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

- Date and time: 4:00 p.m. – 5:00 p.m., August 3, 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 is the profit/loss impact attributable to gains realized from aluminum ingot price differentials amid higher aluminum ingot prices, and how is it broken down by segment/division?

A1. The fiscal 2026 financial results forecast announced in May factored in an impact of approximately 4.0 billion yen on the first half attributable to gains realized from aluminum ingot price differentials amid higher aluminum ingot prices. At the time of the announcement of results for the first quarter of fiscal 2026, the first-half impact is now estimated at around 4.5 billion yen.
In addition, favorable U.S. market conditions for secondary alloy ingots (Aluminum ingot and chemicals segment, Metal business group, Nikkei MC Aluminium) are projected to boost profit by around 2.5 billion yen, bringing the combined first-half profit lift to around 7.0 billion yen.
By segment/division, more than half arises in the Aluminum ingot and chemicals segment (Nikkei MC Aluminium and the aluminum ingot procurement division in the Metal business group), while around 1.0 billion yen arises in the Aluminum sheet and extrusions segment.

Q2. What was the first-quarter amount of this impact?

A2. Gains realized from aluminum ingot price differentials amid higher aluminum ingot prices were equivalent to 3.5 billion yen, and the impact of favorable U.S. market conditions for secondary alloy ingots was equivalent to 1.5 billion yen.

Q3. Does the profit generated by the favorable U.S. market conditions for secondary alloy ingots reflect the effect of higher sales volumes as well, rather than only the spread between higher sales prices for secondary alloy ingots, reflecting higher U.S. domestic primary aluminum ingot prices, and prices for scrap, the raw material for secondary alloy ingots?

A3. That is correct. The impact of the favorable market conditions is the combined effect of secondary alloy ingot market prices, which have been shaped by higher U.S. import tariffs and tighter supply-demand conditions due to the worsening situation in the Middle East, and higher sales volumes.

Q4. How do you view the effects of integrating the extrusion business with Kobe Steel, Ltd.? What is the scope of the business integration?

A4. We are working out the details ahead of the planned execution of the definitive agreement at the end of November and are not in a position to comment at this stage. That said, we intend to fully realize the integration benefits and synergies. The business integration will cover domestic operations only.

Q5. For the fiscal 2026 full-year forecast, operating profit was revised upward from the 27.0 billion yen announced in May to 33.0 billion yen following the first-quarter results. How much is attributable to the impact of higher aluminum ingot prices, and how much to other underlying business factors?

A5. (Expressed as a breakdown of the 7.4-billion-yen difference between full-year operating profit of 25.6 billion yen for the previous fiscal year [fiscal 2025] and the current full-year operating profit forecast for fiscal 2026 of 33.0 billion yen.) Around 4.5 billion yen is attributable to gains realized from aluminum ingot price differentials amid higher aluminum ingot prices.

The remaining around 3.0 billion yen reflects relatively firm demand for semiconductor-related products, led by thick aluminum sheets for semiconductor manufacturing equipment, as well as automotive-related products, including secondary alloy ingots.

Q6. Regarding results for the first quarter of fiscal 2026, progress appears favorable in the Aluminum foil, powder and paste and Aluminum sheet and extrusions segments. How do you assess performance by segment? Each segment also includes focus products such as thick aluminum sheets for semiconductor manufacturing equipment and products for heat dissipation applications. What is your outlook and assessment of business conditions from the second quarter onward?

A6. <u>Aluminum foil, powder and paste segment</u>

Through the first half, powder products for heat dissipation applications and processed foil for medical product packaging should remain strong. Given limited visibility for the second half, the full-year forecast assumes a slight pullback from the current strength.

<u>Aluminum sheet and extrusions segment</u>

Strong sales for thick aluminum sheets used in semiconductor manufacturing equipment and aluminum sheets for LiB packages is expected to continue from the second quarter onward.

<u>Aluminum ingot and chemicals segment</u>

Sales of alumina and chemicals products for heat dissipation applications are expected to remain firm into the second half and beyond, continuing the first-quarter trend.

<u>Fabricated products and others segment</u>

For the Transport Equipment business group (truck bodies, Nippon Fruehauf), the forecast assumes a second-half recovery from the difficulties in the first quarter.

The Automotive Parts business group (Nikkeikin ALMO) is expected to perform relatively well in the first half, supported by sales of new products and fixed cost reductions. For the second half, however, given limited visibility in the business environment, the forecast assumes a modest decline in demand. We will continue to watch demand trends carefully.

For the Engineering business group's thermal insulation panels (Nikkei Panel System), with demand for clean rooms remaining soft, we see achieving the initial performance plan in both the first half and the second half as difficult.

Q7. In the second-half forecast for fiscal 2026, what assumptions have you made for the amount of gains realized from aluminum ingot price differentials amid higher aluminum ingot prices and for the impact of favorable U.S. market conditions for secondary alloy ingots, respectively?

A7. We assume both will be essentially zero.

Q8. Excluding the impact of aluminum market fluctuations, how do you assess the impact of the situation in the Middle East in the first half and second half, respectively?

A8. The Transport Equipment business group (truck bodies, Nippon Fruehauf) posted a loss in the first half, particularly in the first quarter, due to higher materials and supplies costs and restrictions on production activities. In contrast, from the second half onward, we expect earnings to recover, assuming production activities return to normal levels.

Separately, the May forecast incorporated a second-half negative impact of 4.0 billion yen from sharp increases in materials and supplies costs, while the current forecast incorporates the assumption that this impact will ease substantially, from negative 4.0 billion yen to negative 2.0 billion yen.

Q9. Regarding gains realized from aluminum ingot price differentials amid higher aluminum ingot prices, does this mean that if aluminum ingot market prices decline going forward, the impact will move in the direction of reducing profit?

A9. That is correct. We are closely monitoring trends in aluminum ingot prices, including the impact of the situation in the Middle East and foreign exchange fluctuations.

Q10. What is the outlook from the second quarter onward for "demand for alternatives to overseas products arising from the situation in the Middle East," which was cited as a factor behind higher first-quarter sales in Japan of secondary alloy ingots (Nikkei MC Aluminium)?

A10. Depending on how the situation in the Middle East develops, this demand could prove temporary if the situation stabilizes.

Q11. What assumptions have you made for aluminum ingot prices in the forecast from the second quarter onward?

A11. Our forecast assumes that aluminum ingot prices will remain flat at the current level through the second half and beyond.

Q12. Demand appears strong for thick aluminum sheets for semiconductor manufacturing equipment in the Aluminum sheet and extrusions segment. What is the operating status?

A12. Full-scale production continues. Since not only thick aluminum sheets for semiconductor manufacturing equipment but also aluminum sheets for LiB packages are selling well, capacity utilization at Nippon Light Metal's Nagoya Plant are quite tight.

Q13. Is there room to increase production?

A13. Although there is limited scope to increase production volume, we are working to enhance production efficiency to avoid missed sales opportunities.

Q14. Would increasing personnel enable production volume to be increased?

A14. Basically, equipment capacity is the limiting factor. Securing personnel is an immediate issue, but simply increasing personnel would not lead to a significant increase in production volume.

Q15. Production volume of extrusion products has also increased. Apart from the Transport Equipment business group (truck bodies, Nippon Fruehauf), to which customers have sales increased?

A15. This was also partly due to strong sales to other truck body manufacturers outside the Transport

Equipment business group.

Q16. What is your view on raising the fiscal 2026 aluminum sheet sales volume forecast of 68.5 thousand tons presented in May?

A16. With production continuing to run at full capacity, the challenge is how much demand we can accommodate. We will seek to meet customer needs to the greatest extent possible.

Q17. What is the status of sales price revisions, including those for sheet products?

A17. Sales price revisions have been implemented across all business groups, beginning with sheet products and including business groups not covered in the briefing materials. Through these sales efforts, we are steadily recouping cost increases.

Q18. With the change in segmentation from this fiscal year, what is the background to transferring the Electronic Materials division from the Sheet & Extrusion business group (Aluminum sheet and extrusions segment) to the Metal business group (Aluminum ingot and chemicals segment)?

A18. (With production based at NLM Kambara Complex) the transfer reflects the outcome of our review, which is that, given the close ties between production activities and the power generation department, the new structure could better support management decision-making.