

Nippon Light Metal Holdings Co., Ltd.

Q&A Summary of Briefing on Financial Results for the Fiscal Year Ended March 31, 2024

Date: 5:00–5:45 pm; May 15, 2024 (Wednesday)

Briefers and respondents:

Hiroyuki Matsudaira, Director and Head of Planning Administration Department

increase in profit from the first half through the second half of the year. This includes: 6.0 billion yen increase in construction engineering businesses such as the panel system division and the landscape engineering division, which are profit-biased in the second half; slightly more than 1 billion yen in the aluminum foil, powder, and paste segment; and 1.0 billion yen in the aluminum sheet division on recovery in sales of thick sheets for semiconductor manufacturing equipment. The auto parts business (Nikkeikin ALMO)



Q6. The forecast for the aluminum ingot price in fiscal 2024 is lower than that in fiscal 2023 results. What are the assumptions used in the forecast? Please explain the impact of the increase in the aluminum ingot price on the company's performance.

A6. Our assumption is that domestic market prices will be significantly higher as from the beginning of fiscal 2024, the depreciation of the yen accelerates in addition to the rise in LME prices. Our aluminum ingot price forecast for fiscal 2024 is 380 yen, but we intend to firmly catch up with business performance by addressing the recent rise in aluminum ingot prices. The sensitivity to the impact of a 10 yen/kg increase in aluminum ingot price is assumed to be 500 million yen. In particular, there is no mechanism for passing on changes in aluminum ingot prices to sales price formulas for products in the fabricated products and others segment. So, the increase in aluminum ingot prices will be directly translated into an increase in raw material prices, which will have a negative impact on business performance.

Q7. Profit in the fabricated products and others segment amounted to 4.4 billion yen in Q4 (January–March) alone, which I believe was a high level compared to the past, but what were the factors behind this?

A7. The high profit level was due to two factors. First, shipments of insulation panels in the panel system division, and the clean room and refrigeration/freezer fields were quite strong, including last-minute shipments, in 4Q, and second, profit in the truck body business recovered during 4Q of the year.

Q8. What is included in the effect of a 2.3 billion yen increase in purchased products, and what caused the effect of a 6.9 billion yen decrease in other, as indicated in the factors behind year-on-year changes in fiscal 2024 profit?

A8. The effects of purchased products price fluctuations are due to the fact that the price of crude oil, based on an assumption in the cost calculation of the fiscal 2024 plan, is set at a higher price given heightened geopolitical risks, and the risk of price increases is also reflected in the cost of various materials. Other effects include the impact of an increase in depreciation, based on the assumption that the company will aggressively invest in capital expenditures in growth areas.

Q9. In the panel system division's clean room field for semiconductor-related manufacturers, you mentioned that demand for clean rooms in first half will be thin during fiscal 2024. Is it correct to consider this as a one-off trend? (i.e., given that there was a reference to a return from second half, is it correct to assume that the expansion trend to date will continue?)

A9. Recently, orders for medium and large projects are being shifted to the second half period. We are currently analyzing the causes of the order trends, and in view of the current brisk order situation, we are forecasting that a certain amount of profits not fully captured in