Nippon Light Metal Holdings Company, Ltd.
Q&A Summary of Briefing on Financial Results for the First Half of the Fiscal Year Ending March 31, 2027

・Date and time: 4:00 p.m. – 4:50 p.m., November 2, 2026 (Monday)
・Briefers and respondents:
Shuichi Asakuno, President and CEO
Hiroyuki Matsudaira, Director and Executive Vice President
Koichi Isshiki, Officer and General Manager of Corporate Management Office
Masahiro Amaya, Accounting Manager of Corporate Management Office

Q1. What was the profit impact of realized price differential gains from rising aluminum ingot prices?
A1. The gains contributed 4.4 billion yen to the year-on-year change in first-half ordinary profit, as shown under “Aluminum ingot-related gains/losses” on slide 5 of the financial results presentation (“Semi-annual financial results for the fiscal year ending March 31, 2027: Factors behind changes in ordinary profit”).
The main contributions were approximately 2.5 billion yen from the aluminum ingot procurement division in the Metal business group and approximately 1.5 billion yen from the Sheet & Extrusion business group. More than half of these gains were realized in the first quarter.

Q2. What is the expected impact in the second half?
A2. We expect virtually no impact.

Q3. What factors are driving the changes in operating profit by segment between the first and second halves of fiscal 2026?
A3. We do not expect the first-half price differential gains from rising aluminum ingot prices to recur in the second half. This would reduce second-half operating profit relative to the first half by approximately 2.5 billion yen in the Aluminum ingot and chemicals segment and approximately 1.5 billion yen in the Aluminum sheet and extrusions segment. Meanwhile, in the Aluminum ingot and chemicals segment, the secondary alloy ingot division (Metal business group) is performing relatively well.
Following the first-quarter results, our operating profit forecast was approximately 6.0 billion yen for the first half and approximately 1.5 billion yen for the second half, for a full-year total of approximately 7.5 billion yen. First-half operating profit was approximately 6.5 billion yen, and we now forecast approximately 2.5 billion yen for the second half and approximately 9.0 billion yen for the full year.
For reference, “Changes in sales” contributed 8.0 billion yen to the year-on-year change in first-half ordinary profit, as shown on slide 5 of the financial results presentation. Of this amount, approximately 5.0 billion yen came from the secondary alloy ingot division (Metal business group), with a full-year contribution of approximately the same amount. We attribute approximately 3.5 billion yen of this profit increase to improved business conditions in the U.S. and elsewhere, including more favorable market conditions.

Q4. What is driving the changes in profit, apart from factors related to aluminum ingot market conditions?

A4. Aluminum ingot and chemicals segment

For the Chemicals business group, the forecast factors in the expected second-half effects of sales price revisions.

Aluminum sheet and extrusions segment

In the Aluminum Sheet division, we expect continued firm demand for thick aluminum sheets for semiconductor manufacturing equipment and aluminum sheets for LiB packages. The challenge for management, however, is whether we can produce enough to fulfill orders.

In the Extrusions division, demand for products for truck bodies is strong, while the forecast assumes that order intake for other products will shift into the next fiscal year. We have therefore slightly lowered the division's profit forecast from the level previously projected following the first-quarter results.

Fabricated products and others segment

The Transport Equipment business group (truck bodies, Nippon Fruehauf Co., Ltd.) faced a very difficult first half, particularly the first quarter. Provided the business fully meets demand in the second half, we forecast full-year profit of just under 2.0 billion yen.

In the Engineering business group, profits from thermal insulation panels (Nikkei Panel System Co., Ltd.) are weighted toward the second half. Accordingly, first-half profit was zero, while the second-half forecast is just over 2.0 billion yen.

In the Automotive Parts business group (Nikkeikin Aluminum for Mobility Company, Ltd.), profits from domestic operations slightly more than offset losses from overseas operations.

Aluminum foil, powder and paste segment

In the Powder and Paste division, demand for aluminum nitride remains strong.

Q5. I understand that your decision to acquire treasury stock was informed by your shareholder return policy, which calls for a total payout ratio of approximately 40%.

However, fiscal 2026 earnings appear to include around 7.0–8.0 billion yen in one-off benefits, such as price differential gains from rising aluminum ingot prices. If these benefits do not recur next fiscal year (fiscal 2027), how would you approach allocating shareholder returns? For example, would you generally keep the dividend unchanged and adjust treasury stock acquisitions?

A5. As you noted, our fiscal 2026 earnings reflect both our underlying earning power and an additional contribution.

For next fiscal year (fiscal 2027), we will continue striving to deliver results at least on a par with those of fiscal 2026. This involves working diligently to bring each business's performance up to its fiscal 2026 level while simultaneously implementing the process transformation measures under our 2026 Medium-term Management Plan (26MTP).

Q6. I understand the 7.0–8.0 billion yen contribution to be one-off. It appears to comprise approximately 4.5 billion yen in first-half price differential gains from rising aluminum ingot prices and approximately 3.5 billion yen from the spread between sales prices and costs in the secondary alloy ingot division (Metal business group).

What impact on second-half profit are you assuming for these factors?

A6. We assume no price differential gains from rising aluminum ingot prices in the second half. Meanwhile, the spread in the secondary alloy ingot division (Metal business group) is the result

of our management efforts. These include passing on cost increases through sales prices.
For the secondary alloy ingot business, our forecast for the second half and beyond also assumes continued strong demand.

Q7. What led to the partial transfer of shares in an equity-method associate? Beyond this transaction, will you announce any initiatives related to the group integration strategy within the 26MTP's process transformation measures?

A7. As disclosed today, November 2, Toyo Aluminium K.K. (Aluminum Foil business group) has transferred part of its stake in Sama Aluminium Co., Ltd. ("Sama Aluminium"), a listed company in South Korea.
With business synergies between the two companies currently limited, our intention is to work diligently to select which businesses and assets to focus on. One possible ultimate objective is to sell Toyo Aluminium's entire stake in Sama Aluminium.
Against this background, Toyo Aluminium has, as a first step, sold down its stake to a level at which Sama Aluminium is no longer an equity-method associate.

Q8. The 26MTP sets a financial target of a stable earnings base exceeding 30.0 billion yen in ordinary profit. Do you feel that exceeding 30.0 billion yen in ordinary profit is now within reach for next fiscal year (fiscal 2027) as well?

A8. In our view, business conditions remain generally favorable across our business groups. Demand is currently weak for clean room thermal insulation panels in the Engineering business group, but we are not pessimistic about the situation. Expectations for capacity expansion at semiconductor plants also inform this assessment.
The first key question, therefore, is how effectively we can capitalize on these favorable business conditions.
The second is how quickly we can address low-profitability businesses by selecting which of our businesses to focus on. To increase profits, we need to carry out this work from now into next year as part of the process transformation measures under the 26MTP.
We aim to generate ordinary profit of more than 30.0 billion yen through action in these two areas.

Q9. "Changes in sales" contributed 8.0 billion yen to the year-on-year change in first-half ordinary profit, as shown on slide 5 of the financial results presentation. You explained that 5.0 billion yen of the 8.0 billion yen contribution came from the secondary alloy ingot division (Metal business group).
Does the 5.0 billion yen contribution include the impact of demand for alternatives arising from the situation in the Middle East?

A9. Yes, it does. That said, some progress is now being made in securing supply routes from the Middle East, reducing risk. In our view, this demand for alternatives is therefore also subsiding.

Q10. What is your medium-term outlook for the automotive parts business in China and the U.S.?

A10. Our business is based on sales to Japanese automakers. Conditions remain challenging, with our own sales also yet to recover.
As a Group, we are reviewing the business from multiple perspectives, including whether and how it can become profitable.