

Progress Overview of FY2023–2025 Medium-term Management Plan (2023 Medium-term Plan)



November 14, 2023
Nippon Light Metal Holdings Company, Ltd.

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3. Dialogue with Stakeholders

1. Outlook of financial results for the fiscal year ending March 31, 2024

Forecasts of financial results for the full fiscal year

– compared with the previous fiscal year

Forecasts released on May 15, 2023, are left unchanged.

Although the timing of recovery in semiconductor-related demand and the outlook for automotive-related demand in China are uncertain, the panel system division has remained a strong performer and the recovery in sales of products for truck bodies and domestic automobiles is ongoing.

(Billions of yen)

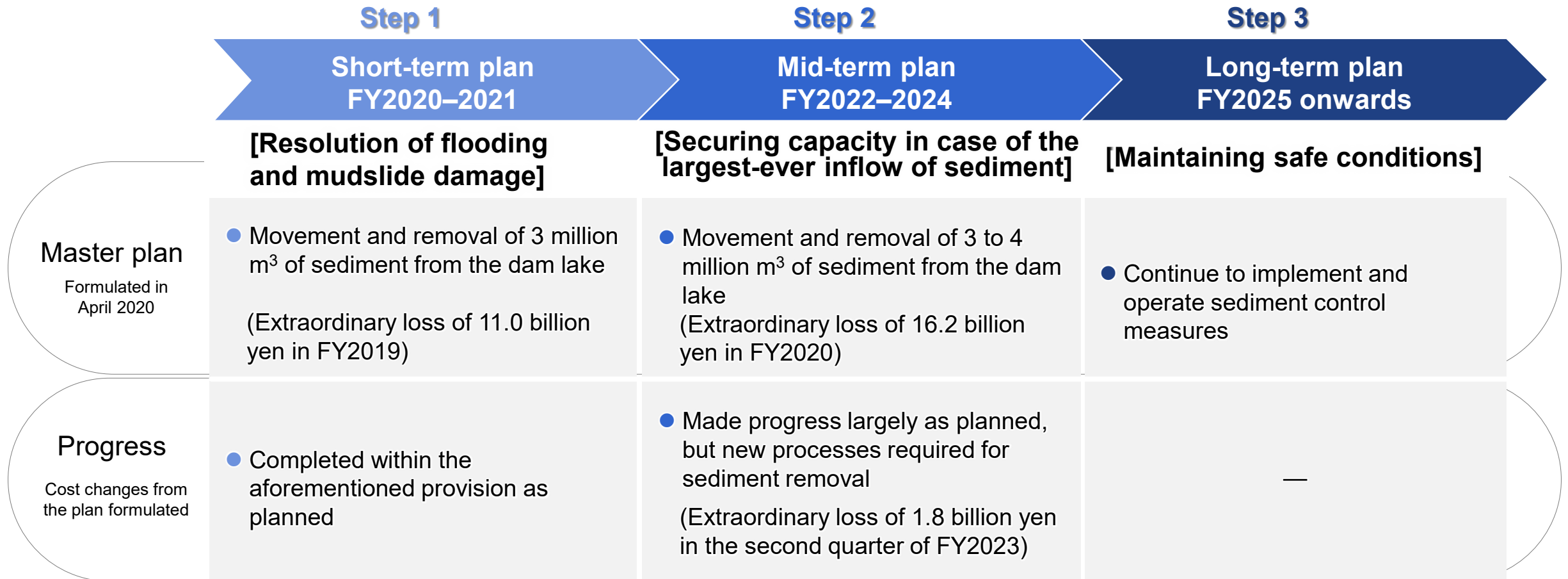
	Fiscal 2022 Results	Fiscal 2023 Forecasts	Change
Net sales	517.0	550.0	+33.0 (+6.4%)
Operating profit	7.5	17.0	+9.5 (+125.5%)
Ordinary profit	8.9	16.0	+7.1 (+80.6%)
Profit attributable to owners of parent	7.2	7.5	+0.3 (+4.1%)
Dividends per share	50 yen	50 yen	±0

■ Recorded an extraordinary loss of about 1.8 billion yen for sediment control measures for Amehata Dam in the first half of the current fiscal year

1. Outlook of financial results for the fiscal year ending March 31, 2024

Recorded an extraordinary loss for sediment control measures for Amehata Dam

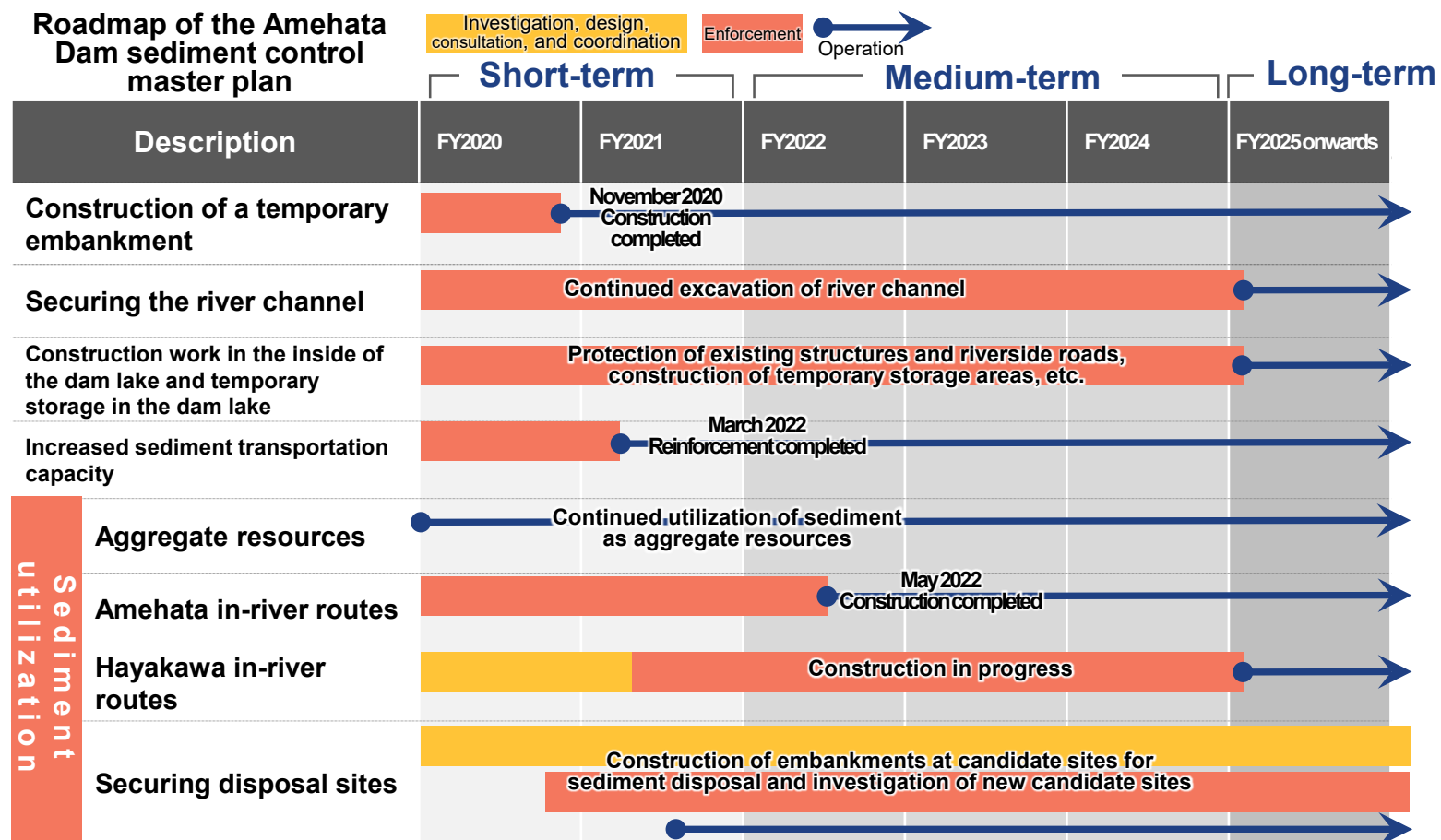
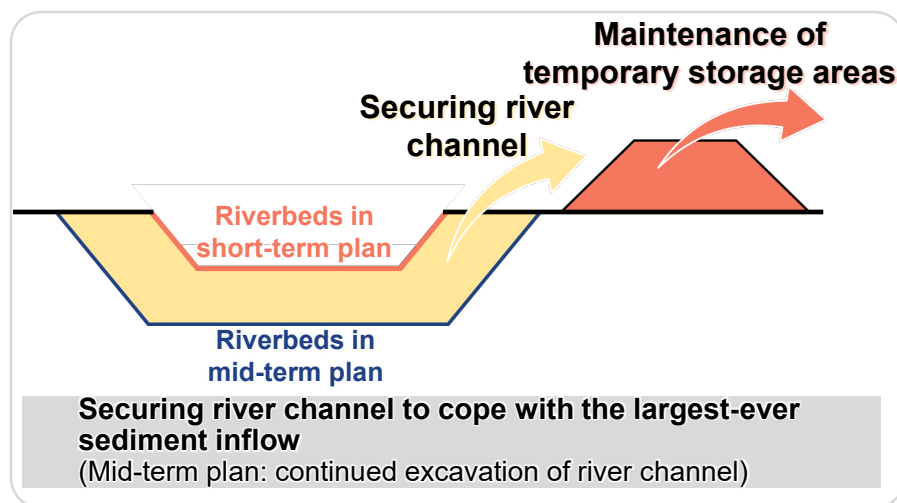
The Group revised the estimate of the provision for environmental measures and recorded an extraordinary loss of 1.8 billion yen in the first half of the current fiscal year, as it was determined that additional sediment removal processes would be required.



1. Outlook of financial results for the fiscal year ending March 31, 2024

Progress of the Amehata Dam sediment control master plan

Progress made as planned with cooperation of the Ministry of Land, Infrastructure, Transport and Tourism, Yamanashi Prefecture, Hayakawa Town, and other related parties.
After completion of the mid-term plan by the end of FY2024, we will shift to maintaining safe sediment conditions from FY2025 onwards.



- **Amount of sediment to be moved and removed:** 3 million m³ completed in the short-term / 3–4 million m³ target in the medium-term
- **Continued sediment control measures:** Continued study and coordination with related agencies for transition to a long-term plan, etc.

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2. Progress Overview of 2023 Medium-term Plan

Basic Policies and Measures: Progress Overview

In the first half of FY23, the Group smoothly launched a promotion structure and began to initiate and implement our measures.

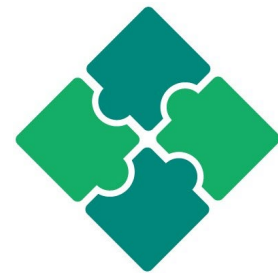
Basic policy	Measure	Objective (background)	FY2022	FY2023	FY2024	FY2025	Progress in H1 FY2023
1. Initiatives for new Team Nippon Light Metal	Structural measures to raise Group's corporate value	Optimal allocation of resources and structural reforms so that more Group synergies can be created		Consolidation of auto parts business, new company			● Integration into Nikkeikin ALMO completed
	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			● April: Green Growth Strategy Office ● June: Metal Division of Nippon Light Metal launched
	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.)			● April: Business Transformation Office launched
2. Provide products and businesses that contribute to the creation of social value	Acquisition of growth areas	• Autos: Rapid growth in eco-friendly cars Expansion of overseas auto market	Lighter weight of auto parts, thermal countermeasures for auto parts, compatible with method-by-method cross-organizational approach	Auto parts company Nikkeikin ALMO			● October: Transition to Nikkeikin ALMO, new system started
	Overseas strategy	• Semiconductors: return to production in Japan	Auto parts Two poles consisting of Japan and China	US: mass production of auto underbody parts (trilateral system)			● Nippon Light Metal Georgia established and shifting to mass production
	Carbon neutral (Opportunity side)	• High need among customers to reduce CO ₂ (Scope 3)		US: Increased production for secondary alloys for auto body structural materials			● Continued to increase production capacity
				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			● June: Started to construct Nikkei Panel System's Shimonoseki second factory

2. Progress Overview of 2023 Medium-term Plan

Consolidation of auto parts business

The Group's first company established from the perspective of market and customer needs

Contributing to the creation of value for auto parts by integrating the Group's strengths (materials, manufacturing methods, processing technology, development)



Nikkeikin
ALMO
ALUMINUM for MOBILITY

October 2023



Aluminum sheet and
extrusions segment

Nikkeikin Aluminium Core Technology
Automotive and Device
Cooling Division

Fabricated products and others segment

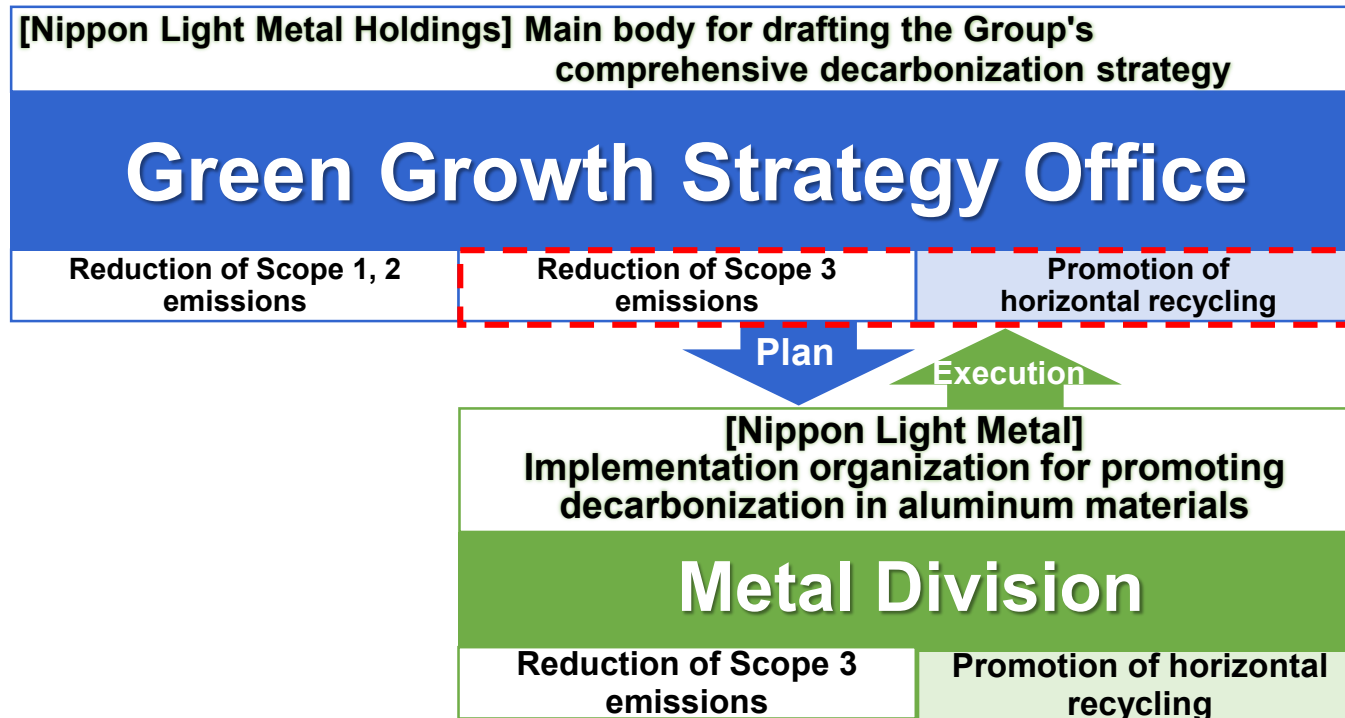
Nippon Light Metal
Industrial Parts Division

Nippon Light Metal
Heat Exchanger Division

2. Progress Overview of 2023 Medium-term Plan

Comprehensive Approach to Achieve Carbon Neutrality

Launched a system to formulate and implement an optimal decarbonization strategy that can fully leverage the Group's strengths that lie in a diverse range of businesses, from materials (primary alloy ingot) to processing



For details, refer to “Nippon Light Metal Group's Carbon Neutral Strategy” at:
<https://www.nikkeikinholdings.co.jp/common/file/pdf/p202311104hd.pdf>

2. Progress Overview of 2023 Medium-term Plan

Progress of Measures to Prevent Reoccurrence in the Group

Progress is on track as planned

1st: June 19, 2023

2nd: September 28, 2023

3rd: December 15, 2023 (planned)

“Progress of measures to prevent reoccurrence in the Group” Company’s website URL:
<https://www.nikkeikinholdings.co.jp/company/quality-control.html>

2. Progress Overview of 2023 Medium-term Plan

Overall View of Measures to Prevent Reoccurrence

We will accomplish the measures as planned during the period of the 2023 Medium-term Plan (by March 2026).

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

2. Progress Overview of 2023 Medium-term Plan Current Progress on Measures to Prevent Reoccurrence: Pursue Management Reforms

Rebuild the quality assurance system

Launched the organization/system to ensure that inappropriate behavior does not occur

◆ Reinforce quality assurance system

Make head of Quality Assurance Administration Department a full-time officer, develop support system for head of Quality Assurance Administration Department (appoint an external consultant)

◆ Strengthen quality audits

Develop quality audit system and rules, and conduct follow-up audits

◆ Reinforce and develop quality assurance system for the whole Group

Grouping of Group companies and offices, information sharing

◆ Review and strengthen the structure of Quality Committee

◆ Set up Quality Assurance Personnel Meeting



Quality audits (Nikkei Panel System's Shiga factory)

2. Progress Overview of 2023 Medium-term Plan Current Progress on Measures to Prevent Reoccurrence: Reinforce internal control functions (1)

Reforms of corporate culture

Aim to be a responsible corporate group through actions based on the Principles of Conduct

◆ Formulate the Principle of Conduct

Project by young and mid-career employees from 16 Group companies

Sharing the experience of Nippon Light Metal Group's unique identity through "all-employee participation"

Codifying the values and culture to be cherished

Activities to disseminate the values and culture



2. Progress Overview of 2023 Medium-term Plan Current Progress on Measures to Prevent Reoccurrence: Reinforce internal control functions (2)

Reforms of corporate culture

Thinking together as a team to create a new Team
Nippon Light Metal culture

◆ Site Manager Meeting and President's Workplace Tour

Site Manager Meeting

Target	Plant managers, branch managers, sales office managers, department heads
Scale of meetings	200 people/meeting x 2 times/month
Attendance	Total 1,995 people (actual results through October 2023)

Group discussions on the Group's management issues
(dialogue with management)

[Theme]

- Initiatives to prevent reoccurrence of inappropriate behavior in the workplaces where such inappropriate behavior has occurred
- Status of the initiatives to prevent reoccurrence of inappropriate behavior in each workplace
- The "2024 Problem" in Logistics currently drawing concern in Japan
- 2023 Medium-term Management Plan

President's Workplace Tour

Target	Employees excluding site managers
Scale of meetings	20 people/meeting x 400 meetings = 8,000 people
Actual results	Total 51 times, 923 participants (actual results through October 2023)



Group discussion at Site Manager Meeting

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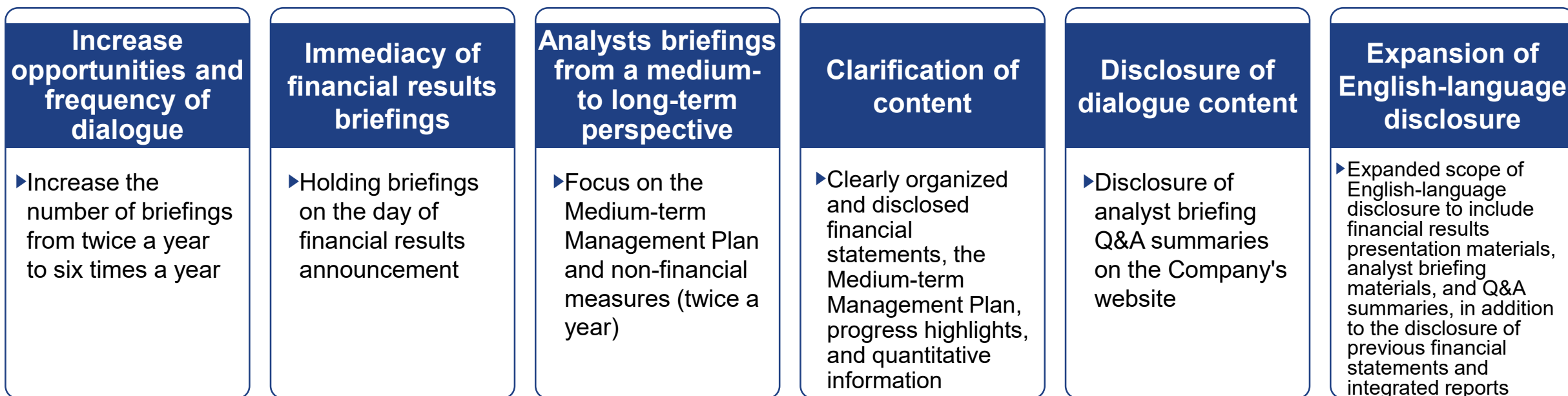
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3. **Dialogue with Stakeholders**

3. Dialogue with Stakeholders

Improvement of Dialogue with Shareholders and Investors

Enhance IR tools and increase the number of briefings to improve communication and information disclosure

Key points for strengthening FY2022 initiatives



Dialogue topics of much interest in FY2022

Financial outlook on products for automobiles and truck bodies, the progress and expected timing of the Special Investigation Committee's report on inappropriate behavior to quality standards, the Group's growth strategy and growth drivers, the shareholder return policy

3. Dialogue with Stakeholders

Results of Dialogues with Shareholders and Investors

We are also working to promote understanding of our business among many institutional investors and analysts, both in Japan and overseas.

FY2022 major dialogues with shareholders and investors

Initiative highlights	Time period	Domestic institutional investor company	Overseas institutional investor company	Securities company
Analyst briefing	May	4	—	6
	November	4	1	7
Quarterly Results Briefing	July	3	—	5
	October	3	1	8
	January	4	1	8
Results forecast Briefing on revisions	September	3	—	8
Individual meeting	As needed	38 times	17 times	20 times

Initiatives to deepen understanding of the Group



Factory Tour



Business Briefing

In an effort to promote understanding of the Group's wide range of business areas, we held a business briefing and factory tour for the aluminum ingot and chemicals division (Chemicals Division, Nippon Light Metal Co., Ltd.), a major division of the aluminum ingot and chemicals segment, at the Shimizu Plant (Shizuoka City, Shizuoka Prefecture) of Nippon Light Metal Co. Ltd. in September 2023. The business briefing was held in a hybrid format combining online participation so that many investors, both in Japan and overseas, could attend.

3. Dialogue with Stakeholders

“Nippon Light Metal Group Integrated Report 2023” has been released.

We will create opportunities for dialogue with the President and internal and external directors.



地球環境保護

持続可能な価値提供

人財戦略



“Integrated Report 2023” is available on our website at:

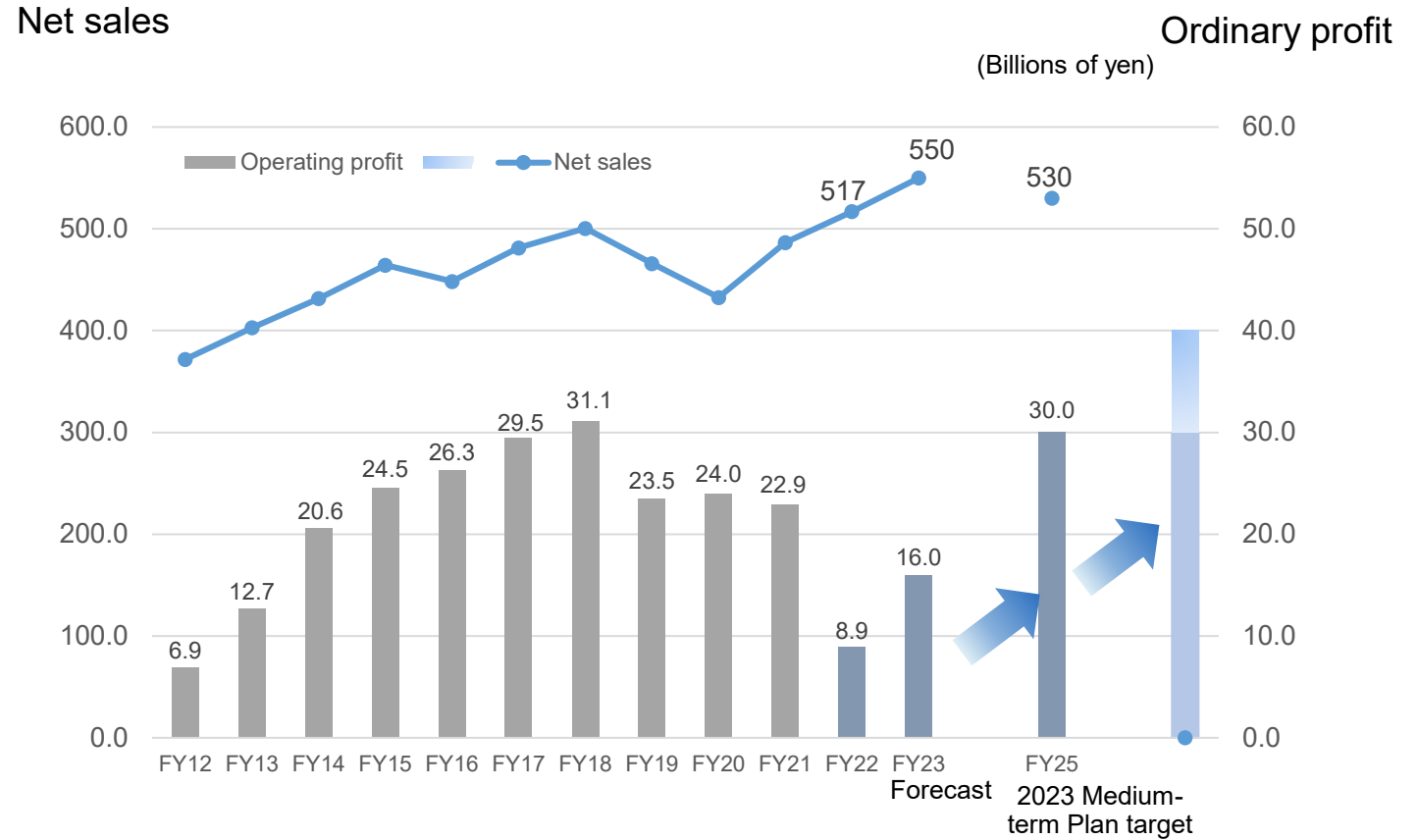
<https://www.nikkeikinholdings.com/ir/ir-data/p3.html> (English version to be released at a later date)

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

Working to Achieve Financial Targets

The Group will steadily implement all measures to achieve the target profits and dividends for fiscal 2025.

	FY22 Actual	FY23 Forecast	2023 Medium-term Plan target FY25
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%





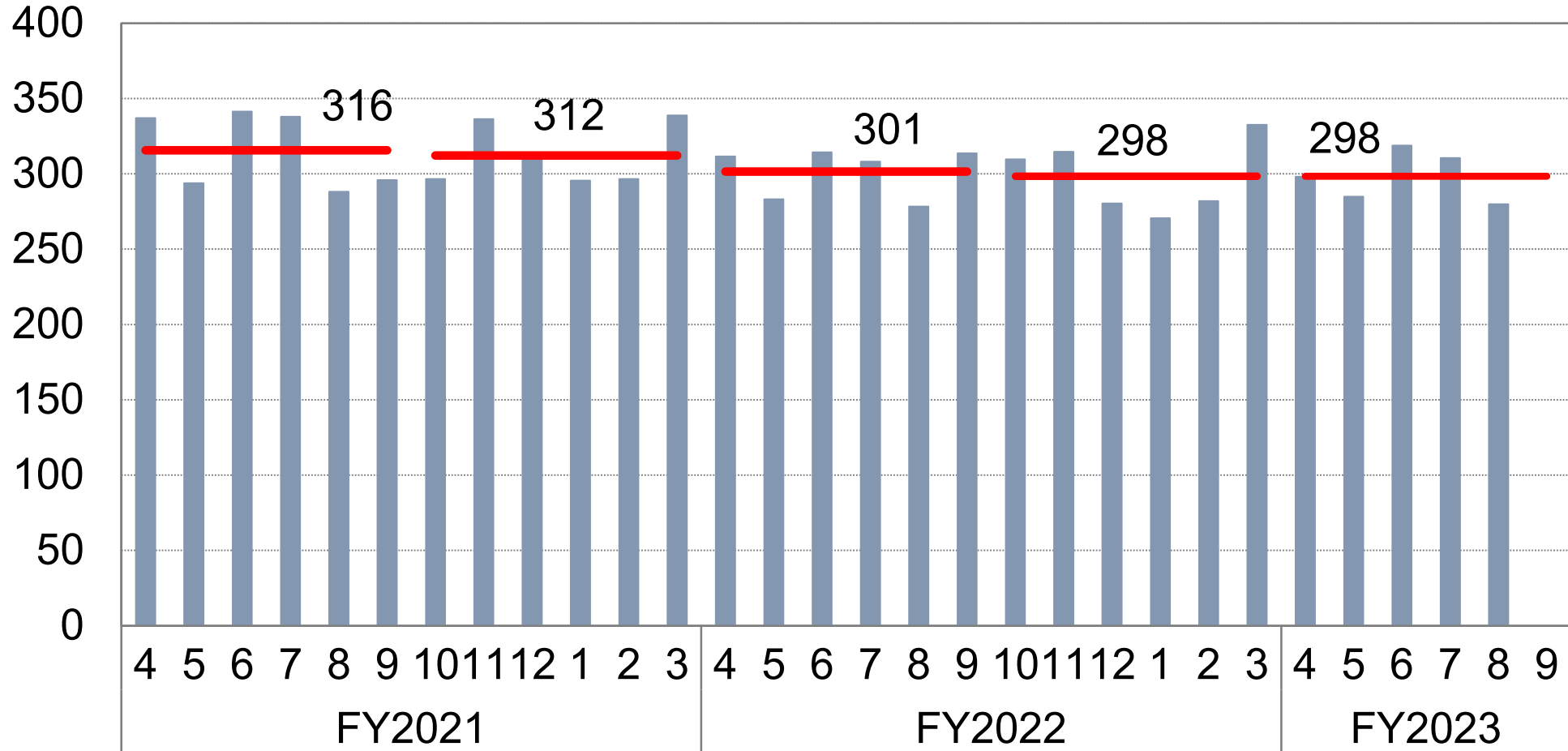
Team NLM – Groundbreaking Innovator of Aluminum and Beyond

Supplemental materials

Trends in overall demand for aluminum products in Japan

(1,000 tons)

Source: Japan Aluminum Association



Elements and sensitivity

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Forecasts	April–September 2023 Results	Sensitivity to ordinary profit
Aluminum ingot (yen/kg)	378	408	400	382	Assuming a 10 yen/kg increase -0.5 billion yen/year
Exchange rates (JPY/USD)	112	135	140	141	Assuming 10 yen appreciation -0.5 billion yen/year
Dubai crude (USD/BBL)	78	93	95	82	Assuming a USD10/BBL increase -0.6 billion yen/year

Supplemental materials

Financial results for the first half of the fiscal year
 – compared with the same period in the previous fiscal year

(Billions of yen)

	April– September 2022 Results	April– September 2023 Results	Change YoY
Net sales	253.1	250.5	-2.6 (-1.0%)
Operating profit	3.7	5.7	+2.0 (+55.3%)
Ordinary profit	5.2	6.7	+1.5 (+28.5%)
Profit attributable to owners of parent	3.8	2.1	-1.7 (-43.6%)

Supplemental materials

Segment information for the first half of the fiscal year ending March 31, 2024 – compared with the same period in the previous fiscal year

(Billions of yen)

	Net sales			Operating profit		
	April–September 2022 Results	April–September 2023 Results	Change	April–September 2022 Results	April–September 2023 Results	Change
Aluminum ingot and chemicals	79.1	75.3	-3.8 (-4.8%)	6.2	5.9	-0.3 (-5.9%)
Aluminum sheet and extrusions	55.5	47.2	-8.3 (-15.0%)	0.4	-1.4	-1.8 (-)
Fabricated products and others	68.8	76.8	+8.0 (+11.6%)	-1.8	0.1	+1.9 (-)
Aluminum foil, powder, and paste	49.7	51.2	+1.5 (+2.9%)	0.6	2.9	+2.3 (+425.9%)
Management, shared	-	-	-	-1.7	-1.8	-0.1
Total	253.1	250.5	-2.6 (-1.0%)	3.7	5.7	+2.0 (+55.3%)

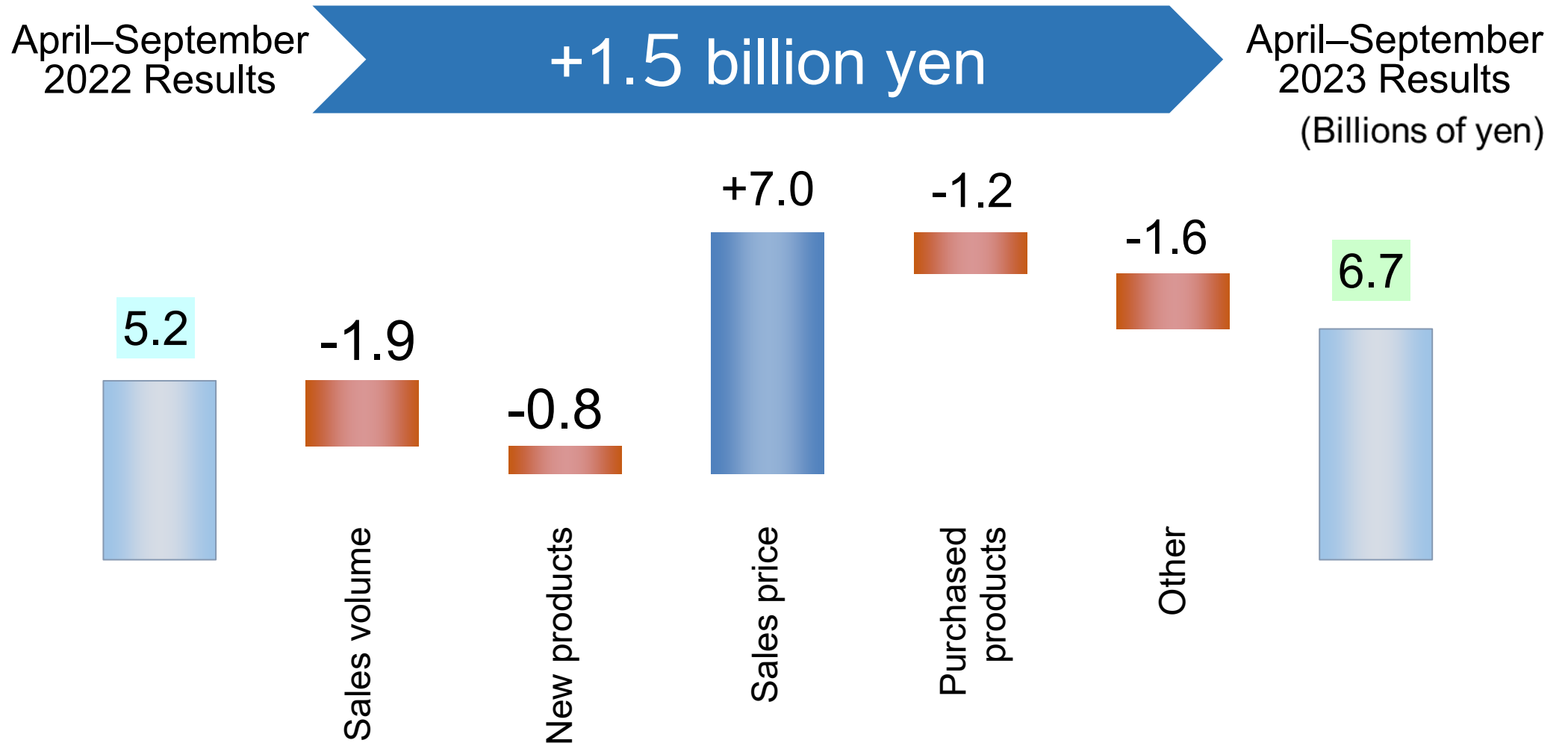
Segment information – compared with the previous fiscal year

(Billions of yen)

	Net sales			Operating profit		
	Fiscal 2022 Results	Fiscal 2023 Forecast	Change	Fiscal 2022 Results	Fiscal 2023 Forecast	Change
Aluminum ingot and chemicals	156.0	164.0	+8.0 (+5.1%)	10.2	10.5	+0.3 (+2.9%)
Aluminum sheet and extrusions	107.4	108.0	+0.6 (+0.6%)	-0.6	0.5	+1.1 (-)
Fabricated products and others	153.2	175.0	+21.8 (+14.3%)	0.1	6.0	+5.9 (-)
Aluminum foil, powder, and paste	100.4	103.0	+2.6 (+2.6%)	1.5	4.0	+2.5 (+163.5%)
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

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



Supplemental materials

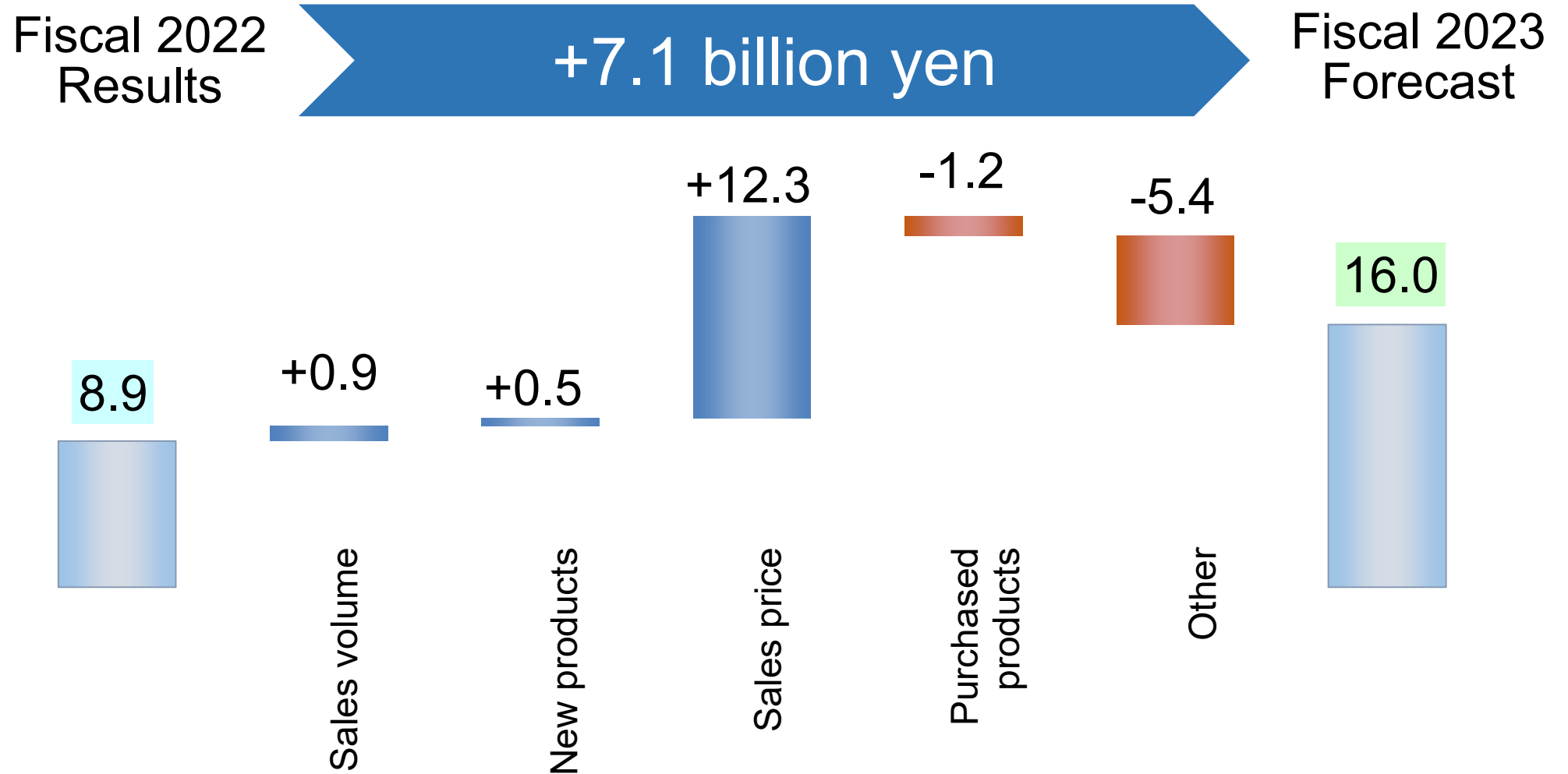
Financial results of key companies for the first half of the fiscal year ending March 31, 2024

(Billions of yen)

	April–September 2022 Results			April–September 2023 Results		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Non-consolidated)	78.4	3.3	7.6	71.2	2.0	5.5
Toyo Aluminium (Consolidated)	49.9	0.1	1.0	51.4	2.8	3.4
Nikkei MC Aluminum (Consolidated)	52.9	1.3	1.5	49.5	1.1	1.3
Nippon Fruehauf (Consolidated)	25.6	-2.2	-2.2	32.5	-0.7	-0.7
Nikkeikin Aluminium Core Technology (Consolidated)	26.4	-0.7	-0.4	24.6	-1.2	-1.1
Nikkei Panel System (Consolidated)	14.0	1.3	1.3	15.3	1.9	1.9

Supplemental materials

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



Supplemental materials

Financial results of key companies for the fiscal year ending March 31, 2024

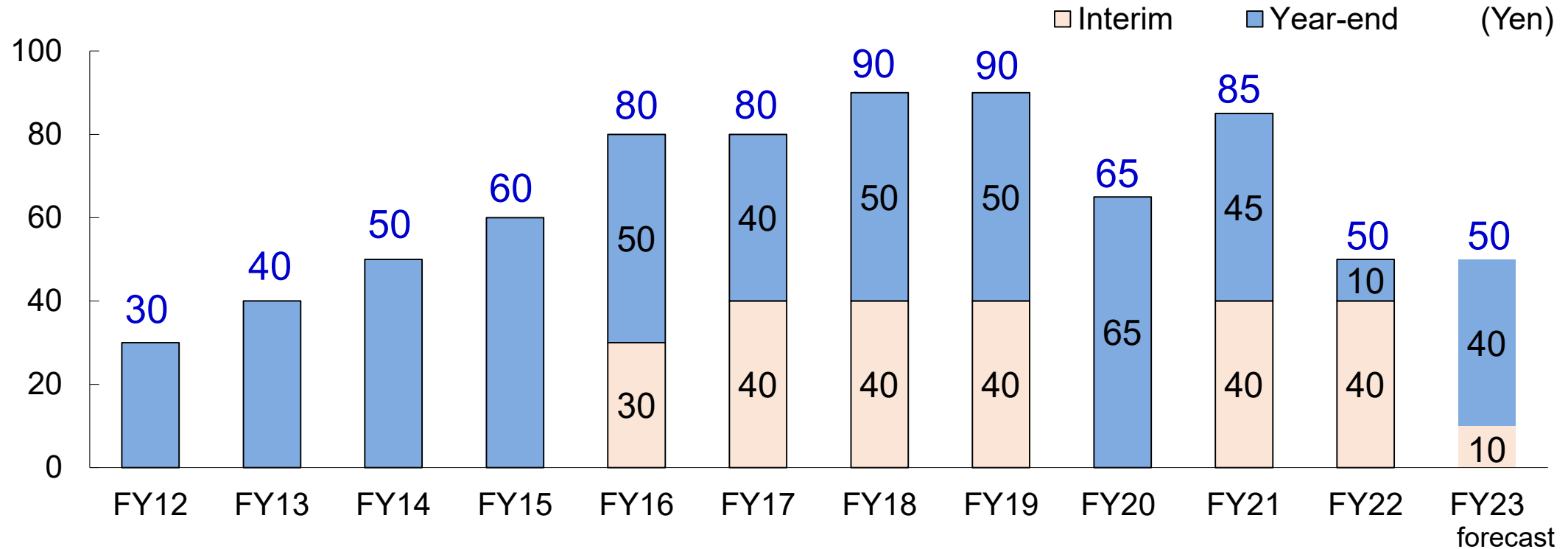
(Billions of yen)

	Fiscal 2022 Results			Fiscal 2023 Forecast (10/31)		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Nippon Light Metal (Parent)	155.3	2.9	7.2	142.5	3.0	6.1
Toyo Aluminium (Consolidated)	100.8	0.9	2.5	102.9	4.2	4.7
Nikkei MC Aluminium (Consolidated)	103.8	2.3	2.8	104.9	2.3	2.7
Nippon Fruehauf (Consolidated)	54.4	-5.4	-5.4	66.3	0	0
Nikkeikin Aluminium Core Technology (Consolidated)	52.7	-1.3	-0.9	42.0	-0.4	-0.5
Nikkei Panel System (Consolidated)	30.9	4.1	4.1	32.5	4.0	4.0

Financial forecasts for Nippon Light Metal (Parent) and Nikkeikin Aluminium Core Technology (Consolidated) reflect the structure after the establishment of Nikkeikin ALMO Co., Ltd., on October 1, 2023.

Supplemental materials

Dividends per share



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.

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.
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