Nippon Light Metal Holdings Co., Ltd.
Q&A Summary of Briefing on Semi-annual Financial Results and Forecasts for the Fiscal Year Ending March 31, 2026

・ Date: 3:30-4:00pm; October 31, 2025 (Friday)
・ 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. In the fabricated products and others segment, profits recovered significantly in the first half. In particular, the automotive parts business group (Nikkeikin Aluminum for Mobility) turned profitable when looking exclusively at the second quarter (the three-month period from July to September).
What factors contributed to this recovery, and do you see its momentum being maintained in the second half and beyond?

A1. The recovery in the first half was driven by three factors: a partial recovery from reduced automobile production, the launch of new projects, and an improved product mix that also benefited from sales price revisions for certain products. Looking ahead to the second half and beyond, we see potential risks in domestic automobile production.

Q2. In the fabricated products and others segment, the transport equipment business group (Nippon Fruehauf, truck bodies) also posted higher profits from the first quarter to the second quarter of the year. What factors drove this increase, and will this trend continue in the second half and beyond?

A2. In the first half, orders remained firm, continuing the momentum from the previous fiscal year, and we see this trend sustaining into the second half and beyond. That said, one factor that we consider a risk is that the supply-demand balance might be temporarily disrupted in the second half and beyond due to regulatory compliance (with the revised Road Transport Vehicle Act mandating safety standards for cybersecurity measures).

Q3. What are the drivers of segment profit fluctuations between the first and second halves? While the full-year forecast figures remain unchanged from the beginning of the fiscal year, how do you foresee each segment's conditions in the second half?

A3. We see the overall business environment in the second half as somewhat weaker relative to the favorable results achieved in the first half.
<u>Aluminum ingot and chemicals segment:</u>
The chemicals business group's chemicals division (Nippon Light Metal, chemicals) has delivered strong results, owing to its ability to implement timely sales price revisions in line with raw material and fuel cost fluctuations. Furthermore, the carbon products division (Nippon Electrode) is also projected to remain solid in the second half and beyond. In contrast, the metal business group's procurement division saw a profit decline in the first half of the current fiscal year as aluminum ingot prices fell from the previous fiscal year's upward trend. Although the future

trajectory of aluminum ingot prices is uncertain, our financial forecasts assume that the profit decline impact seen in the first half will continue into the second half.

Aluminum sheet and extrusions segment:

(We assume the same impact as seen in the metal business group above)

Fabricated products and others segment:

In addition to the projections for the transport equipment business group (Nippon Fruehauf, truck bodies) and the automotive parts business group (Nikkeikin Aluminum for Mobility), as described in 1 and 2 above, we also see downside risk in the engineering business group's Nikkei Panel System, where orders for semiconductor-related clean rooms, which maintained solid performance in the first half, may decline in the second half.

Aluminum foil, powder and paste segment:

Sales of heat dissipation powder products in the powder and paste division remained strong in the first half. In the second half, however, our forecast incorporates downside risk from domestic automobile production impacting sales of paste products for automobile paints, together with weaker demand for processed foil for medical product packaging.

Q4. Is it possible to separate the risks indicated in the second-half outlook for each segment into those currently materializing and those that may emerge in the future?

A4. Across the business groups in each segment, the outlook—particularly for the fourth quarter (January to March, early in the new year)—remains highly uncertain, making it difficult to specify the likelihood or timing of each risk materializing. This also underlies our decision to keep the full-year forecast figures unchanged from the beginning of the fiscal year.

Q5. What drove the first half results to surpass the forecasts (announced at the beginning of the fiscal year on May 15, 2025)?

A5. The aluminum ingot and chemicals segment outperformed mainly due to the following reasons: (i) in the metal business group's secondary alloy ingot division for automobiles, U.S. tariffs drove up new aluminum ingot prices linked to sales prices, widening the margin over scrap prices for raw materials and (ii) in the chemicals business group, sales price revisions proceeded smoothly. In the fabricated products and others segment, the main reasons are as follows: (i) in the transport equipment business group (Nippon Fruehauf, truck bodies), significant upside in the service division—our focus area—along with the materialized effects of sales price revisions, (ii) results progressed more favorably than the forecast announced at the beginning of the fiscal year, with profitability improving at the engineering business group's Nikkei Panel System, and (iii) the effects of sales price revisions and cost reductions from improved productivity in the automotive parts business group (Nikkeikin Aluminum for Mobility).

Q6. In the secondary alloy ingot division, is the upside in the spread between U.S. sales prices and scrap prices considered temporary?

A6. Because securing stable scrap procurement is the main focus, scrap procurement prices tend to rise, and as a result the spread (margin) is set to move in the direction of contraction over time.

Q7. Will the effect of sales price revisions in the chemicals and transport equipment business groups continue into the second half and beyond?

A7. Basically, the effect will continue. However, in some cases, the effects of sales price revisions already began to appear in the second half of the previous fiscal year. That said, compared with the same period in the previous fiscal year, the amount of impact in the first half of this fiscal year is greater than in the second half, indicating a larger first half effect.

Q8. On semiconductor-related demand trends, you noted that recovery in demand for products for semiconductor manufacturing equipment in the sheet & extrusion business group (aluminum sheet and extrusions divisions) has been delayed, and that the clean room business in the engineering business group's panel system division has remained sluggish. What are the drivers behind these developments, and when do you expect recovery?

A8. For products for semiconductor manufacturing equipment, orders for thick aluminum sheets in the aluminum sheet division and billets in the extrusions division remain weak. In the panel system division's clean room business, second-half orders have fallen somewhat compared with the first half, with some projects postponed, and occasionally even dropped altogether. We are closely monitoring whether this reflects overall market trends or is merely a temporary or localized movement.

Overall, the order environment for semiconductor-related products remains strong for those used directly in semiconductors and for consumables (for heat dissipation, such as aluminum hydroxide and aluminum nitride). In contrast, products tied to capital investment and new plant construction—including those for semiconductor manufacturing equipment and the clean room business—are in a slightly sluggish environment, as we understand it.

Q9. Could you describe your approach to the second-half forecast? Was the full-year financial forecast merely left unchanged in light of the first-half results, or was it prepared after a thorough quantitative review of the risks and uncertainties in the second half?

A9. Having taken into account the risks and uncertainties in the second half and beyond, we determined that no revision to, or public announcement of, the full-year financial forecast issued at the beginning of the fiscal year was required. Accordingly, we are presenting the forecast as originally announced.

Q10. With movements expected from the next fiscal year onward in connection with new plant construction for semiconductor-related products in Japan, what are your prospects for the next fiscal year and beyond regarding demand for products for semiconductor manufacturing equipment and the clean room business?

A10. Looking ahead to semiconductor-related demand, we are not only seeing deferred demand and project delays, but also receiving inquiries driven by new construction needs. By keeping up with these developments, we remain committed to capturing new business opportunities and securing additional orders going forward.