



May 15, 2023

Name of company: Nippon Light Metal Holdings Company, Ltd.

Name of representative: Ichiro Okamoto, President, Nippon Light Metal Group

2023 Medium-term Management Plan (hereinafter, “2023 Medium-term Plan”), a three-year plan starting in April 2023 that is based on changes in the Group’s conditions and fluctuations in the business environment.

#### 1. Background of revisions to Medium-term Plan

Last year, the Group revised the

Nippon Light Metal Group has implemented various initiatives to prevent inappropriate behavior related to issues related to quality in the Group. In addition, in response to the initiatives, the Group established a new three-year Medium-term Management Plan (hereinafter, “2023 Medium-term Plan”), a three-year plan starting in fiscal 2023.

## 2. Overview of Nippon Light Metal Group's 2023 Medium-term Plan

### (1) Basic policies

#### a. Initiatives for new Team Nippon Light Metal

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| Structural reforms to raise Group's corporate value                  |
| Response to carbon neutrality  |
| Promote management reforms and strengthen internal control functions |

In order to become a corporate group that can provide reliable value to customers and stakeholders and regain trust, the Group is allocating Group resources in an optimal way to further create Group synergies and is pursuing business structure reforms, including the transfer of shares in Toyo Aluminum and the consolidation of the auto parts business.

In order to reduce greenhouse gas emissions by 30% or more compared to 2013 levels by 2030 and achieve carbon neutrality by 2050, The Group's Green growth strategy office will work in an integrated way to draft and implement the Group's overall decarbonization strategy.

Top management will take the lead in pursuing management reforms with a strong sense of purpose. With the Business transformation office, set up in April 2023, at the core of these efforts, the Group will steadily implement measures to prevent the reoccurrence of inappropriate behavior regarding quality, without delays. Progress on these preventive measures will be reported regularly on the Group's website.

#### b. Provide products and businesses that contribute to the creation of social value

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|---|
| Provide products and business that satisfy customers' needs                               |
| Provide a range of products and businesses throughout the overall supply chain life cycle |
| Strengthen the Group collaboration system to solve social issues                          |

The Group has consolidated its auto parts business in the new Nikkeikin ALMO Corporation, Ltd., in order to improve its competitiveness in responding to changes in the market environment, starting with growing demand for eco-friendly cars in the auto market. We will work to improve customer service and pursue Group synergies.

The Group is actively working on its semiconductor-related business. For example, Nikkei Panel System Co., Ltd. constructed a second factory in Shimonoseki and is increasing production of fluorocarbon-free heat-insulating non-combustible panels for clean rooms to meet the increase in semiconductor manufacturing factories in Japan in light of stronger economic security.

By developing and providing products that utilize the strengths of aluminum as a lightweight material with high heat dissipation, the Group will meet the growing need among customers to reduce global warming gases and help to protect the environment.

(2) Management indicators

a. Financial indicators

The Group strives for a system that can permanently achieve ordinary profit in the 30–40 billion yen in order to achieve sustainable growth. The 2023 Medium-term Plan aims to build a revenue foundation that is highly resilient in the face of changes in the external environment by ensuring that each business division creates value through its own growth strategies and that Group issues are addressed.

(Unit: 100 million yen)

|                  | Year ended<br>March 2022<br>(Actual) | Year ended<br>March 2023<br>(Actual) | Year ending<br>March 2024<br>(Forecast) | Year ending March<br>2026 (Targets in 2023<br>Medium-term Plan) |
|------------------|--------------------------------------|--------------------------------------|---|---|
| Net sales        | 4,866                                | 5,170                                | 5,500                                   | 5,300   |
| Operating profit | 222                                  | 75                                   | 170                                     | 300   |
| Ordinary profit  | 229                                  | 89                                   | 160                                     | 300   |
| Net income       | 168                                  | 72                                   | 75                                      | 200   |
| ROCE (%)*        | 8.7                                  | 3.2                                  | 5.2                                     | 10.3  |

\*ROCE (return on capital employed):

Operating earnings before interest / capital employed (shareholders' equity + interest-bearing debt – cash and deposits)

b. Basic policy regarding profit distribution

The Company's basic policy on profit distribution is "to return profits to its shareholders by comprehensively taking into consideration its consolidated financial results and other factors from medium- and long-term perspectives while reinforcing its financial strength and management foundation." The Group decides on dividend amounts using a total dividend payout ratio, including the acquisition of treasury stock, of 30% as its indicator for profit returns.

|           | Year ended March 2023 |                  | Year ending March 2024 |                      | Final year of 2023<br>Medium-term Plan,<br>Year ending March<br>2026 |
|-----------|-----------------------|------------------|------------------------|----------------------|--|
|           | Interim<br>actual     | Year-end<br>plan | Interim<br>forecast    | Year-end<br>forecast | Annual reference<br>figure   |
| Dividends | 40 yen                | 10 yen           | 10 yen                 | 40 yen               | 100 yen  |

