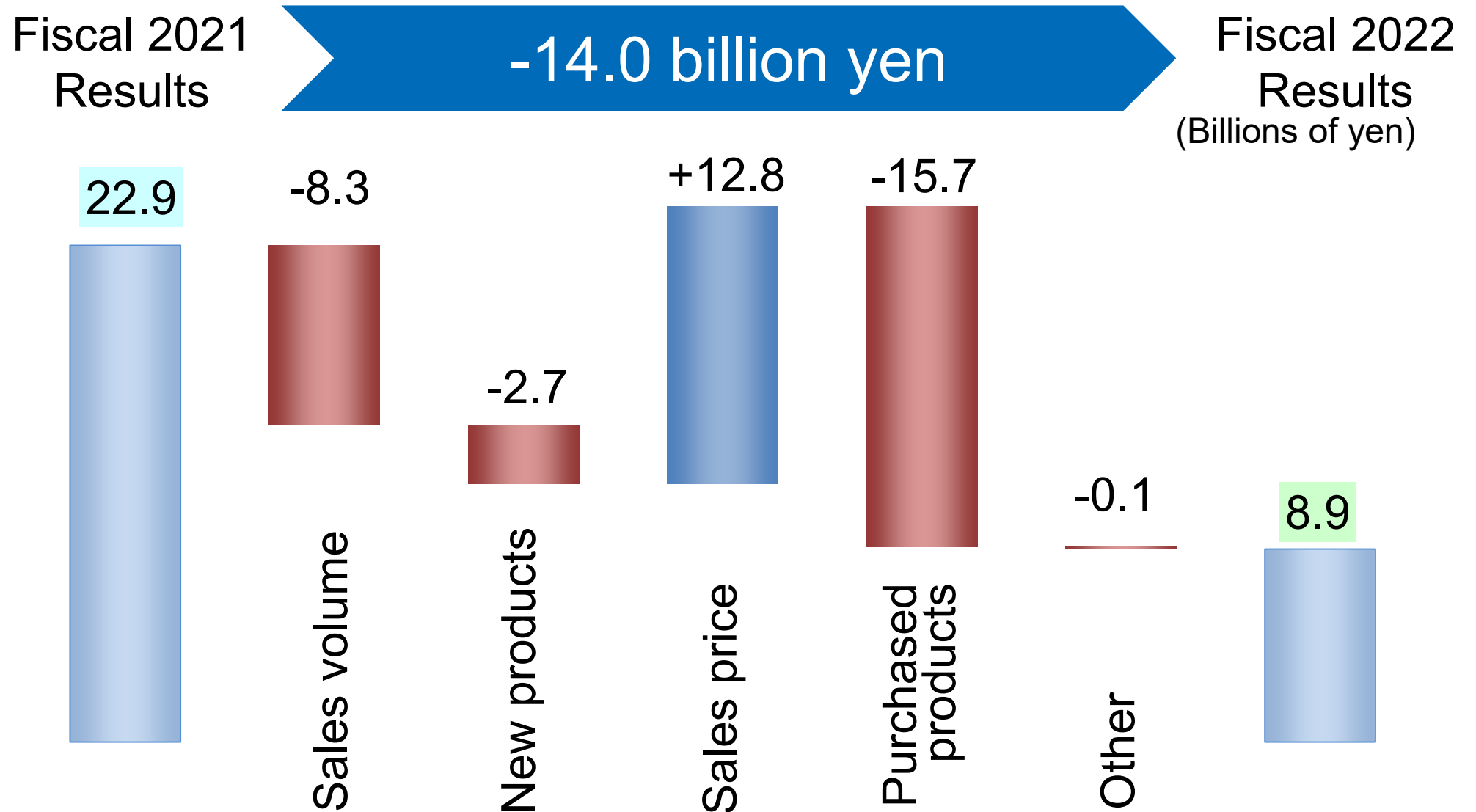
(Billions of yen)

	Fiscal 2021 Results	Fiscal 2022 Results	Change
Net sales	486.6	517.0	+30.4 (+6.2%)
Operating profit	22.2	7.5	-14.7 (-66.0%)
Ordinary profit	22.9	8.9	-14.0 (-61.4%)
Profit attributable to owners of parent	16.8	7.2	-9.6 (-57.0%)
ROCE	8.7%	3.2%	-5.5p
Dividends per share	85 yen	50 yen	-35 yen

Supplemental materials

Financial results for the fiscal year ended March 31, 2023

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



Supplemental materials

Financial results for the fiscal year ended March 31, 2023

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

(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2021 Results	Fiscal 2022 Results	Change	Fiscal 2021 Results	Fiscal 2022 Results	Change
Aluminum ingot and chemicals	127.6	156.0	+28.4 (+22.2%)	13.0	10.2	-2.8 (-21.7%)
Aluminum sheet and extrusions	113.9	107.4	-6.5 (-5.7%)	7.5	-0.6	-8.1 (—)
Fabricated products and others	153.4	153.2	-0.2 (-0.2%)	3.8	0.1	-3.7 (-98.4%)
Aluminum foil, powder, and paste	91.7	100.4	+8.7 (+9.5%)	1.6	1.5	-0.1 (-3.3%)
Management, shared	—	—	—	-3.7	-3.7	±0
Total	486.6	517.0	+30.4 (+6.2%)	22.2	7.5	-14.7 (-66.0%)

Financial results of key companies for the fiscal year ended March 31, 2023

(Billions of yen)

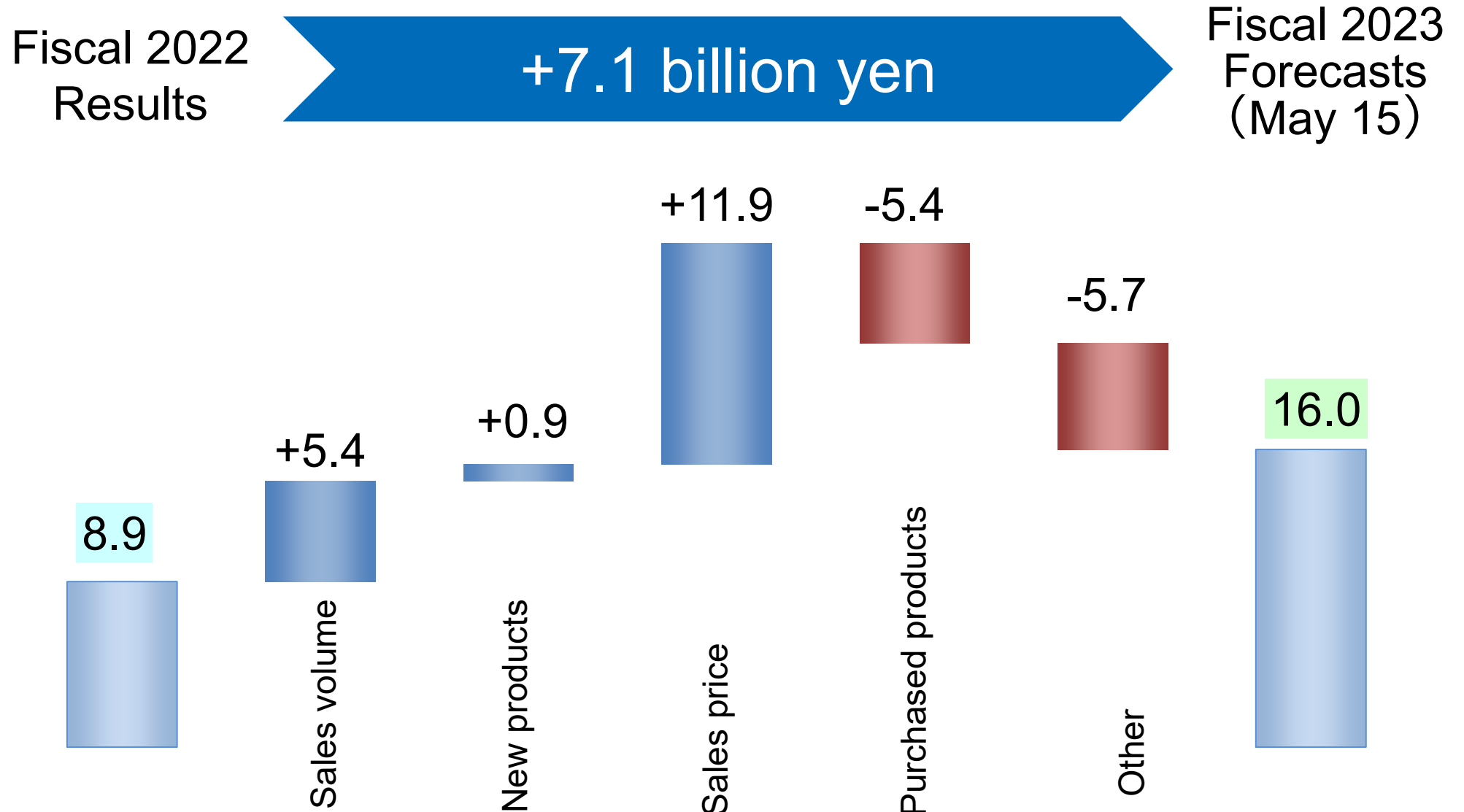
	Fiscal 2021 Results			Fiscal 2022 Results		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Parent)	137.6	6.5	10.0	155.3	2.9	7.2
Toyo Aluminium (Consolidated)	92.0	1.5	2.3	100.8	0.9	2.5
Nikkei MC Aluminium (Consolidated)	84.2	3.9	4.3	103.8	2.3	2.8
Nippon Fruehauf (Consolidated)	60.4	-1.6	-1.5	54.4	-5.4	-5.4
Nikkeikin Aluminium Core Technology (Consolidated)	52.8	2.6	2.7	52.7	-1.3	-0.9
Nikkei Panel System (Consolidated)	28.6	3.3	3.5	30.9	4.1	4.1

Full-year financial results forecasts and dividend forecasts for the fiscal year ending March 31, 2024

(Billions of yen)

	Fiscal 2022 Results	Fiscal 2023 Forecasts (May 15)	Change
Net sales	517.0	550.0	+33.0 (+6.4%)
Operating profit	7.5	17.0	+9.5 (+125.5%)
Ordinary profit	8.9	16.0	+7.1 (+80.6%)
Profit attributable to owners of parent	7.2	7.5	+0.3 (+4.1%)
ROCE	3.2%	5.2%	+2.0p
Dividends per share	50 yen	50 yen	±0

Factors behind changes in ordinary profit for the fiscal year ending March 31, 2024 – compared with the same period in previous fiscal year



Segment information – compared with the previous year

(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2022 Results	Fiscal 2023 Forecasts	Change	Fiscal 2022 Results	Fiscal 2023 Forecasts	Change
Aluminum ingot and chemicals	156.0	160.0	+4.0 (+2.6%)	10.2	10.5	+0.3 (+2.9%)
Aluminum sheet and extrusions	107.4	105.0	-2.4 (-2.2%)	-0.6	0.5	+1.1 (—)
Fabricated products and others	153.2	182.0	+28.8 (+18.8%)	0.1	7.0	+6.9
Aluminum foil, powder, and paste	100.4	103.0	+2.6 (+2.6%)	1.5	3.0	+1.5 (+97.6%)
Management, shared	—	—	—	-3.7	-4.0	-0.3
Total	517.0	550.0	+33.0 (+6.4%)	7.5	17.0	+9.5 (+125.5%)

Supplemental materials

Forecast of consolidated financial results of key companies for the fiscal year ending March 31, 2024

(Billions of yen)

	Fiscal 2022 Results			Fiscal 2023 Forecasts		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Parent)	155.3	2.9	7.2	160.6	4.1	6.6
Toyo Aluminium (Consolidated)	100.8	0.9	2.5	104.8	3.2	3.3
Nikkei MC Aluminium (Consolidated)	103.8	2.3	2.8	106.9	2.3	2.6
Nippon Fruehauf (Consolidated)	54.4	-5.4	-5.4	64.9	0.1	0
Nikkeikin Aluminium Core Technology (Consolidated)	52.7	-1.3	-0.9	54.4	-0.6	-0.5
Nikkei Panel System (Consolidated)	30.9	4.1	4.1	33.7	4.3	4.3

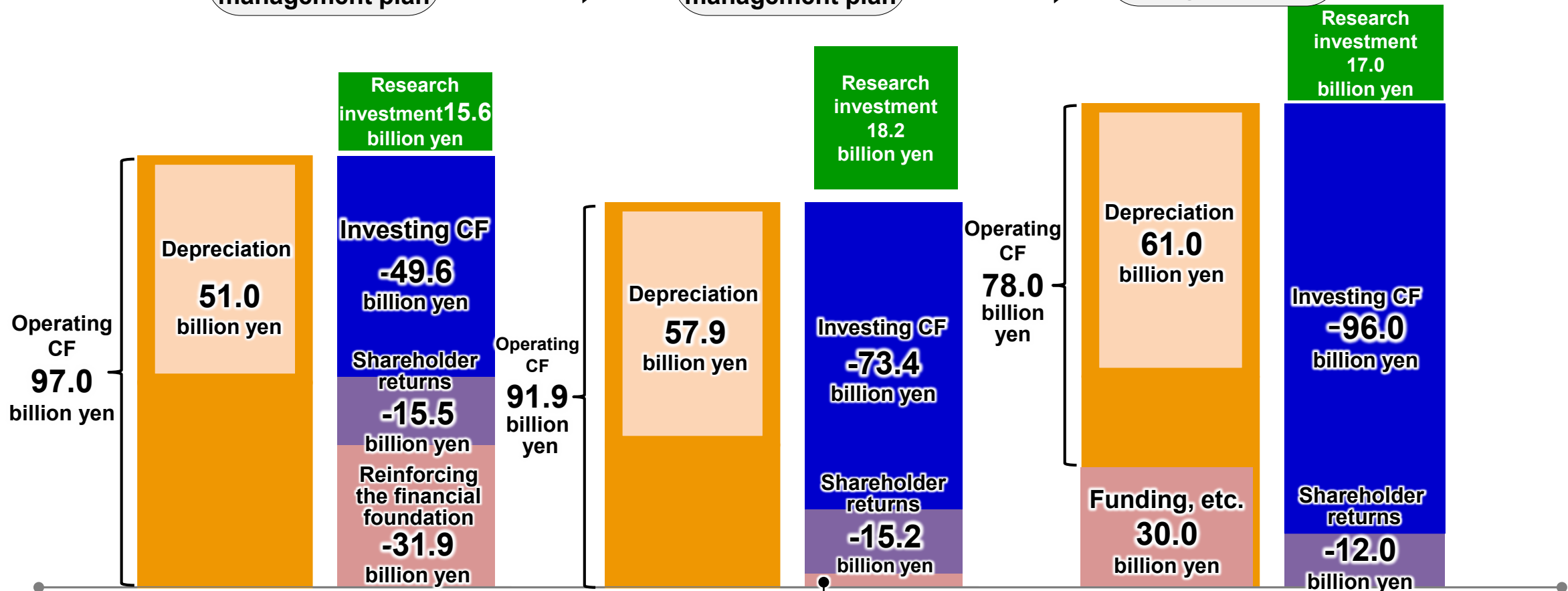
Cash Allocation

Cash Allocation Diagram

2016 mid-term management plan

2019 mid-term management plan

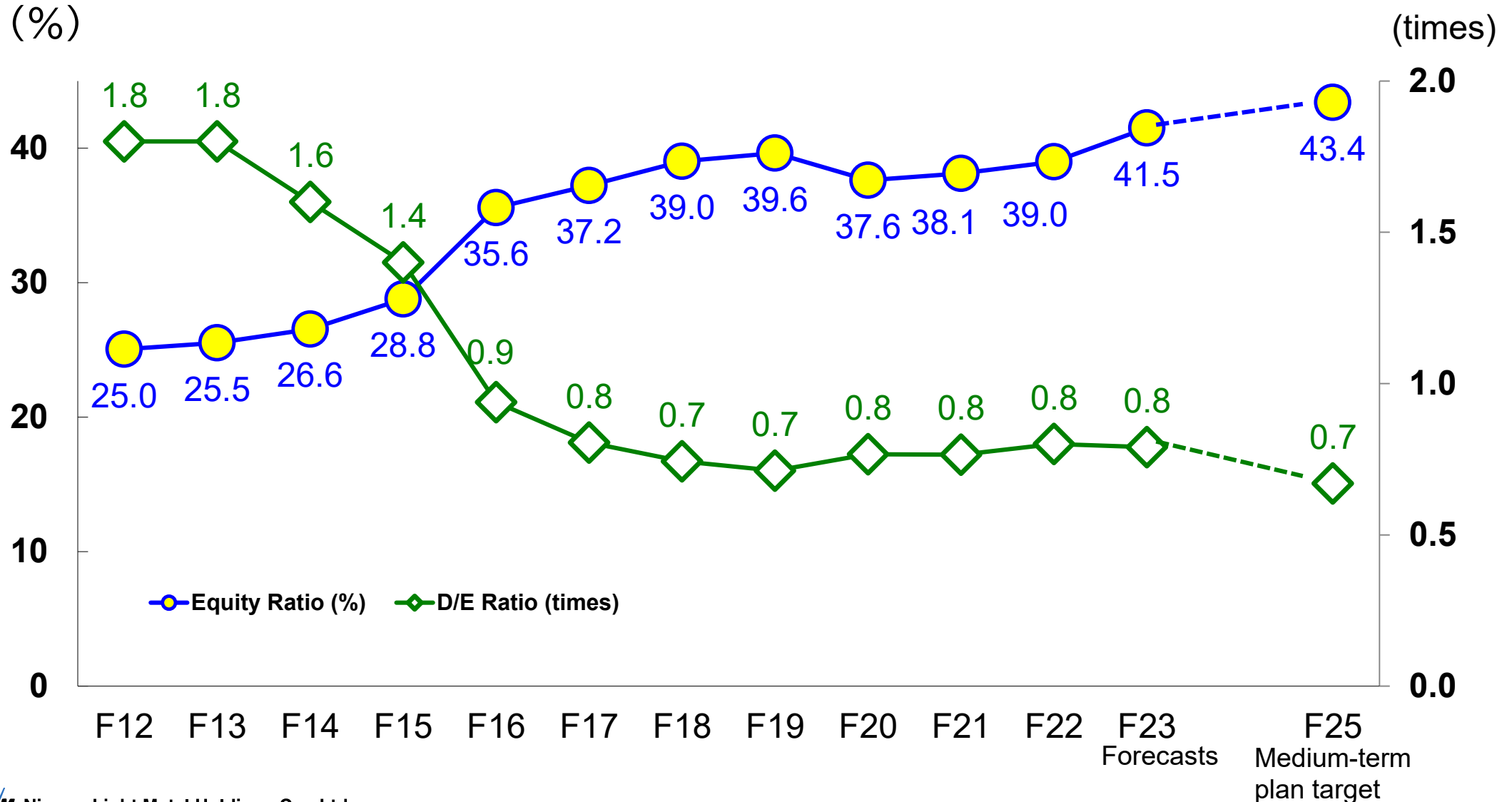
2023 mid-term management plan



Reinforcing the financial foundation
-3.3 billion yen

The timing of the transfer of shares in Toyo Aluminium is currently undecided and has only been factored into forecasts for FY23 .

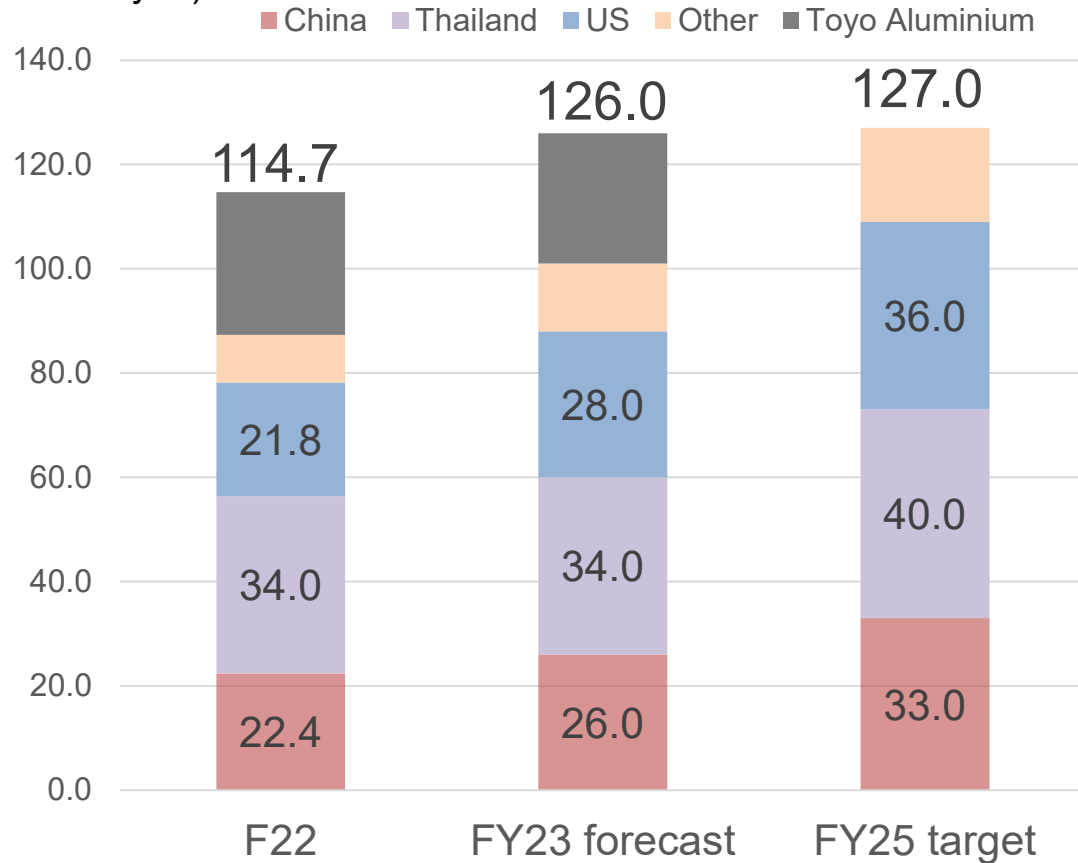
Equity Ratio and D/E Ratio



Overseas sales and operating profit

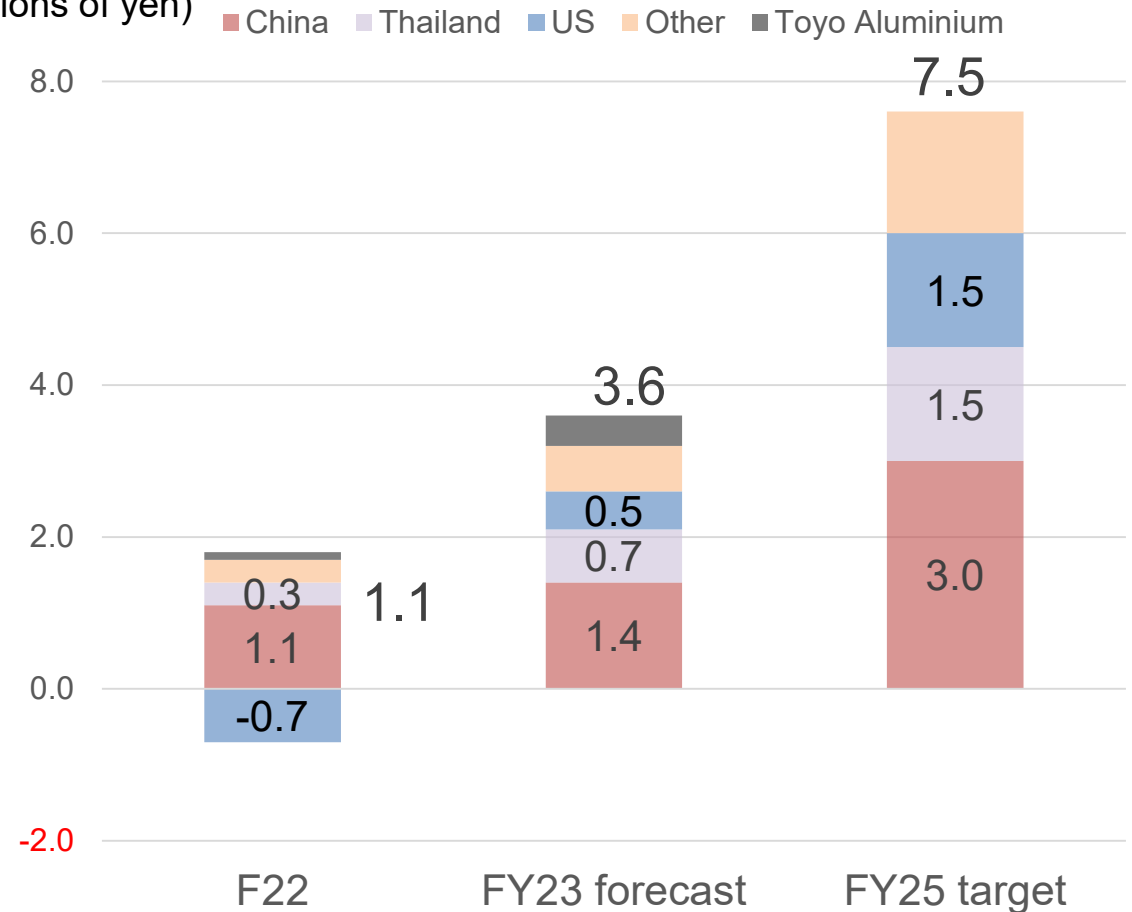
Overseas sales

(Billions of yen)








Overseas operating profit

(Billions of yen)



Non-Financial targets: KPIs for material issues

The Five Material Issue Themes	Material Issues	Key Performance Indicator (KPI)
<p>Protecting the global environment</p> 	<ul style="list-style-type: none"> ● Reducing greenhouse gas emissions from company activities (scope 1, 2) ● Reducing greenhouse gas emissions in the supply chain (scope 3) ● Action on climate change (TCFD) ● Responding to water stress ● Preventing environmental pollution 	<ul style="list-style-type: none"> ● Total scope 1 and 2 emissions (per unit of sales/Japan only) FY2021: 1.58 tons CO₂/million yen ● Total scope 3 emissions (per unit of sales/Japan only) FY2021: 4.51 tons CO₂/million yen ● Number of environmental incidents and complaints FY2021: 3 environmental incidents and 7 environmental complaints
<p>Providing sustainable value</p> 	<ul style="list-style-type: none"> ● Efforts to expand the use of renewable energy ● Developing and providing low-carbon products and services ● Promoting a recycling-oriented economy and society ● Developing and providing robust infrastructure ● Contributing to the stable supply of food ● Shaping the future through innovation 	<ul style="list-style-type: none"> ● Growth rate of sales of products for eco-friendly vehicles (Japan) ● Rate of purchase of external scrap
<p>Happiness of employees</p> 	<ul style="list-style-type: none"> ● Occupational health and safety ● Developing a fulfilling workplace ● Diversity & inclusion ● Securing and cultivating human resources 	<ul style="list-style-type: none"> ● Number of lost-time injuries FY2021: 15 in Japan ● Percentage of childcare leave taken by male employees FY2021: 18.5% (Japan) ● Percentage of managers that are women FY2021: 5.4% (consolidated) ● Number of employees who received next-generation management training FY2021: 13 (Japan) Percentage of managers who received managerial training FY2021: 100% (Nippon Light Metal Co., Ltd.)
<p>Responsible procurement, production and supply</p> 	<ul style="list-style-type: none"> ● Providing safe and secure products and services ● Protecting and respecting human rights ● Developing a stable supply chain ● A resilient value chain that is flexible to changes 	<ul style="list-style-type: none"> ● Percentage of major suppliers that responded to a questionnaire survey to check that they understand and have approved our CSR procurement policy FY2021: 35% ● Number of prompt reports FY2021: 15
<p>Corporate ethics and governance</p> 	<ul style="list-style-type: none"> ● Strengthening governance ● Reinforcing the compliance framework 	<ul style="list-style-type: none"> ● Number of self-assessments conducted by the Board of Directors FY2021: 1 ● Number of times an opportunity to inspect business locations, etc. was provided to Outside Officers ● Percentage of managers or employees who found our whistleblowing system reliable FY2021: 46% of managers and 29% of general employees ● Rate of provision of compliance training FY2021: 11%

Notes on this document

1. This document is intended to provide information on 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.