

Nippon Light Metal Holdings Co., Ltd.

Q&A Summary of Briefing on Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026

- Date: 5:30-6:05pm; July 31, 2025 (Thursday)
- Briefers and respondents:
  - Hiroyuki Matsudaira, Director and Senior Executive Officer
  - Haruhiko Takahashi, Officer in charge of Accounting of Corporate Personnel Administration Office
  - Koichi Isshiki, Officer and General Manager of Planning Administration Department
  - Masahiro Amaya, Accounting Manager of Corporate Personnel Administration Office

Q1 What was behind the decision to leave the semi-annual and full-year financial forecast figures unchanged from the beginning of the fiscal year (announced in May)? Which factors in each segment led to this profit trend from the first quarter to the second quarter of the year?

A1 The first quarter is progressing as expected, almost as per the forecast figures at the beginning of the fiscal year (announced in May).

The aluminum sheet and extrusions segment (sheet & extrusion business group) experienced weakness due to sluggish growth in semiconductor-related shipments. Nevertheless, other segments (business groups) generally trended above expectations. Given the expectation that this trend will continue into the second quarter, we do not anticipate a significant deviation from the projected ordinary profit of 8 billion yen, as announced at the beginning of the fiscal year.

Looking at the factors that led us to retain the full-year financial forecast, the risk factors for securing profits in the second half of the fiscal year are due to such uncertainties as the extent of the indirect impact of additional U.S. import tariffs or the timing of a full recovery for demand in semiconductor-related products.

In the thick sheet business for semiconductor manufacturing equipment (the sheet and extrusion business group's aluminum sheet division), a notable product in the semiconductor business, our forecast at the beginning of the fiscal year (announced in May) projected a full recovery in the first half of the second half of the fiscal year. However, we have delayed this slightly to the latter half of the second half of the fiscal year, and we see these issues as risk factors.

Furthermore, our decision to leave the forecast figures at the beginning of the fiscal year unchanged is also rooted in our commitment to achieving these figures, including measures for improving profits to address these issues.

Q2 Regarding the aluminum sheet and extrusions segment (sheet & extrusion business group), you mentioned that it is trending downward compared to the forecast figures at the beginning of the fiscal year. Can it generate these forecasted profits in the second quarter of the fiscal year?

A2 The thick sheet business for semiconductor manufacturing equipment in the aluminum sheet division of the aluminum sheet and extrusions segment (sheet & extrusion business group)

has shown weakness due to the delayed full recovery period for demand in semiconductor-related products. This also applies to the clean room field in the engineering business group's panel system division.

Nevertheless, some products other than those for semiconductors in the aluminum sheet and extrusions segment (sheet & extrusion business group) are slightly outperforming the forecast at the beginning of the fiscal year, which can be seen as positive. We appreciate your understanding.

Q3 I believe you are focusing on trends of recovery and improvement in performance for the automotive parts business group (Nikkeikin Aluminum for Mobility). First, what were the revenue situations in Japan, China, and the U.S. in the first quarter financial results? And how do you view the outlook from the second quarter onward? As for the impact of additional tariffs on aluminum imports in the U.S., would you be able to adequately pass on the price increase if the procurement price of aluminum in the U.S. rises due to the tariff being increased to 50%?

A3 In Japan, a slight recovery trend is visible, with some projects starting SOP for EV-related cooling system parts, and quantities of some existing products are also recovering. In China, the harsh environment continues. In the U.S., although the production system was not as well-established as desired, productivity has been improving alongside increased production capacity through investment in human resources. Moving forward, by fully leveraging the advantage of having a base in the U.S. we will pursue an early earnings recovery under the concept of local production for local consumption.

Although the automotive parts business group (Nikkeikin Aluminum for Mobility) is still operating at a loss for the current fiscal year, the first quarter results demonstrate a recovery trend compared to those of the same period in the previous fiscal year. Our earnings forecast assumes that performance will progress as seen in this first quarter for the second quarter and beyond.

Furthermore, if procurement costs rise in the future due to additional tariffs on aluminum imports in the U.S., our policy is to pass on the corresponding amount to the sales price.

Q4 The aluminum foil, powder and paste segment (the aluminum foil business group) recorded profits in the first quarter of the fiscal year, and the operating profit margin was also at a high level. What factors contributed to the performance and will this trend continue?

A4 Apart from the exceptional performance of high-value products, such as aluminum powder for electronic materials for heat dissipation and aluminum nitride in the powder and paste division, the relatively notable increase in sales of foil for lithium-ion battery exteriors contributed to the first quarter's performance, resulting in high levels for both profit margin and profit. However, as the demand for foil for lithium-ion battery exteriors is uncertain from the second quarter and beyond, which we consider a risk factor, we must closely monitor future market trends to determine if this trend continues.

Q5 Regarding the factors contributing to year-on-year changes in ordinary profit in the first quarter financial results, what are the main businesses and products for which sales prices had an impact (up 1.9 billion yen)? In terms of the impact of purchased products (down 0.8

billion yen), which items specifically had a significant impact? In addition, looking at profit progress in the first quarter, operating profit levels remained high and ordinary profit reached over half of the forecast figures set at the beginning of the fiscal year (8.0 billion yen), excluding the impact of foreign exchange losses. Could this indicate that the progress of profits is outpacing the forecast from the beginning of the fiscal year?

- A5 In terms of the positive impact from sales price and the negative impact from purchased products, the majority is due to the impact of sales price revisions and fluctuations in raw material costs in the chemicals division of the chemicals business group.

In particular, the price of aluminum hydroxide, a raw material, rose significantly at the beginning of the fiscal year, which has had an impact. Although the current situation has stabilized, raw material costs are trending higher than in the previous year. Structurally, this cost increase is being absorbed by timely revisions of sales prices. Additionally, the majority (down 1.1 billion yen) of the impact (down 1.7 billion yen) from other factors is due to the strong yen. You can see that loans made to overseas affiliated companies incur foreign exchange losses due to the strong yen for accounting purposes, which is not directly associated with business activities.

Based on the above, you can reasonably conclude that first-quarter profit levels are outpacing the plan.

- Q6 Looking ahead to future demand trends in the semiconductor-related business, what is your outlook and sense of prospects for areas that include the thick sheet business for semiconductor manufacturing equipment, the sheet and extrusion business group's aluminum sheet division, and the clean room field in the engineering business group's panel system division?

- A6 The most recent forecast indicates that the thick sheet business will fully recover in the latter half of the second half of the fiscal year. On the other hand, compared to assumptions from six months or a year ago, the timing of the recovery has been delayed. As for the clean room field, the financial results for the first quarter maintained a certain level of sales, but beginning in the second quarter, delivery postponements by customers and shifts in project timing over the period have become noticeable. To address these issues, we will implement measures to firmly secure demand in the refrigerator and freezer sector and work toward attaining profits in the second half of the fiscal year.

Furthermore, our semiconductor-related business involves various products other than the areas in thick sheet and clean rooms, and the situation varies greatly depending on the customer and application, where some are trending negatively against the forecast at the beginning of the fiscal year, while others are trending positively. The specifics of each product are highly distinct, and the most recent state of the semiconductor-related business is characterized by a "dappled pattern."

- Q7 In your most recent sales of semiconductor-related products, you described a "dappled pattern" for each product material. Could you please clarify?

- A7 We see the future demand for the clean room field (the engineering business group's panel system division), which I explained earlier, as a risk factor. In contrast, we have strong-performing products for semiconductor manufacturing equipment in divisions outside of the

aluminum sheet division (thick sheet) and the extrusions division. Additionally, demand differs depending on the application and the division in charge.

- Q8 You remain cautious about the outlook for foils for automotive lithium-ion battery exteriors in the aluminum foil, powder and paste segment (the aluminum foil business group) after the second quarter of the fiscal year. What do you see as a future risk factor?
- A8 Demand trends are difficult to grasp for the automotive application, which was in an adjustment phase. We will continue to capture the EV conversion trend and incorporate future demand into our plans.
- Q9 What is the rationale behind the deficit being wider than the figures announced in May for the full-year financial forecast of the automotive parts business group (Nikkeikin Aluminum for Mobility)?
- A9 The deficit dates back to fiscal year 2024, but we see certain profit improvements in the first quarter, compared to the same period in the previous fiscal year. Furthermore, looking at the full-year financial forecast, you can see that the deficit figure has not been changed significantly from the forecast at the beginning of the fiscal year, even in the most recent forecast, and has generally trended in line with the forecast at the beginning of the fiscal year. We appreciate your understanding.
- Q10 Please explain factors behind the decision to leave the full-year financial forecast profits for the aluminum sheet and extrusions segment (sheet & extrusion business group) unchanged from the beginning of the fiscal year.
- A10 Demand trends for semiconductor-related products, including thick sheets for semiconductor manufacturing equipment, have shown weakness. Nevertheless, some products, excluding those for semiconductors, are slightly outperforming the forecast at the beginning of the fiscal year. Given these uncertain factors, including those that can be seen as favorable, at present, we decided to retain the forecast figures from the beginning of the fiscal year.