



# ANNUAL REPORT 2019

Year ended March 31, 2019



## ● Profile

*Since its establishment, the NLM Group has been Japan's sole fully integrated aluminum manufacturer offering varieties of products ranging from aluminum raw material to fabricated products.*

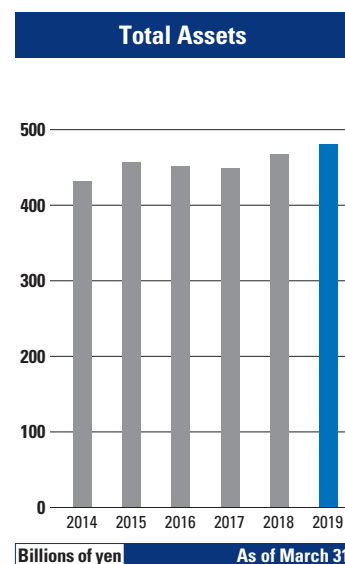
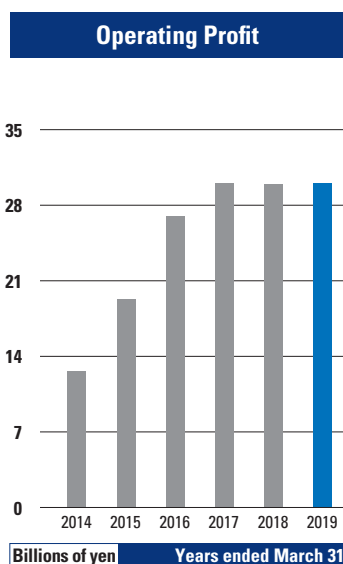
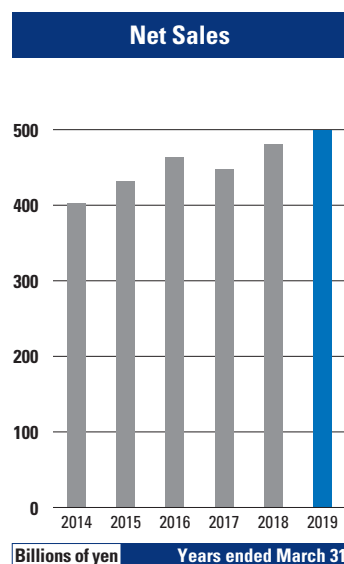
*Aluminum has properties that make it a superb industrial material: it is lightweight and has excellent processability, corrosion resistance, thermal conductivity, and recyclability. Nippon Light Metal applies its core strengths — a wealth of knowledge about aluminum and its characteristics and technological capabilities that have been developed over many years — to supply a highly diversified range of products to a number of key industrial sectors, including the automotive, electrical and electronics, information and telecommunication, environment, safety, energy, construction, railroad, and food products industries.*

*By carrying on development of new applications for aluminum and aluminum materials, the NLM Group is to continue to support customers in wide-ranging industrial sectors and contribute to improving the quality of people's lives and protection of the environment.*

## NLM Group

Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries Years ended March 31

	2018	2019	2019
	Millions of yen		Thousands of U.S. dollars
For the year:			
Net sales .....	¥481,439	<b>¥500,451</b>	<b>\$4,508,974</b>
Operating profit .....	29,893	<b>30,052</b>	<b>270,763</b>
Profit attributable to owners of parent .....	18,012	<b>20,560</b>	<b>185,242</b>
At year-end:			
Total assets .....	467,300	<b>481,303</b>	<b>4,336,454</b>
Net assets .....	189,322	<b>202,735</b>	<b>1,826,606</b>
Short-term borrowings and long-term debt, including bonds and capital lease obligation .....	141,494	<b>143,742</b>	<b>1,295,090</b>



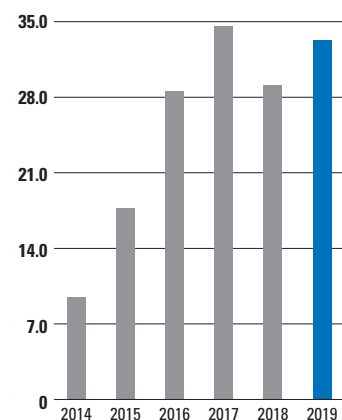
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	2018	2019	2019
	yen		U.S. dollars
<b>Per share data (yen and dollars):</b>			
Net profit—basic .....	¥ 29.09	¥ 33.20	\$ 0.30
Cash dividends .....	8.00	9.00	0.08
Net assets .....	280.93	303.37	2.73
<b>Stock information (TSE) (yen and dollars):</b>			
<b>Stock price:</b>			
High .....	¥ 353	¥ 305	\$ 2.75
Low .....	228	200	1.80

Note: U.S. dollar amounts have been translated for convenience only, at the exchange rate of ¥110.99=U.S.\$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

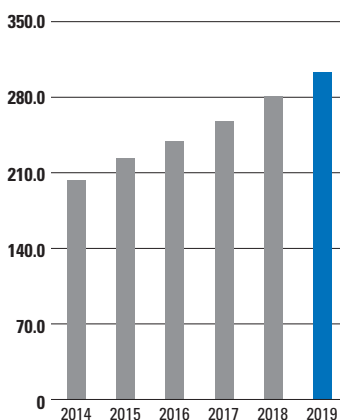
**Net profit per Share**



Yen      Years ended March 31

Net Income per Share = (Net Income - Amount not attributable to common shareholders) / Average Number of Shares Outstanding

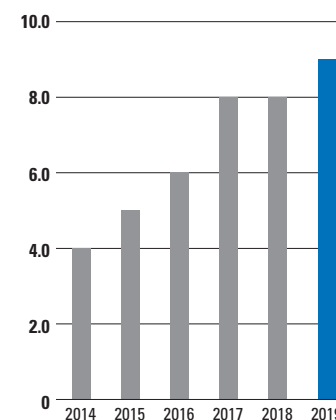
**Net Assets per Share**



Yen      Years ended March 31

Net Assets per Share = (Net Assets - Minority interests in consolidated subsidiaries) / Number of Shares Outstanding at Year-end

**Cash Dividends per Share**



Yen      As of March 31



Ichiro Okamoto, *President & CEO*

*I would like to take this opportunity to extend my sincere gratitude to our shareholders for their continued support of our business operations.*

*I hereby report on the operating results for Nippon Light Metal Holdings Company, Ltd. (“NLM Holdings”) for fiscal 2018 (the year from April 1, 2018 to March 31, 2019).*

## Business Environment of Fiscal 2018

During the fiscal year under review, the domestic aluminum industry saw an increase in demand for cars and building materials, but demand for cans decreased. As a result, overall aluminum demand remained virtually unchanged from the previous year. Aluminum ingot prices continued a downward trend after a sharp increase at the beginning of the year, but on a full-year basis, they remained at almost the same level as the previous year.

## Three Basic Policies in the Mid-Term Management Plan and Initiatives in Fiscal 2018

Under such circumstances, the NLM Group (the “Group”) strove to maximize consolidated net sales and strengthen the financial position in accordance with the three basic policies in the Mid-Term Management Plan (“MTMP 2016”), a three-year plan covering the period from April 2016 to March 2019.

Under the first basic policy in MTMP 2016, “create new products and business models by strengthening cooperation within the Group,” we pursued creation of complex and differentiated new products and new business models by thoroughly pursuing Group-wide cooperation. We created new products and businesses by leveraging the Group’s strengths in diverse fields. Among them are battery cooling plates for electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs), products related to lithium ion batteries, products related to semiconductor manufacturing equipment, and sound absorbing materials for interior finishing and ceilings.

In implementing the second basic policy in MTMP 2016, “business development through strategies by region and by sector,” we channeled management resources into fields selected in view of the matrix of regions and market sectors and strove to maximize return on investment. To cite some examples, in Japan we improved the manufacturing system for truck outfitting, invested to increase production of materials for semiconductor manufacturing equipment, and increased production lines for CFC-free thermal insulated incombustible panels. In addition, we made Sumikei-Nikkei Engineering Co., Ltd. a subsidiary through acquisition of additional shares. Overseas, we established a second factory in Thailand to manufacture secondary alloy products for automotive applications. In India, we established a joint venture company to manufacture aluminum paste for general purpose paints and acquired an equity stake in a major manufacturer of fabricated foil for pharmaceutical packaging. In North America, we established a marketing base and accelerated our efforts to start commercial operation.

Under the third basic policy in MTMP 2016, “strengthening of corporate culture (strengthening of business foundations),” the chemicals business, which had been a cause for concern, improved its profitability mainly owing to an increase in high value-added products and revisions to product prices. The earnings structure of the aluminum sheet business improved owing to greater production capacity for high value-added products and securing of new orders. The earnings structure of Toyo Rikagaku Kenkyusho, which is engaged in sheet fabrication, improved mainly because of streamlining of the production system and improvement of the non-defective rate as a result of establishment of the Group support system. At overseas sites, the trailer business in China and the panel business in Thailand became profitable in terms of ordinary profit.

## Overview of Consolidated Financial Results

As a result of the initiatives described above, net sales increased 3.9% year on year to ¥500.5 billion. Operating profit increased 0.5% year on year to ¥30.1 billion, ordinary profit increased 5.3% year on year to ¥31.1 billion, and profit attributable to owners of parent increased 14.1% year on year to ¥20.6 billion.

Year-end dividend payment will be ¥5 per share, which, combined with the interim dividend of ¥4 already paid, will bring annual dividend payment to ¥9 per share (an increase of ¥1 from the previous year).

## Overview by Business Segment

Net sales in the Aluminum Ingot and Chemicals segment increased 5.3% year on year to ¥117,008 million and operating profit increased 7.4% year on year to ¥9,616 million. In the Alumina and Chemicals segment, domestic sales of mainstay aluminum hydroxide and alumina-related products were robust. In the Aluminum Ingot segment, regarding the core secondary alloy products for automotive applications business, both domestic and overseas sales increased. Profit of the Alumina and Chemicals segment increased partly due to an increase in high value-added products and price revisions, while profit of the Aluminum Ingot segment also increased mainly due to improved productivity caused by full-scale operation of the second factory in Thailand.

Net sales in the Aluminum Sheet and Extrusions segment increased 0.8% year on year to ¥107,835 million and operating profit decreased 26.8% year on year to ¥7,152 million. In the Aluminum Sheet segment, sales volumes of thick plates and fabricated parts for semiconductor manufacturing equipment and fabricated sheet products for

PC and tablet cases decreased. In the Aluminum Extrusions segment, sales of products related to environmentally friendly vehicles and those of products related to automotive parts in China were robust, but sales of mainstay products for truck outfitting were relatively weak. Profits decreased significantly mainly owing to increases in the prices of raw materials and fuel in addition to the decrease in sales of the products mentioned above.

Net sales in the Fabricated Products and Others segment increased 6.7% year on year to ¥180,259 million and operating profit increased 19.4% year on year to ¥11,681 million. In the truck outfitting business, sales volume remained virtually unchanged from the previous fiscal year, but both sales and profits decreased mainly owing to an increase in the ratio of products for compact trucks and an increase in material prices. In the heat exchanger business, sales increased greatly because of brisk sales of products related to environmentally friendly vehicles in addition to robust demand for capacitors for air conditioners. In the Electronic Materials segment, sales decreased because anodized aluminum foil for aluminum electrolytic capacitors saw sales decrease as they entered a phase of inventory adjustment in the second half in line with the slowdown of the Chinese economy after they enjoyed robust demand in the first half. However, profits increased because of the impact of productivity improvement in addition to the increase in sales in the first half. In the Panel System segment, both sales and profits increased, reflecting continued brisk demand for panel systems for food processing plants and low-temperature distribution warehouses and an increase in sales of panel systems for clean rooms for medical and pharmaceutical applications due to wider adoption of the panel method that leads to labor saving in construction. In the Landscape Engineering segment, business was brisk, including an increase in sales of new products for roads and bridges. In the Carbon Product segment, both sales and profits increased significantly because sales of our major products including carbon blocks for blast furnaces and electric furnaces increased, reflecting strong performance of companies in the steel industry, which are our main customers.

Net sales in the Aluminum Foil, Powder and Paste segment increased 1.0% year on year to ¥95,349 million and operating profit increased 5.3% year on year to ¥5,114 million. In the Aluminum Foil segment, demand for fabricated foil for pharmaceutical packaging and water-repellent fabricated foil for food products showed little growth, but sales of antenna circuit foil for IC cards, plain foil for lithium-ion battery surfaces, and aluminum foil for converters were buoyant, resulting in higher sales and profits of the

Aluminum Foil segment. In the Powder and Paste segment, sales volume decreased in Japan and China reflecting sluggish sales of mainstay silver-colored paste products for automobile paint, while sales of our proprietary Colored Alpaste expanded mainly in overseas markets. Sales of powder products remained robust, such as sales of aluminum nitride for heat dissipation substrate. As a result, net sales and operating profit of the Powder and Paste segment were virtually unchanged from the previous year. In the Solar segment, sales of functional ink products for solar cells were brisk, but sales volume of back sheets for solar cells decreased greatly, reflecting intensifying price competition as well as the shrinkage of the Chinese market following the Chinese government's revision of its measure for supporting introduction of solar power generation systems. As a result, both sales and profit of the Solar segment decreased.

## Outlook for Fiscal 2019

The global economic outlook will likely become increasingly uncertain due to risks such as the development of trade issues with the slowdown of the Chinese economy, and the impact of Brexit. The outlook for the Japanese economy permits no optimism in view of concerns over a possible dip in consumption in line with the increase of the consumption tax rate as well as the slowing of the world economy.

Under such circumstances, the Group formulated a new Mid-term Management Plan that covers a period from April 2019 to March 2022. (For details, please refer to the Special Feature on Pages 3-4.) The goal is to maximize consolidated net sales and profits through creation of new products and new businesses, investment of resources for growth, and strengthening of the management foundation.

The Company projects net sales of ¥510.0 billion, operating profit of ¥31.0 billion, ordinary profit of ¥30.5 billion, and profit attributable to owners of parent of ¥20.0 billion in fiscal 2019.

I would like to ask for the continuous support of shareholders in our efforts, just as we would do everything in our power to further develop the Group.

June 2019

I. Okamoto

President & CEO  
Ichiro Okamoto

## Special Feature : NLM Group's 2019 Mid-Term Management Plan (a three year plan)

—Aiming for further growth as a “Groundbreaking Innovator of Aluminum and Beyond”—

Nippon Light Metal Holdings formulated the NLM Group's 2019 Mid-Term Management Plan covering the three years from April 2019.

	Fiscal 2018 (Targets of MTMP 2016)	Fiscal 2018 (Actual results)	Fiscal 2021 (Targets of MTMP 2019)
Net sales	¥500.0 billion	¥500.5 billion	¥540.0 billion
Operating profit	32.0	30.1	37.5
Ordinary profit	31.0	31.1	37.0
Profit attributable to owners of parent	20.0	20.6	24.0
Interest-bearing debt	160.0	139.6	—
D/E ratio (times) *1	1 or less	0.7	1 or less
ROCE (%) *2	Over 10%	10.8	11.4

[Assumptions for MTMP 2019] Aluminum ingot market price: ¥260/kg Exchange rate: 1.00 U.S. dollar = 110.00 yen

\*1 D/E ratio (Ratio of interest-bearing debt to equity): Interest-bearing debt / Shareholders' equity

\*2 ROCE (Return on capital employed): Ordinary profit before deduction of interest expenses / Capital employed (Shareholders' equity + Interest-bearing debt – Cash and deposits)

### I. Review of 2016 Mid-Term Management Plan

Under the 2016 Mid-Term Management Plan covering the three years from April 2016 (the “MTMP 2016”), the NLM Group strove to maximize consolidated net sales and strengthen the financial position in accordance with the three basic policies, namely, “create new products and business models by strengthening cooperation within the Group,” “business development through strategies by region and by sector,” and “strengthening of corporate culture (strengthening of business foundations).”

As a result, the Group achieved its targets for net sales, ordinary profit, and profit attributable to owners of parent for the final year of MTMP 2016, although operating profit fell short of the target. In terms of the key financial performance indicators, the Group achieved all targets partly as a result of the conversion of the share acquisition rights of convertible bond-type bonds with share acquisition rights into shares in addition to the solid profit level. The annual dividend payment for fiscal 2018 will be ¥9 per share, exceeding the forecast at the beginning of fiscal 2018 by ¥1.

### II. Overview of 2019 Mid-Term Management Plan

The Group formulated and launched a new Mid-Term Management Plan (the “MTMP 2019”) covering the period from April 2019 to March 2022 with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term in accordance with the Mission of the NLM Group (Management Philosophy), “Be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people's quality of life and environmental protection.”

#### 1. Basic Policies

##### ① Create new products and businesses

- Create new value for all customers by thoroughly pursuing Group-wide cooperation
- Develop products and businesses, taking advantage of the supply chain with manufacturing at the core

NLM Group companies are executing business in wide-ranging fields related to aluminum and the Group has comprehensive capabilities extending from design, installation, and services to after-sales services and maintenance in addition to manufacturing. Capitalizing on these comprehensive capabilities, we will thoroughly pursue Group-wide cooperation involving suppliers to create competitive new products and businesses attuned to market needs and offer such products to an ever-broader customer base. Specifically, our emphasis will be on products related to environmentally friendly vehicles, products related to lithium-ion batteries, products related to medical and pharmaceutical applications, truck outfitting and other service businesses, and bridge-related products that will contribute to the strengthening of infrastructure.

	Application fields	Companies
Environmentally friendly vehicles	Automotive/transport	Nippon Light Metal and Nikkeikin Aluminium Core Technology
Lithium-ion batteries	Automotive, electrical/electronics, and environment	Nippon Light Metal, Toyo Aluminium, Nikkeikin Aluminium Core Technology, and Nippon Electrode
Medical and pharmaceutical	Electrical/electronics, food/healthcare, etc.	Nippon Light Metal, Toyo Aluminium, and Nikkei Panel System
Extension of the lifespan of infrastructure	Civil engineering/landscaping	Nippon Light Metal, Nikkeikin Aluminium Core Technology, and Sumikei-Nikkei Engineering
Stock	Automotive/transport, food/healthcare, etc.	Nippon Fruehauf and Nikkei Panel System

## 2 Invest resources for growth

- More vigorously invest resources into fields and regions where the Group's strengths can be utilized
- Manage the Group's organizations agilely and utilize external resources according to businesses

In view of the Group's current situation, we will invest resources more vigorously with the aim of achieving further growth. Based on our "Start small and let it grow" policy, we will identify market trends and execute aggressive investment in fields and regions where the Group's strengths can be best utilized. Specific plans in Japan include capital investment in products related to environmental needs and construction of the Engineering Development Center for the Panel System segment. Plans overseas include establishment of manufacturing/sales sites for the automotive field in North America and India and capital investment related to environmentally friendly vehicles in China.

In order to execute aggressive investment, we will manage organizations according to individual businesses with agility and utilize external resources as necessary.

Region	Business development	Strength	Application field
Japan	Capital investment for new products, investment for capacity expansion	Integrated system, technological development capabilities	Automotive, batteries, thermal, environment, etc.
Japan	Construction of the Engineering Development Center	No. 1 market share, capabilities to handle large projects, network for engineering/installation	Food/healthcare, electrical/electronics
China	Capital investment for new products	Extrusion of complex shapes, high-precision extrusion, machining, high-frequency bonding, assembly	Automotive, thermal
India	Establishment of a manufacturing/sales site	Alloy development, collaboration	Automotive
North America	Establishment of a manufacturing/sales site	Design, alloy, casting, forging, fabrication	Automotive

## 3 Strengthen the management foundation

- Give top priority to safety and ensure compliance and quality
- Enrich human resource to improve corporate value sustainably

Based on our "safety first" policy, we aim to create healthy and safe workplaces and eliminate occupational accidents. At the same time, we will remind employees of the Group as well as people outside the Group engaged in the Group's business activities of the importance of ensuring compliance and quality for smooth business activities.

Human resources are the foundation of our business operations. We will strive to develop and retain human resources by vigorously addressing flexible workstyles and improvement of the workplace environment. Moreover, through further



promotion of diversification of human resources and workstyle reform, we will strive to enable every employee to demonstrate his or her full potential, taking responsibility for and pride in his or her work.

We will also vigorously invest resources in safety and environmental measures and manpower saving and labor saving, besides awareness raising and education and training, in order to achieve sustainable growth and co-existence with society.

In implementing the action plan based on the above-mentioned basic policies, the Group plans to make capital investment of over ¥80.0 billion during the period covered by MTMP 2019, which exceeds the Group's capital investment during the period covered by MTMP 2016. We are committed to making a Group-wide effort to enhance corporate value and shareholders' common interest.

## 2. Financial policy and shareholders return

The Company's basic policy on distribution of profits is to pay dividends to shareholders, taking into consideration consolidated financial results and other factors in a comprehensive manner from a medium- to long-term perspective while strengthening the financial position and the management foundation. We use the total return ratio\* including share buybacks as the indicator for profit distribution and determine the amount of dividend to achieve a total return ratio of approximately 30%.

Note: Total return ratio in fiscal year n (%) = 
$$\frac{(\text{Total amount of dividend paid in fiscal year n}) + (\text{total amount of share buybacks in fiscal year n+1})}{\text{Profit attributable to owners of parent in fiscal year n}}$$

Moreover, we will secure internal reserve in order to strengthen the management foundation, including R&D and human resources development, and to prepare for business development for the future, in addition to investment for business expansion in growth fields and for stimulating demand in the infrastructure business field and for expansion of the earnings power, so as to enhance corporate value.



**Ichiro Okamoto** President & CEO

### Toyo Aluminium starts full-scale operation of a continuous caster for development and mass production of high-performance foil

— *Japan's first continuous caster dedicated to aluminum foil greatly enhances strength and elongation* —

In November 2018, Toyo Aluminium started full-scale operation of a continuous caster dedicated to foil at its Kanbara Works. This is the first continuous caster (CC) dedicated to aluminum foil. The CC test plant will be used for new product development and mass production of high-spec foil, which cannot be produced with the conventional direct chill casting (DC).

Total investment amounted to approximately ¥900 million, including for the purpose-built building and auxiliary facilities. Since the need for a hot rolling mill, which would occupy a large space, is eliminated, the initial cost for CC is less than one tenth of that for DC. Moreover, by cooling aluminum melt and rolling, CC produces aluminum sheets at a speed approximately 100 times faster than DC, enabling development of highly functional materials with a high degree of strength, elongation, conductivity, exothermicity, and other features previously unavailable while also making it possible to respond flexibly to such needs as product miniaturization and shape diversification.

One of the major foil markets Toyo Aluminium is targeting is that for plain foil for lithium-ion-battery surfaces. Toyo Aluminium already has a 70-80% market share in Japan and the largest share in the global

market as well. In view of aluminum foil's great potential as an alternative to copper foil, steel foil, and other metal foil in view of its cost advantage, Toyo Aluminium aims to expand the market.



Continuous caster starts full-scale operation at Kanbara Complex

### Nippon Fruehauf establishes joint venture company in the Philippines

— *Third site for manufacturing freezer/refrigerator truck bodies in the China and Southeast Asia region* —

In January 2019, Nippon Fruehauf ("NFH") reached an agreement with Centro Manufacturing Corporation ("Centro"), which is engaged in the truck outfitting business in the Philippines, and other partners to establish CENTRO NIPPON FRUEHAUF COOLTECH INCORPORATED, a joint venture company.

The Philippines has been achieving high economic growth in recent years. Triggered by the 2015 order for enforced replacement of used vehicles, further expansion of the cold chain market in the Philippines is expected. It is in this context that NFH has cultivated a fruitful business relationship with Centro by granting of a license to Centro in 2016 and began supplying wing body kits from Shandong Conglin Fruehauf Automobile to Centro in the same year.

Utilizing NFH's expertise in manufacturing of temperature-controlled vehicles and Centro's knowhow in outfitting attuned to local needs, the new company will promote local production of high-quality, lightweight, highly durable compact bodies for compact vehicles, which account for 7.0% of the cold chain market in the Philippines. Moreover, while seeking to expand earnings at an early stage by capitalizing on Centro's powerful sales network, CENTRO NIPPON FRUEHAUF COOLTECH is working with Fruehauf Mahajak in Thailand to further raise awareness of the Fruehauf brand in Asia.



Signing ceremony in the Philippines for establishment of the new company (January 2019)

#### Overview of the joint venture company

Company name	: CENTRO NIPPON FRUEHAUF COOLTECH INCORPORATED
Paid-in capital	: 100 million Philippine pesos (approximately ¥200 million)
Ownership ratio	: Centro Manufacturing Corporation ..... 66%
	: Nippon Fruehauf Co., Ltd. .... 30%
	: Fruehauf Mahajak Co., Ltd. .... 4%
Establishment	: July 2019
Location	: Manila, the Philippines

# Our ESG Approach

## GOVERNANCE

### Introduction

Nippon Light Metal Holdings Company, Ltd. (the “Company”) is a holding company listed on the First Section of the Tokyo Stock Exchange. It has formed the “NLM Group” which consists of 77 consolidated subsidiaries, with Nippon Light Metal Company, Ltd. (“NLM”) and Toyo Aluminium K.K. as the core business companies, and 16 affiliates accounted for by the equity method. The NLM Group engages in business revolving around the manufacture and sale of aluminum products and related products.

### Governance Structure

The NLM Group’s basic approach to management is systematized in the Group management policy, which consists of three pillars and 13 basic policies.

Regarding the governance of the Group, while respecting the autonomy of each company, management is carried out based on the Group regulations, etc. stipulated by the Company. For matters that affect the entire Group, an Executive Committee which consists of members including the Company’s directors makes decisions after

examining an issue from multiple perspectives. Among such issues, matters of particular importance are deliberated and determined at Board of Directors meetings.

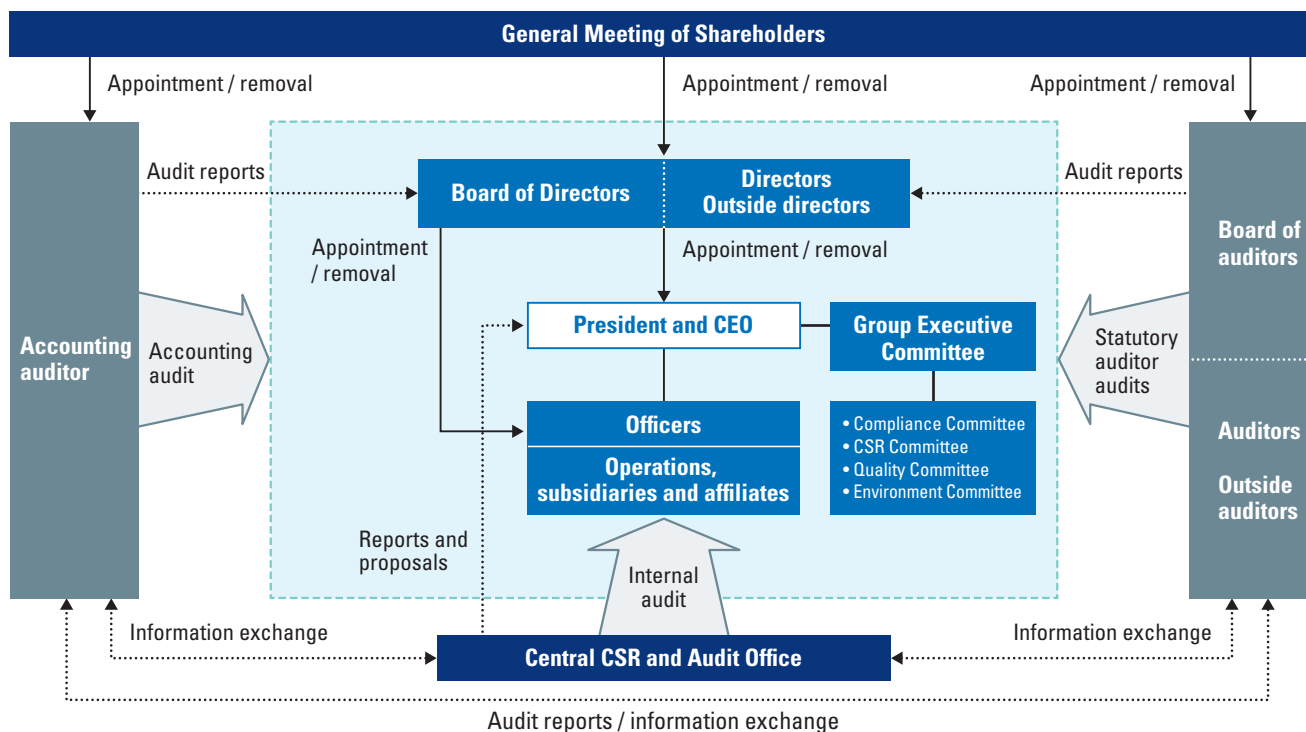
The Board of Directors of the Company consists of 13 directors, of whom four are independent outside directors. Twelve Board of Directors meetings were held in fiscal 2018. To ensure agile management and sufficient deliberation by the Board of Directors, an executive officer system has been adopted to separate the tasks of management and execution.

From the viewpoint of maintaining the institutional independence of the auditing function, the Company has established a Board of Auditors, which consists of six statutory auditors, of whom three are independent outside auditors. Eleven Board of Auditors meetings were held in fiscal 2018. Also, there is an employee designated to exclusively provide assistance for auditing duties.

### Communication with Stakeholders

The NLM Group values sharing information and exchanging opinions through communication with stakeholders, and opinions it receives are reported to persons responsible for the respective

● **Figure 1 Governance Structure**



businesses and business managers, and handled so that such opinions are reflected in management.

Stakeholder	Method of communication
Employees	Share issues and exchange opinions through the labor union, etc. Make regular communication mainly through individual personnel interviews, meetings, and various events.
Customers	Persons responsible for sales and businesses share issues and exchange opinions through usual business negotiations.
Business partners	Persons responsible for purchase and businesses share issues and exchange opinions through opportunities such as usual business negotiations and briefings for business partners.
Regional society	Each business location maintains communication through participation in local events and business location events to which local residents are invited, etc. Further, shares issues and exchanges opinions by holding regular and irregular briefings for residents in regions with a relatively large environmental impact, etc.
Shareholders and Investors	Share issues and exchange opinions mainly through general meetings of shareholders, financial results briefings, individual meetings, and tours of business locations.
Overall	Discloses this report, CSR report, and various communication tools principally on the website, and shares information and exchanges opinions through telephone, e-mail and other means.

### Internal Control System

The Company's Board of Directors has resolved the Basic Policy on the Implementation of Internal Control Systems, and strives to enforce it thoroughly. Each company and department in the Group has designated a person in charge of internal control promotion and an internal control facilitator, to encourage the appropriate establishment and usage of controls. The status of such efforts is reported to the Company's Board of Directors every half-year, and guidance is provided as necessary.

### Risk Management

The NLM Group's risk management system responds to risks classified into three categories: strategic risks related to business strategies, market and economic fluctuations, regulatory reforms, etc.; operational risks related to product and service defects, environmental accidentals, etc.; and hazard risks related to natural and accidental disasters. In particular, major risks are specified, with a focus on operational risks. In order to respond flexibly to each type of risk that arises, the Company's central risk supervisory department works with business companies and departments in handling the risks.

The Company's Board of Directors receives reports regarding the status of risk management every half-year, evaluates it, and issues necessary instructions. What provides the basis of this step is audits of more than 250 cases a year conducted within the NLM Group for all subsidiaries by a central supervisory department for each risk of the Company. A specialized audit team is organized for each field including quality assurance, environmental conservation, labor management, information system, accounting and duties, and internal control. Each audit team implements the audit plan, and results of the audits, along with adjustments, are reported to the officer in charge of risk issues, the Company's President and CEO, the Board of Directors and the Board of Auditors.

### Internal Control over Financial Reporting

To ensure financial reporting is conducted appropriately, an internal control system related to financial reporting has been set up and put into operation. These efforts are evaluated by an auditing department with the necessary auditing capabilities and whose independence is secured. The status of design, operation and evaluation is reported to the statutory auditors, the accounting auditor, and the Company's Board of Directors, after which adjustments are made as necessary.

In fiscal 2018, it was confirmed that the NLM Group's internal control continued to be effective.

### Compliance Program

The Company's Compliance Committee is made up of the Company's directors and chaired by the President and CEO. The Committee's policies are embodied in the Compliance Promotion Plan, and the implementation status of the plan is reported to the Committee every quarter.

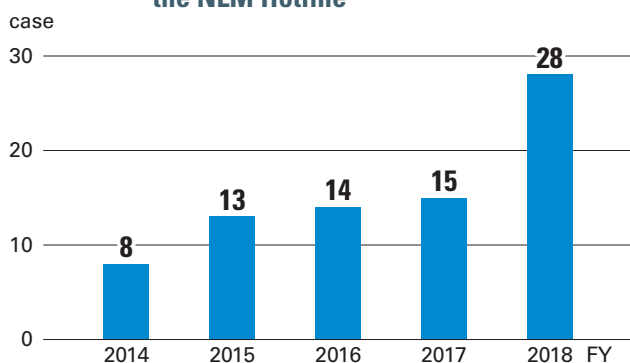
The NLM Group's code of conduct is presented as the Group Compliance Code, which has various requirements for all directors and employees of the Group, including compliance with laws and regulations, corporate ethics and business etiquette, sensible conduct, and active communication with stakeholders. To ensure the thorough dissemination of this code, the Compliance Code is published as a handbook that is distributed to all directors and employees, which allows them to carry it around with them at all times.

Furthermore, to thoroughly disseminate the Compliance Code and facilitate its understanding, compliance meetings are held twice a year at each workplace, where the repetitive learning method is employed. Opinions are exchanged on topics including compliance problems at one's workplace and compliance violation cases in one's

and other workplaces. In fiscal 2018, a total of 2,006 meetings were held, and a total of 20,972 employees participated in such meetings (participation rate of 93%).

Besides setting up the NLM Group's whistle-blower system at each major company, the "NLM Hotline" has also been established as a common whistle-blowing channel for the Group. Under these systems, whistleblowers are thoroughly protected so that they can report any misconduct and illegal act without fear of retaliation.

● **Figure 2** Trend in Number of Cases Reported to the NLM Hotline



## CSR INITIATIVES

### Introduction

The CSR activities of the NLM Group are carried out based on the CSR Promotional Plan adopted by the CSR Committee chaired by the Company's President and CEO, and the status of the activities is reported at the CSR Committee held twice a year and in the CSR Report published every year, as well as published on the Company's website, etc.

The NLM Group's CSR initiatives have also been valued by investors, and the Company has been selected as a constituent of the MSCI Japan ESG Select Leaders Index of the Government Pension Investment Fund (GPIF) and as a constituent of the SNAM Sustainable Investment of Sompo Japan Nipponkoa Asset Management Co., Ltd.



## ENVIRONMENT

### Environmental Management System

The NLM Group has established the Environment Committee, chaired by the Company's President and CEO. Besides formulating the environmental policy and plans to promote environmental conservation activities, the Environment Committee also monitors the implementation of these activities at each site.

### Material Balance

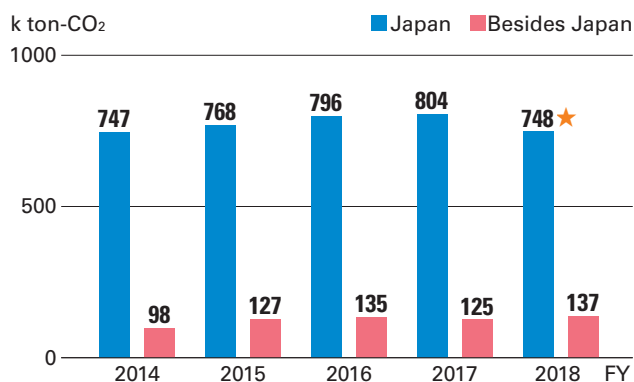
The areas in which the NLM Group's business activities have the greatest impact on the environment are greenhouse gases, recycling, water, and biodiversity. The main inputs at sites are water (23.9 million m<sup>3</sup>), energy (10.4 PJ of electric power, 6.2 PJ of fuel), and raw material (601 kilotons). The main outputs at sites are water (28.5 million m<sup>3</sup>), greenhouse gases (885 kilotons-CO<sub>2</sub>), and waste materials (48.4 kilotons of recycled/reduced, 3.5 kilotons of land fill).

### Reduction in Greenhouse Gas Emissions

Greenhouse gas emissions by the NLM Group in fiscal 2018 were 885 tons-CO<sub>2</sub>. A 5% reduction from the previous fiscal year was achieved due to energy conservation efforts and the impact of slow down shipments. The breakdown was 525 tons-CO<sub>2</sub> for Scope 1, 350 tons-CO<sub>2</sub> for Scope 2, and 2,044 tons-CO<sub>2</sub> for Scope 3.

The NLM Group's initiatives to reduce greenhouse gas emissions aims to "reduce greenhouse gas emissions intensity per unit of sales to 1.82 tons-CO<sub>2</sub> per million yen by fiscal 2030" at the NLM Group's sites in Japan. The results for fiscal 2018 were 1.87 tons-CO<sub>2</sub> per million yen.

● **Figure 3** Greenhouse Gas Emissions (Scope 1+ Scope 2 only)



★ We have received independent assurance by KPMG AZSA Sustainability Co., Ltd. regarding the reliability of the data.

### Water

In fiscal 2018, the NLM Group took in 23.9 million m<sup>3</sup> of water (excluding seawater) and discharged 28.5 million m<sup>3</sup> of water annually.

### Environmental Audit

The Company implements environmental audits conducted by the supervisory department, in order to monitor the environmental conservation efforts of each site and make adjustments as necessary. Results of the audits are reported to the officer in charge of environmental issues, and reported to and shared with the Executive Committee, Environment Committee, etc. of the Company.

## PEOPLE AND SOCIETY

### Human Rights

The NLM Group conducts human right protection activities within the scope of its influence. Regarding human right protection activities within the Group, we conducted a fact-finding survey on all Group employees in fiscal 2018 based on the roster of workers, and confirmed that children under the age of 15 did not work in any of the Group businesses.

Each year, NLM also conducts research on its transactional business partners regarding CSR procurement, and confirms their approval of the CSR Procurement Policy including the NLM Group Human Rights policies. The response rate of the 446 target companies in fiscal 2018 was 51.8%. Furthermore, we check for human rights violations through on-site visits and interviews at the manufacturing and factory sites of partners. Also, regarding aluminum virgin ingots, the Group's main raw material, we have obtained the signature of consent to the Group's Human Rights Policy from each of the smelting manufacturers in the world.

### Labor Practices

The NLM Group positions its employees as its most important stakeholders. We strive to create a safe working environment where all employees can find joy and meaning in their work. Such efforts revolve around realizing a workplace with zero work accidents, that allows for good health and health improvement, and is free of discrimination and harassment. To achieve goals including the promotion of diversity and realization of work-life balance, we

promote participation of women in the workplace, expand the employment of people with disabilities, and endeavor to reduce long working hours. The status of these activities is monitored by the staff of the Company's central supervisory department through labor audits which cover 335 items. In fiscal 2018, initiatives concerning long working hours and employment of people with disabilities were the main focus of the investigation, and instructions were given as necessary.

### Fair Operating Practices

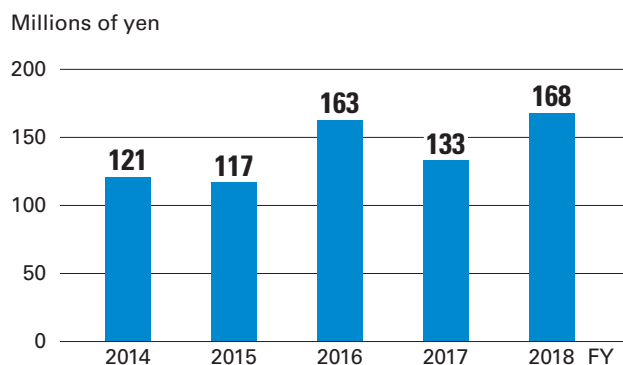
The NLM Group aims to conduct fair and transparent business activities while adhering to laws and regulations of each country and region as well as international laws and regulations. In fiscal 2018, to prevent unfair competition and corrupt practices, the dissemination and entrenchment of anti-bribery rules were advanced through the compliance-oriented programs.

### Involvement with Regional Communities

The NLM Group conducts its business activities in 178 regions of 11 countries. In each region, we aim to be a respectable corporation by conducting fair and transparent business activities and harmonious management while adhering to local as well as international laws and regulations.

We are also actively involved in the development of regional societies and make contributions in accordance with the Social Contribution Policy of the NLM Group. In fiscal 2018, the NLM Group participated in 371 community programs, and made community investments of ¥168 million.

● **Figure 4** Trend in Amount of Expenditure for Social Developments



## ● Data Section : ESG Related Data

Item	Scope of Calculation	FY2016	FY2017	FY2018	Unit		
<b>Environment</b>							
Amount of greenhouse gas emissions (Scope 1 and Scope 2)* <sup>1</sup>	Consolidated (Japan)* <sup>2</sup>	796	804	★ 748	Ktons-CO <sub>2</sub>		
	Consolidated (besides Japan)* <sup>3</sup>	138	128	137	Ktons-CO <sub>2</sub>		
Amount of greenhouse gas emissions (Scope 3)	Consolidated	2,035	1,994	2,035	Ktons-CO <sub>2</sub>		
Breakdown of Scope 3 emissions* <sup>4</sup>	Category 1: Purchased goods and services* <sup>5</sup>	Consolidated	1,962	1,926	★ 1,947	Ktons	
	Category 2: Capital goods	Consolidated	21	22	35	Ktons	
	Category 3: Fuel not included in Scope 1 or 2	Consolidated	33	28	34	Ktons	
	Category 4: Upstream transportation and distribution	Consolidated	11	11	11	Ktons	
	Category 5: Waste generated in operation	Consolidated	4	4	5	Ktons	
	Category 6: Business travel	Consolidated	0	0	0	Ktons	
	Category 7: Employee commuting	Consolidated	3	3	3	Ktons	
Greenhouse gas emission intensity per unit of sales* <sup>1</sup> (Goal; 1.82 (FY2030))	Consolidated (Japan)	2.19	2.09	1.87	tons-CO <sub>2</sub> /million yen		
Energy consumption	Electricity and Steam	Consolidated	10.6	10.8	10.4	PJ	
	Fuels	Consolidated	6.3	6.3	6.2	PJ	
Energy consumption intensity per unit of sales	Consolidated	37.7	35.5	33.2	GJ/million yen		
Weight of raw materials used in production	Consolidated	618	576	601	Ktons		
Amount of SO <sub>x</sub> emissions	Consolidated	341	473	379	Tons		
Amount of NO <sub>x</sub> emissions	Consolidated	576	520	560	Tons		
Total volume of water intake* <sup>6</sup>	Consolidated	* <sup>15</sup> 23.7	23.5	23.9	million m <sup>3</sup>		
Total volume of water discharged	Consolidated	30.8	28.6	28.5	million m <sup>3</sup>		
Amount of COD emissions	Consolidated	119	97	105	Tons		
Amount of waste and byproducts discharged	Recycled/Reduced	Consolidated	40.9	37.3	48.4	Ktons	
	Disposed (landfill)	Consolidated	3.9	3.5	3.5	Ktons	
Number of cases of lawsuits, penalties, or forfeitures concerning the environment	Consolidated	0	0	0	cases		
Number of accidents concerning the environment* <sup>7</sup>	Consolidated	3	0	0	cases		
Number of complaints concerning the environment* <sup>8</sup>	Consolidated	4	10	16	cases		
<b>Employees, etc.</b>							
Number of directors and officers	Full-time directors and officers	Consolidated	Male	187	190	208	people
		Consolidated	Female	0	0	0	people
Number of employees* <sup>9</sup>	Employees	Consolidated	Total	13,126	12,855	13,316	people
Breakdown by gender	Managerial	Consolidated	Male	1,529	1,540	1,640	people
		Consolidated	Female	73	90	95	people
	Nonmanagerial	Consolidated	Male	9,091	8,992	9,087	people
		Consolidated	Female	2,433	2,233	2,494	people
Breakdown by country/region	Japan	Consolidated	Male	7,879	8,058	8,399	people
		Consolidated	Female	1,135	1,198	1,271	people
	Asia	Consolidated	Male	2,506	2,243	2,282	people
		Consolidated	Female	1,331	1,089	1,095	people
	U.S. and Europe	Consolidated	Male	235	231	229	people
		Consolidated	Female	40	36	40	people
Breakdown by age	Age less than 15	Consolidated	Male	—	—	0	people
		Consolidated	Female	—	—	0	people
	From age 15 to 19	Consolidated	Male	—	—	108	people
		Consolidated	Female	—	—	15	people
	From age 20 to 29	Consolidated	Male	—	—	2,153	people
		Consolidated	Female	—	—	559	people
	From age 30 to 39	Consolidated	Male	—	—	3,150	people
		Consolidated	Female	—	—	833	people
	From age 40 to 49	Consolidated	Male	—	—	2,878	people
		Consolidated	Female	—	—	671	people
	From age 50 to 59	Consolidated	Male	—	—	1,975	people
		Consolidated	Female	—	—	276	people
	Age 60 and above	Consolidated	Male	—	—	646	people
		Consolidated	Female	—	—	52	people
Number of new hires	Total	Consolidated (Japan)	—	596	692	people	
	Percentage to employees	Consolidated (Japan)	—	7.1	7.8	%	
Number of new graduates who were recruited	Consolidated (Japan)	—	197	211	people		
Number of those who left the company	Total	Consolidated (Japan)	—	401	490	people	
	Percentage to employees	Consolidated (Japan)	—	3.5	5.6	%	
Fixation rate at least 3 years in the company* <sup>10</sup>	Consolidated (Japan)	—	88.4	83.8	%		

## Data Section : ESG Related Data

Item	Scope of Calculation	FY2016	FY2017	FY2018	Unit	
<b>Employees, etc.</b>						
Number of those who were re-employed after retirement	Non-consolidated (Nippon Light Metal Co., Ltd.)	26	8	8	people	
Labor Union participation rate	Non-consolidated (Nippon Light Metal Co., Ltd.)	100	100	100	%	
Average age	Consolidated	Male	—	39.1	39.9	years of age
	Consolidated	Female	—	36.9	37.4	years of age
Average years of service	Consolidated	Male	—	11.5	11.8	years
	Consolidated	Female	—	7.7	8.0	years
Average number of working hours per year	Consolidated (Japan)	Male	—	2,146	2,157	hours/people
	Consolidated (Japan)	Female	—	1,974	1,871	hours/people
Average number of overtime hours per year	Consolidated (Japan)	Male	—	324	302	hours/people
	Consolidated (Japan)	Female	—	161	150	hours/people
Average number of days of annual leave taken	Consolidated	Male	—	9.9	9.9	days
	Consolidated	Female	—	9.7	9.6	days
Average rate of annual leave taken	Consolidated	Male	—	52.5	57.8	%
	Consolidated	Female	—	71.6	73.4	%
Number of employees who newly took childcare leave	Consolidated (Japan)	Male	—	1	6	people
	Consolidated (Japan)	Female	—	55	66	people
Number of employees who newly took nursing care leave	Consolidated (Japan)	Male	—	2	4	people
	Consolidated (Japan)	Female	—	1	2	people
Number of employees who used reduced working hour system due to childcare or nursing care	Consolidated (Japan)	Male	—	0	1	people
	Consolidated (Japan)	Female	—	61	66	people
Number of employees on leave due to mental health issues	Consolidated (Japan)	Male	—	34	59	people
	Consolidated (Japan)	Female	—	2	9	people
Average education/training expenses per year	Consolidated	—	29.2	24.9	thousand yen/people	
Employment rate of people with disabilities*11	Non-consolidated (Nippon Light Metal Co., Ltd.)	2.47	2.59	2.63	%	
	Non-consolidated (Toyo Aluminium K.K.)	2.05	2.03	1.93	%	
<b>Safety</b>						
Number of workplace injuries*12	Lost-time injuries	Consolidated (Japan)	9	12	23	cases
		Consolidated (besides Japan)	8	8	16	cases
	Non-lost-time injury	Consolidated (Japan)	43	65	64	cases
		Consolidated (besides Japan)	9	5	5	cases
Frequency rate of lost-time injuries*12*13	Consolidated	0.46	0.56	1.05		
	Non-consolidated (Nippon Light Metal Co., Ltd.)	0.00	0.27	0.54		
<b>Compliance, etc.</b>						
Number of cases reported to the NLM Hotline*14	Consolidated	14	15	28	cases	
Compliance meetings	Number of meetings held	Consolidated	2,230	2,102	2,066	times
	Number of participants	Consolidated	19,991	20,237	20,972	Total number of participants
Number of patent publications*12	Consolidated	126	182	167	cases	
Number of patent registrations*12	Consolidated	143	107	92	cases	
<b>Quality assurance</b>						
Number of legal violations in the delivery of products/services	Consolidated	0	0	0	cases	
Number of reports of quality issues	Consolidated	10	6	8	cases	
Number of recalls	Consolidated	4	2	4	cases	
<b>Community</b>						
Amount of expenditure for social contributions	Consolidated	163	133	168	million yen	
<b>Governance</b>						
Interim and year-end dividend per share	Consolidated	8	8	9	yen	

The ★ mark indicates that a third party, KPMG AZSA Sustainability Co., Ltd., has provided independent assurance for the reliability of the data.

\*1. From fiscal 2018, GHG emissions from main offices have been calculated.

\*2. An error found in the calculation of GHG emissions (Japan) in fiscal 2017 has been corrected.

\*3. The amount of CO<sub>2</sub> emissions related to electricity is calculated by using CO<sub>2</sub> emission factors by country included in "CO<sub>2</sub> emissions from fuel combustion 2017" released by the IEA.

For calculating CO<sub>2</sub> emissions related to fuels, we use the CO<sub>2</sub> emission factor of Japan.

\*4. The emissions are calculated by multiplying the activity amount by the CO<sub>2</sub> emission factor published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

\*5. The Scope 3 Category 1 emissions are calculated based on the volume of purchase of the top three items in terms of purchase volume. Of the items, the aluminum ingots are those purchased by Nippon Light Metal Co., Ltd.

\*6. The seawater intake quantity is not included.

\*7. Environmental problems that affect external parties (such as the leakage of oil or chemicals)

\*8. Number of petitions from external parties (such as those regarding smell and noise)

\*9. Contract employees (full-time) are included.

\*10. Percentage of employees who are still at the company as of April 1 in the year that is three years after they joined the company.

\*11. As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.2% (2.0% on and before March 31, 2018).

\*12. During the calendar year (from January to December).

\*13. Injuries that resulted in one or more days' absence from work (excluding commuting injuries).

\*14. All cases including cases that did not require investigations are reported.

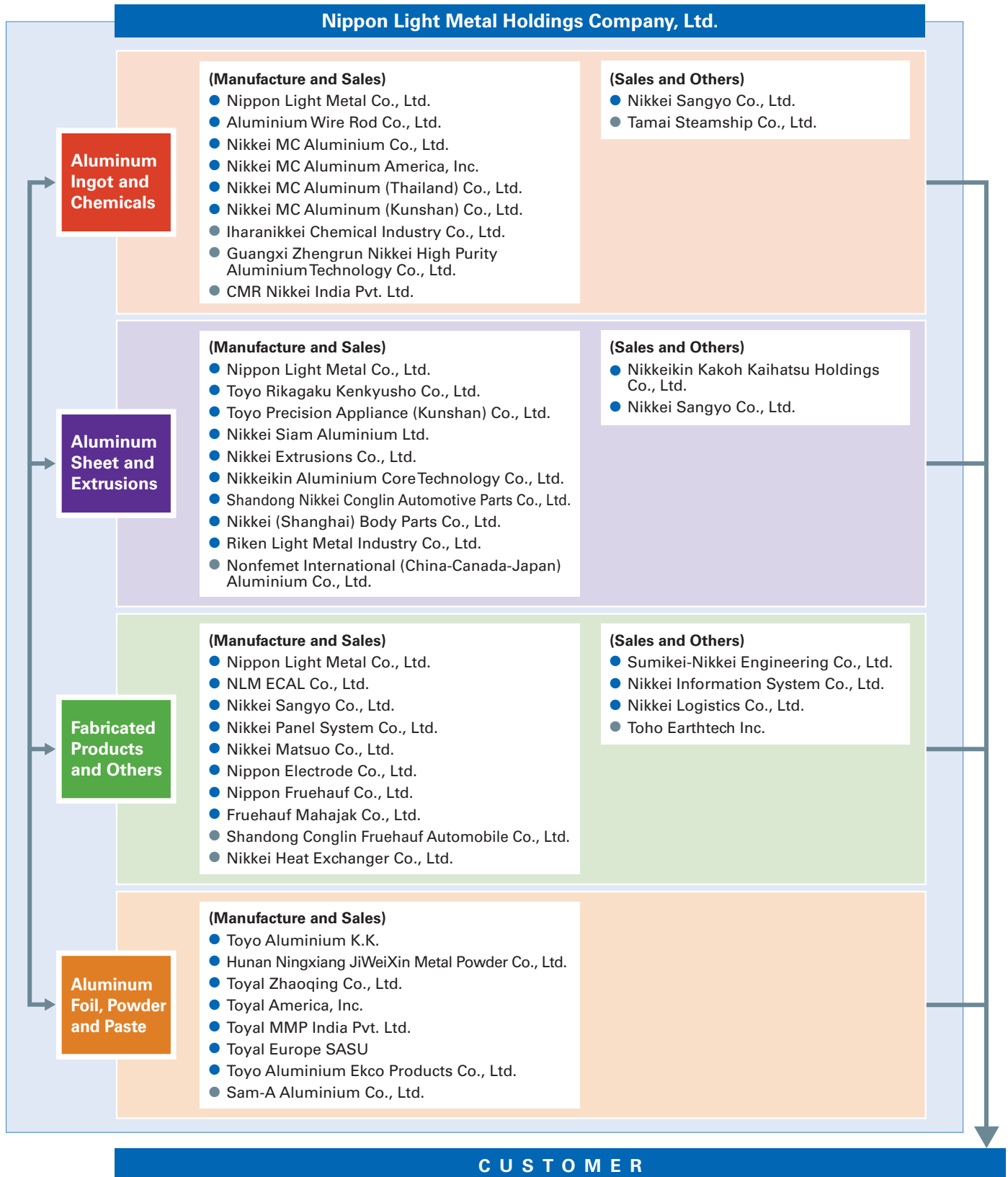
\*15. The scope is Japan only.



# NLM Group

Nippon Light Metal Group consists of 81 subsidiaries and 23 affiliates (as of March 31, 2019).

The Group's major operations and the business relations between the Company, major consolidated subsidiaries and affiliates accounted for by the equity method are shown in the diagram below.

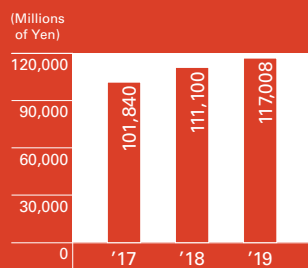


## Aluminum Ingot and Chemicals

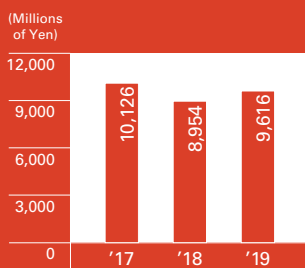
**Profile** Alumina and Chemicals segment produce aluminum hydroxide, alumina and chemicals used in various fields. These products are used as raw materials for flame retardants, ceramics and other products and as industrial materials in paper and pulp manufacturing. Aluminum Ingot segment manufacture various kinds of aluminum alloys and enjoy an excellent reputation for the development of high-performance alloys in response to customer requirements.



### Net Sales



### Consolidated Operating Profit



### Principal Products

- Aluminum
- Aluminum hydroxide
- Chemicals (chemical products)
- Caustic soda
- Chlorinated chemical products
- Aluminum ingot
- Aluminum alloys

### Overview of results for fiscal 2018

In the Alumina and Chemicals segment, mainstay aluminum hydroxide and alumina-related products saw domestic sales for coagulants and refractory materials remain robust, but exports decreased. As for chemicals, sales of organic chlorides decreased, but sales of coagulants and inorganic chlorides increased. Partly due to the positive impact of an increase in

high value-added products and revisions to product prices, net sales and operating profit of the Alumina and Chemicals segment increased from the previous year.

In the Aluminum Ingot segment, the mainstay secondary alloy products for automotive applications saw domestic sales increase and sales overseas remain robust mainly in Thailand, resulting in an increase in overall sales volume from the previous year. Profits increased greatly mainly because of improved productivity caused by full-scale operation of the second factory in Thailand as well as the increase in sales volume.

As a result, in the Aluminum Ingot and Chemicals segment, net sales increased 5.3% year on year to ¥117,008 million and operating profit increased 7.4% year on year to ¥9,616 million.



Aluminum Billet

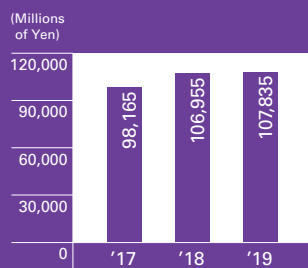
## Aluminum Sheet and Extrusions

**Profile** *The NLM Group's aluminum sheet and extrusions are used in a wide range of market sectors, for instance for automotive parts and railway cars in the transport industry and for semiconductor and liquid crystal manufacturing equipment and photosensitive drums in the electrical machinery and electronics industries. The Group applies technologies and expertise accumulated over many years to actively develop products that meet user needs and provides customers with high-performance sheets and extrusions.*

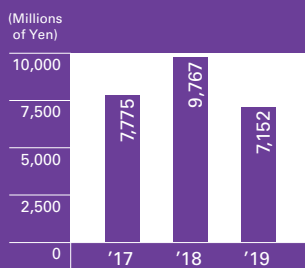
Consolidated  
Net Sales



### Net Sales



### Consolidated Operating Profit



### Applications

- Automobile
- Transport
- Electronics
- Industrial
- Building materials and infrastructure materials

### Principal Products

- Automobile suspension parts
- Lead-free cut aluminum alloy
- Quick freezing coagulated powder extruded materials
- High-intensity molded aluminum sheet
- Large structural materials for railway rolling stock
- Flap for trucks
- Thick plate for semiconductor and LCD manufacturing equipment
- Foil stock
- Photosensitive drum materials
- Printing roll
- Industrial materials
- Aluminum honeycomb panel
- Scaffolding
- Building materials

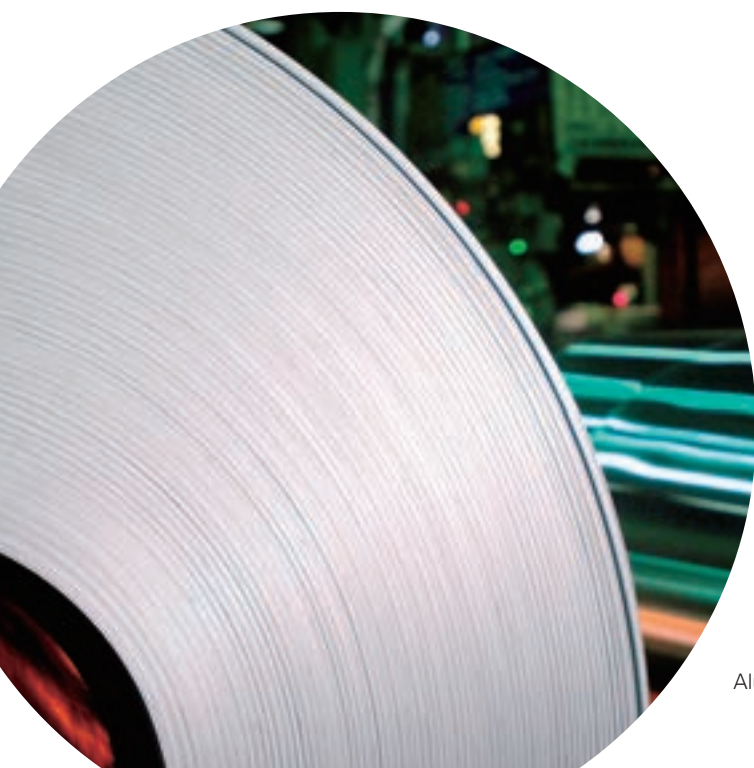
### ● Overview of results for fiscal 2019

In the Aluminum Sheet segment, sales volume of battery materials for automotive applications increased, but sales volumes of thick plates and fabricated parts for semiconductor manufacturing equipment and fabricated sheet products for PC and tablet cases decreased. As a result, net sales of the Aluminum Sheet segment decreased from the previous year.

Profits greatly decreased mainly owing to increases in the prices of raw materials and fuel in addition to the decrease in sales volume.

In the Aluminum Extrusions segment, sales of products related to environmentally friendly vehicles increased and sales related to automotive parts in China remained robust, but sales of mainstay products for truck outfitting were somewhat weak, resulting in segment sales virtually the same as the previous year. Profits of this segment were also virtually the same as the previous year, reflecting increases in the prices of raw materials and fuel despite the contribution of new products to profits.

As a result, in the Aluminum Sheet and Extrusions segment, net sales increased 0.8% year on year to ¥107,835 million, but operating profit decreased 26.8% year on year to ¥7,152 million.

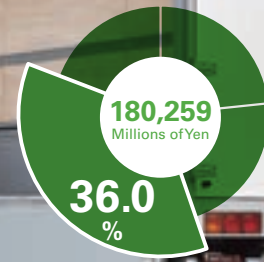


## Fabricated Products and Others

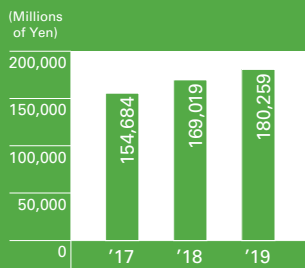
**Profile** *The NLM Group includes several companies that handle distinctive fabricated products. In particular, Nippon Fruehauf's truck bodies and Nikkei Panel System's commercial refrigerators and freezer panels enjoy an excellent reputation for quality, and are market share leaders in their respective fields. In addition, the Group provides familiar aluminum fabricated products, including anodized aluminum foil for aluminum electrolytic capacitors, automotive parts, and carbon products.*



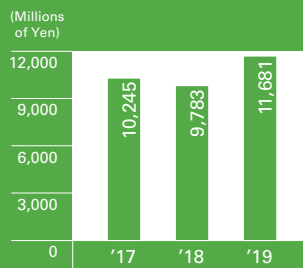
Consolidated Net Sales



### Net Sales



### Consolidated Operating Profit



### Applications

- Automobile
- Transport
- Electronics
- Building materials and infrastructure materials
- Food and lifestyle

### Principal Products

- Cast and forged parts for automobiles
- Heat exchangers for automobiles
- Van truck bodies and trailers
- Anodized foil for electrolytic capacitors
- Clean rooms
- Landscape engineering products
- Solid truss structural materials (Aluminum truss)
- Plant package for communication base stations
- Panels for commercial refrigerators and freezers

### Overview of results for fiscal 2019

In the Transport-Related segment, net sales of the truck outfitting business decreased from below the previous year's level, owing to an increase in the ratio of products for compact trucks although sales volume remained virtually unchanged from the previous fiscal year. Profits also decreased mainly owing to an increase in materials prices in addition to lower sales.

In the heat exchanger business, net sales increased greatly from the previous year because of brisk sales of products related to environmentally friendly vehicles in addition to robust demand for capacitors for air conditioners for mini vehicles in Japan, our mainstay market.

In the shaped parts business, demand for forgings for China and Thailand increased, but sales of castings decreased, resulting in net sales and operating profit virtually unchanged from the previous year.

In the Electronic Materials segment, sales decreased from the previous year because anodized aluminum foil for aluminum electrolytic capacitors saw sales decrease as they entered a phase of inventory adjustment in the second half in line with the slowdown of the Chinese economy after they enjoyed robust demand in the first half. However, profits increased because of the impact of productivity improvement in addition to the increase in sales in the first half.

In the Panel System segment, products for industrial refrigerators and freezers saw brisk demand continue for panel systems for food processing plants and for low-temperature distribution warehouses, reflecting the trend in the food industry toward larger facilities resulting from integration of production and distribution centers and opening of centers near markets. With regard to clean rooms, sales of panel systems for clean rooms for medical and pharmaceutical applications increased owing to wider adoption of the panel method that leads to labor saving in construction. As a result, sales and operating profit of the Panel System segment exceeded the previous year.

In the Landscape Engineering segment, which handles fabricated aluminum products for civil engineering, buildings and infrastructure, sales of new products for roads and bridges increased. In addition, sales remained brisk for products for urban landscaping such as pedestrian decks adjacent to train stations and for structures such as sluice gates and coverings.

In the Carbon Product segment, both net sales and operating profit increased greatly from the previous year because sales of our major products including carbon blocks for blast furnaces and electric furnaces increased, reflecting strong performance of companies in the steel industry, which are our main customers.

As a result, in the Fabricated Products and Others segment, net sales increased 6.7% year on year to ¥180,259 million and operating profit increased 19.4% year on year to ¥11,681 million.

## Aluminum Foil, Powder and Paste

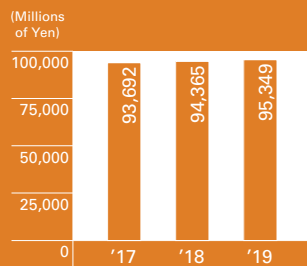
**Profile** *The core company in this segment is Toyo Aluminium K.K. The company has established its position as the leading manufacturer by using the features of aluminum to develop a wide range of products beneficial to society, industry and daily life, including packaging for food and pharmaceutical products, electronics, aluminum pastes, and materials for solar cells. Expanding into new fields based on our own technology, we are marketing various kinds and types of materials and products of high functionality in both domestic and overseas markets.*

Consolidated Net Sales

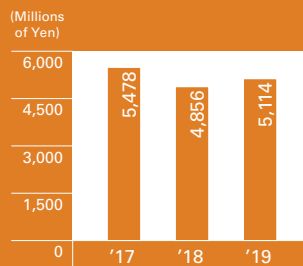
19.1 %

95,349  
Millions of Yen

### Net Sales



### Consolidated Operating Profit



### Applications

- Food and lifestyle
- Electronics
- Automobile
- Environmental / Energy

### Principal Products

- Aluminum foil
- Aluminum foil for electrolytic capacitors
- Powder and paste
- Back sheets for solar cells
- Electrode ink for solar cells

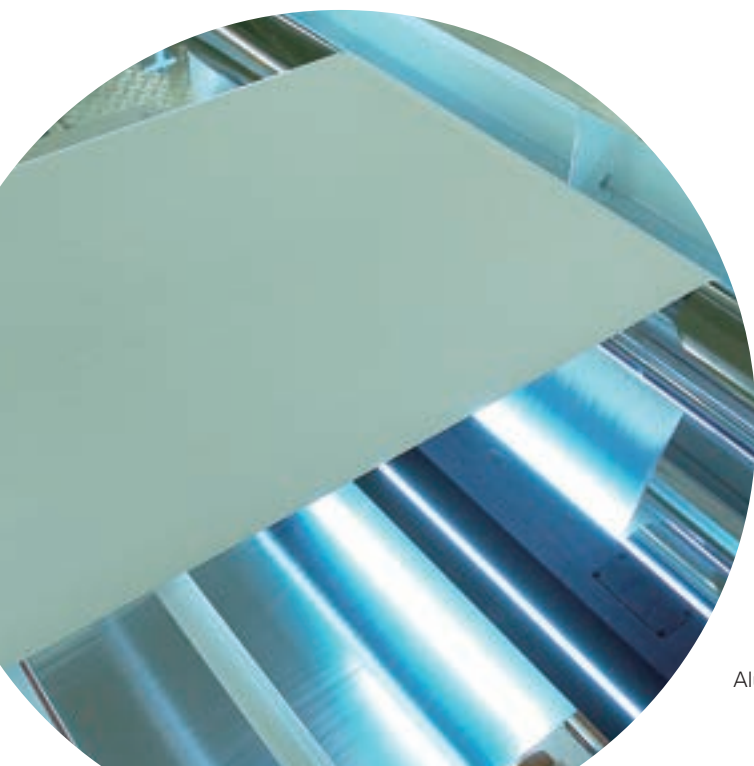
### ● Overview of results for fiscal 2019

In the Aluminum Foil segment, demand for fabricated foil for pharmaceutical packaging and water-repellent fabricated foil for food products showed little growth, but sales of plain foil for lithium-ion-battery surfaces and aluminum foil for converters were buoyant and sales of antenna circuit foil for IC cards recovered, resulting in higher net sales and operating profit of the Aluminum Foil segment compared with the previous year.

In the Powder and Paste segment, sales volume decreased in Japan and China reflecting sluggish sales of mainstay silver-colored paste products for automobile paint, but sales of our proprietary Colored Alpaste expanded mainly in overseas markets. Sales of powder products, such aluminum nitride for heat dissipation substrate, were also buoyant. As a result, net sales and operating profit of the Powder and Paste segment were virtually unchanged from the previous year.

In the Solar segment, sales of functional ink products for solar cells were brisk. However, reflecting intensifying price competition as well as the shrinkage of the Chinese market following the Chinese government's revision of its measure supporting introduction of solar power generation systems, sales volume of back sheets for solar cells decreased greatly, despite implementation of countermeasures, such as engaging in contracted production of other companies' products. As a result, both net sales and operating profit of the Solar segment decreased from the previous year.

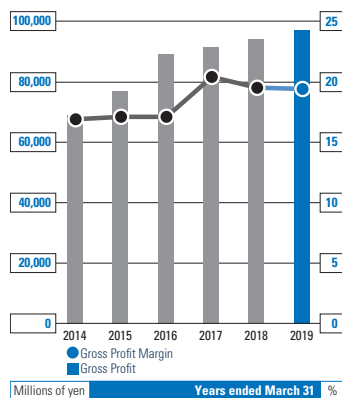
As a result, in the Aluminum Foil, Powder and Paste segment, net sales increased 1.0% year on year to ¥95,349 million and operating profit increased 5.3% year on year to ¥5,114 million.



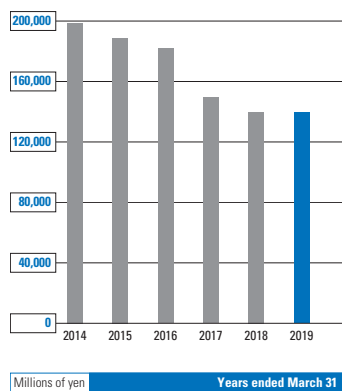
# Consolidated Six-Year Summary

Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries Years ended March 31

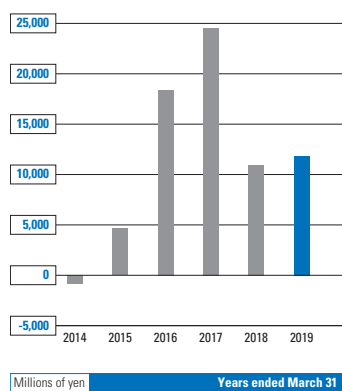
## Gross Profit and Gross Profit Margin



## Interest-bearing Debt



## Free Cash Flows



2014 2015

(Millions of yen)

## Financial Results

Net Sales .....	¥402,829	¥431,477
Gross Profit .....	69,003	76,987
Gross Profit Margin (%) .....	17.1	17.8
Operating Profit (Loss) .....	12,617	19,305
Ordinary Profit (Loss) .....	12,730	20,600
Profit attributable to owners of parent .....	5,128	9,645

## Segment Information

Net Sales:		
Aluminum Ingot and Chemicals .....	105,488	114,339
Aluminum Sheet and Extrusions .....	71,274	82,823
Fabricated Products and Others .....	132,261	138,088
Aluminum foil, powder and paste .....	93,806	96,227
Total .....	402,829	431,477

## Operating Profit (Loss):

Aluminum Ingot and Chemicals .....	2,917	6,069
Aluminum Sheet and Extrusions .....	2,668	4,230
Fabricated Products and Others .....	7,224	7,704
Aluminum foil, powder and paste .....	2,889	4,183
Elimination or corporate items .....	(3,081)	(2,881)
Total .....	12,617	19,305

## Financial Position

Current Assets .....	226,807	248,906
Property, plant and equipment .....	150,901	153,235
Intangible assets .....	5,022	4,543
Investments and other assets .....	49,808	50,593
Current liabilities .....	181,520	202,220
Long-term liabilities .....	129,824	117,672
Shareholders' equity (Note 3) .....	105,787	111,791
Total accumulated other comprehensive income (Note 3) .....	4,629	9,631
Non-controlling interests (Note 3) .....	10,778	15,963
Interest-bearing Debt (Note 2) .....	198,668	188,990

## Cash Flows

Cash Flows from Operating Activities .....	18,148	11,780
Depreciation and Amortization .....	16,435	16,406
Cash Flows from Investing Activities .....	(18,998)	(7,119)
Capital Expenditures .....	14,001	15,869
Cash Flows from Financing Activities .....	5,762	(17,581)

## Per Share Data (yen and dollars)

Net Profit (Loss) - basic .....	¥ 9.43	¥ 17.74
- diluted .....	—	15.59
Net Assets (Note 3) .....	203.03	223.27
Cash Dividends .....	4.00	5.00

## Indices

Return on Capital Employed (ROCE)(%) .....	5.8	8.2
Return on Equity (ROE)(%) .....	4.8	8.3
Equity Ratio (%) .....	25.5	26.6

## Others

Number of Shares Outstanding (thousands) .....	545,126	545,126
R&D Expenditures .....	4,984	4,495
Number of Employees .....	10,438	13,335

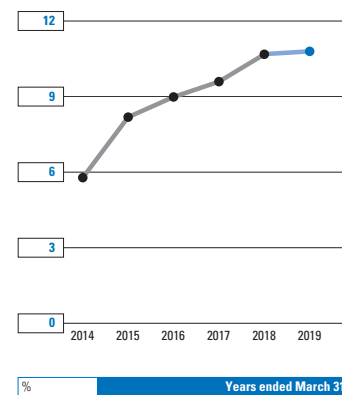
Note 1: U.S. dollar amounts have been translated, for convenience only, at the exchange rate of ¥110.99 = U.S.\$1.00. See Note 2 of the Notes to the Consolidated Financial Statements.

Note 2: Interest-bearing Debt = Long-term debt and Short-term borrowings, excluding capital lease obligations + Notes discounted + Notes endorsed

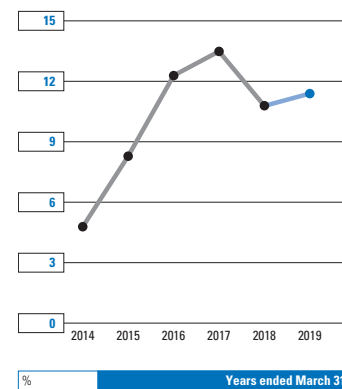
Note 3: Numbers used for the year ended March 2010 have been revised according to the current segment categories.

2016	2017	2018	2019	2019
(Millions of yen)				(Thousands of U.S. dollars) (Note 1)
¥464,405	¥448,381	¥481,439	¥500,451	\$4,508,974
89,237	91,564	94,035	97,257	876,268
19.2	20.4	19.5	19.4	19.4
26,821	30,225	29,893	30,052	270,763
24,526	26,252	29,533	31,084	280,061
15,533	19,520	18,012	20,560	185,242
109,844	101,840	111,100	117,008	1,054,221
103,340	98,165	106,955	107,835	971,574
149,220	154,684	169,019	180,259	1,624,101
102,001	93,692	94,365	95,349	859,077
464,405	448,381	481,439	500,451	4,508,974
9,138	10,126	8,954	9,616	86,638
3,058	7,775	9,767	7,152	64,438
10,958	10,245	9,783	11,681	105,244
6,829	5,478	4,856	5,114	46,076
(3,162)	(3,399)	(3,467)	(3,511)	(31,633)
26,821	30,225	29,893	30,052	270,763
247,363	246,394	267,059	267,238	2,407,766
152,183	151,231	154,002	164,568	1,482,728
3,328	3,190	3,187	5,554	50,041
49,320	47,808	43,052	43,943	395,919
186,881	184,277	191,729	184,364	1,661,087
120,894	90,722	86,249	94,204	848,761
124,884	154,600	167,115	183,163	1,650,266
5,300	5,053	6,842	4,691	42,265
14,235	13,971	15,365	14,881	134,075
182,207	149,835	139,997	139,570	1,257,501
37,770	36,488	25,868	34,644	312,136
16,356	16,602	17,126	17,294	155,816
(19,419)	(11,887)	(14,948)	(22,777)	(205,217)
18,861	19,908	21,077	29,926	269,628
(10,708)	(24,432)	(17,040)	(8,904)	(80,223)
¥ 28.56	¥ 34.58	¥ 29.09	¥ 33.20	\$ 0.30
25.10	31.46	—	—	—
239.39	257.82	280.93	303.37	2.73
6.00	8.00	8.00	9.00	0.08
9.0	9.6	10.7	10.8	
12.3	13.5	10.8	11.4	
28.8	35.6	37.2	39.0	
545,126	619,937	619,937	57,185	
4,794	4,939	5,177	5,447	49,076
12,961	13,126	12,855	13,316	

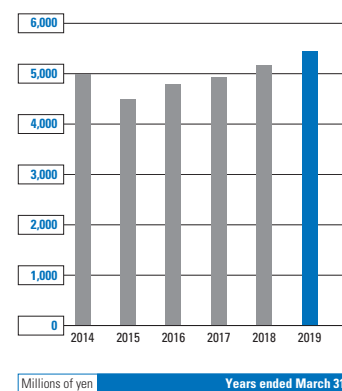
### Return on Capital Employed (ROCE)



### Return on Equity (ROE)



### R&D Expenditures



# Financial Review

## Overview

During fiscal year 2018 (the year ended March 31, 2019) the risk of a downturn in the world economy became apparent, due to factors such as a slowdown in the Chinese economy and the impact over trade issues in the U.S. In the Japanese economy, exports and production weakened from the start of the calendar year, due to changes in the world economy and an uncertain outlook for the future.

The domestic aluminum industry saw overall demand for aluminum products remain at the same level as in the previous fiscal year, as demand for use in cars and building materials increased while demand for use in canning materials decreased. Aluminum ingot prices trended downwards after a sharp increase at the beginning of the year, but on a full-year basis, they remained at almost the same level as the previous year.

Under such circumstances, the Group strived to maximize consolidated earnings and strengthen its financial base, in accordance with the three-year Mid-Term Management Plan that began in April, 2016 and concluded with the fiscal year under review (the “MTMP 2016”; please refer to the section To Our Shareholders on Pages 2 to 4 for details).

Net sales in the fiscal year under review increased 3.9% year on year, with robust performances from the Alumina and Chemicals

## Overview of Consolidated Business Performance

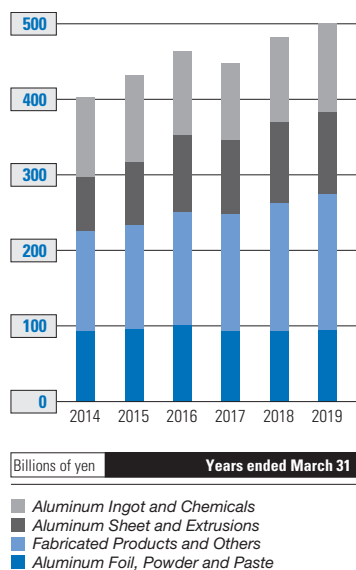
	(Millions of yen)		
	Fiscal year under review The year ended March 31, 2019	Previous fiscal year The year ended March 31, 2018	Changes in Comparison (Decrease in brackets) Changes (Percent changes)
Net sales	500,451	481,439	19,012 [3.9%]
Operating profit	30,052	29,893	159 [0.5%]
Ordinary profit	31,084	29,533	1,551 [5.3%]
Profit attributable to owners of parent	20,560	18,012	2,548 [14.1%]
Net income per share (Yen)	33.20	29.09	4.11 [14.1%]

segment, Aluminum Ingot segment and Panel System segment, despite a decrease in sales from the Aluminum Sheet segment and Solar segment, among others. Operating profit increased 0.5% year on year, due to an increase in selling, general and administrative expenses, while ordinary profit increased 5.3% year on year, due to an increase in non-operating income and a decrease in non-operating expenses. Profit attributable to owners of parent increased 14.1% year on year, due to an increase in special gains and a decrease in special losses, despite an increase in corporate, inhabitant and business taxes.

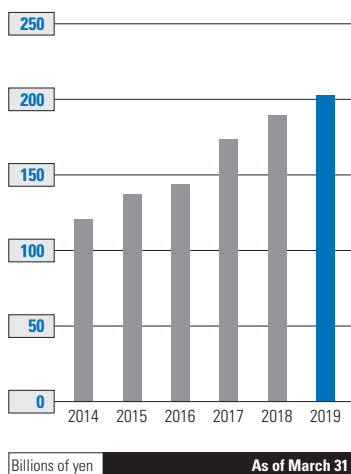
## Earnings and Expenses

NLM Holdings' consolidated net sales for the fiscal year under review

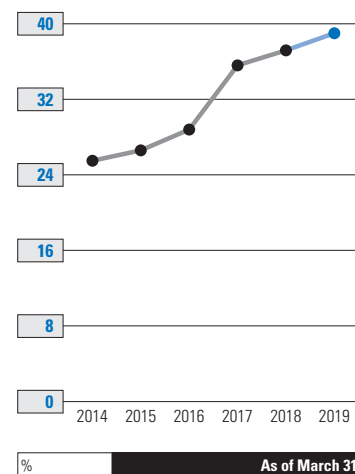
### Net Sales By Segment



### Total Net Assets



### Equity Ratio



Note: Numbers used for the year ended March 2010 have been revised according to the current segment categories. Numbers used for the year ended March 2010 do not include numbers from the Building Materials segment.



increased 3.9% year on year to ¥500.5 billion (\$4,509 million). For sales and other aspects of financial performance by business segment, please see the Review of Operations on Pages 16 to 19.

The cost of sales increased 4.1% year on year to ¥403.2 billion (\$3,633 million). Selling, general and administrative expenses were ¥67.2 billion (\$606 million). As a result, operating profit increased 0.5% year on year to ¥30.1 billion (\$271 million).

Non-operating income increased 16.0% year on year to ¥4.9 billion (\$44 million). Equity in earnings of affiliates decreased 31.9% year on year to ¥0.7 billion (\$6 million) and dividend income decreased 56.9% year on year to ¥0.3 billion (\$3 million), but other non-operating income increased 87.7% year on year to ¥2.4 billion (\$21.2 million).

Non-operating expenses decreased 15.8% year on year to ¥3.8 billion (\$35 million). As a result, ordinary profit rose 5.3% year on year to ¥31.1 billion (\$280 million).

Special gains included a gain on step acquisitions of ¥1.4 billion (\$12 million), and special losses of ¥1.3 billion (\$12 million) were recorded. Special losses included a loss on valuation of investment securities of ¥0.4 billion (\$3 million) and a loss on impairment of fixed assets of ¥1.0 billion (\$9 million).

As a result, profit before income taxes during the fiscal year under review was ¥31.1 billion (\$280 million). Corporate, inhabitant and business taxes amounted to ¥7.3 billion (\$66 million) and deferred income taxes during the fiscal year under review were ¥1.8 billion (\$16 million). Profit was ¥22.0 billion (\$198 million).

As a result of the above, profit attributable to owners of parent in the fiscal year under review increased 14.1% year on year to ¥20.6 billion (\$185 million). The average number of shares outstanding decreased from 619,227 thousand in the previous fiscal year to 619,221 thousand. Accordingly, net income per share increased from ¥29.09 in the previous year to ¥33.20 (\$0.30). The annual cash dividend per share increased by ¥1.0 from the previous year to ¥9.0 (\$0.08), by resolution at the General Meeting of Shareholders held on June 25, 2019.

#### Overview of Consolidated Balance Sheets

(Millions of yen)

	March 31, 2019	March 31, 2018	Changes in Comparison
Total assets	481,303	467,199	14,104
Total liabilities	278,568	277,877	691
Net assets	202,735	189,322	13,413
Equity ratio (%)	39.0	37.2	1.8

#### Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2019 increased ¥14.1 billion year on year to ¥481.3 billion (\$4,336 million). Total liabilities increased ¥0.7 billion year on year to ¥278.6 billion (\$2,510 million). This was mainly due to an increase in income taxes payable. Interest-bearing debt decreased ¥0.4 billion year on year to ¥139.6 billion.

Total net assets increased ¥13.4 billion year on year to ¥202.8 billion (\$1,827 million), thanks primarily to an increase in retained earnings due to the recording of profit in the fiscal year under review. Net assets per share increased ¥22.44 year on year to ¥303.37 (\$2.73), while the equity ratio rose 1.8 percentage points year on year to 39.0%.

#### Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2019 increased ¥2.8 billion year on year to ¥33.3 billion (\$300 million).

Net cash provided by operating activities totaled ¥34.6 billion (\$312 million). Net cash used in investing activities was ¥22.8 billion (\$205 million). The main outflows were payments for purchases of fixed assets. Net cash used in financing activities totaled ¥8.9 billion (\$80 million). The main inflows were ¥20.1 billion (\$182 million) in proceeds from long-term debt, and the main outflows were ¥19.9 billion (\$180 million) in repayments of long-term debt.

#### Outlook for Fiscal 2019

The global economic outlook will likely become increasingly uncertain due to risks such as the development of trade issues with the slowdown of the Chinese economy, and the impact of Brexit. The outlook for the Japanese economy permits no optimism in view of concerns over a possible dip in consumption in line with the increase of the consumption tax rate as well as the slowing of the world economy.

Under such circumstances, the Group formulated a new Mid-term Management Plan that covers a period from April 2019 to March 2022. (For details, please refer to the Special Feature on Pages 5-7.) The goal is to maximize consolidated net sales and profits through creation of new products and new businesses, investment of resources for growth, and strengthening of the management foundation.

Our plans for the year ending March 31, 2020 are net sales of ¥510.0 billion, ordinary profit of ¥31.0 billion, and profit attributable to owners of parent of ¥20.0 billion. We plan for net income per share to total ¥32.30 and a cash dividend per share of ¥9.0.

# Consolidated Balance Sheets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	March 31,		
	2018	2019	2019
<b>Assets</b>	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Current assets:</b>			
Cash and deposits (Notes 4 and 7) .....	¥ 30,722	¥ 33,417	\$ 301,081
Notes and accounts receivable – trade (Note 7) .....	136,021	123,039	1,108,559
Electronically recorded monetary claims – operating (Note 7) .....	18,764	29,642	267,069
Finished products .....	28,276	30,453	274,376
Work-in-progress, including costs related to construction-type contracts ..	17,675	19,105	172,133
Raw materials and supplies .....	20,690	22,231	200,297
Other current assets .....	11,612	9,848	88,729
Allowance for doubtful accounts .....	(1,089)	(497)	(4,478)
<b>Total current assets .....</b>	<b>262,671</b>	<b>267,238</b>	<b>2,407,766</b>
<b>Property, plant and equipment (Note 6):</b>			
Land .....	54,659	54,663	492,504
Buildings and structures .....	138,620	140,766	1,268,276
Machinery and equipment .....	284,029	290,629	2,618,515
Tools, furniture and fixtures .....	33,219	34,317	309,190
Construction-in-progress .....	7,242	15,023	135,355
Accumulated depreciation .....	(363,767)	(370,830)	(3,341,112)
<b>Total property, plant and equipment .....</b>	<b>154,002</b>	<b>164,568</b>	<b>1,482,728</b>
<b>Intangible assets:</b>			
Goodwill (Note 18) .....	—	1,999	18,011
Other intangible assets .....	3,187	3,555	32,030
<b>Total intangible assets .....</b>	<b>3,187</b>	<b>5,554</b>	<b>50,041</b>
<b>Investments and other assets:</b>			
Investment securities (Notes 5, 6 and 7) .....	32,276	29,623	266,898
Deferred tax assets (Note 10) .....	7,788	6,618	59,627
Other assets .....	7,530	7,924	71,394
Allowance for doubtful accounts .....	(255)	(222)	(2,000)
<b>Total investments and other assets .....</b>	<b>47,339</b>	<b>43,943</b>	<b>395,919</b>
<b>Total assets .....</b>	<b>¥ 467,199</b>	<b>¥ 481,303</b>	<b>\$ 4,336,454</b>

	March 31,		
	2018	2019	2019
<b>Liabilities and net assets</b>	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Current liabilities:</b>			
Short-term borrowings (Notes 6 and 7) .....	¥ 56,148	¥ 55,411	\$ 499,243
Current portion of long-term debt (Notes 6 and 7) .....	20,185	15,058	135,670
Notes and accounts payable – trade (Note 7) .....	78,630	76,244	686,945
Income taxes payable .....	2,110	3,422	30,832
Other current liabilities .....	34,656	34,229	308,397
<b>Total current liabilities .....</b>	<b>191,729</b>	<b>184,364</b>	<b>1,661,087</b>
<b>Long-term liabilities:</b>			
Long-term debt (Notes 6 and 7) .....	65,161	73,273	660,177
Liabilities for retirement benefits (Note 9) .....	19,775	19,741	177,863
Other long-term liabilities (Notes 6, 7 and 10) .....	1,212	1,190	10,721
<b>Total long-term liabilities .....</b>	<b>86,148</b>	<b>94,204</b>	<b>848,761</b>
<b>Total liabilities .....</b>	<b>277,877</b>	<b>278,568</b>	<b>2,509,848</b>
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized: 2,000,000,000 shares .....			
Issued: 619,937,500 shares .....	46,525	46,525	419,182
Additional paid-in capital .....	19,064	19,500	175,692
Retained earnings .....	101,593	117,206	1,056,005
Treasury stock, at cost (714,480 shares in 2018 and 720,629 shares in 2019) ..	(67)	(68)	(613)
<b>Total shareholders' equity .....</b>	<b>167,115</b>	<b>183,163</b>	<b>1,650,266</b>
<b>Accumulated other comprehensive income:</b>			
Net unrealized gains (losses) on securities (Note 5) .....	4,181	3,322	29,931
Net unrealized gains (losses) on hedges (Note 7 and 13) .....	(144)	(9)	(81)
Land revaluation surplus (Note 12) .....	145	145	1,306
Foreign currency translation adjustments .....	3,111	2,434	21,930
Remeasurements of defined benefits plans (Note 9) .....	(451)	(1,201)	(10,821)
<b>Total accumulated other comprehensive income .....</b>	<b>6,842</b>	<b>4,691</b>	<b>42,265</b>
Non-controlling interests .....	15,365	14,881	134,075
<b>Total net assets .....</b>	<b>189,322</b>	<b>202,735</b>	<b>1,826,606</b>
Contingent liabilities (Note 15) .....			
<b>Total liabilities and net assets .....</b>	<b>¥467,199</b>	<b>¥481,303</b>	<b>\$4,336,454</b>

The accompanying notes are an integral part of these financial statements.

# Consolidated Statements of Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	Years ended March 31,		
	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales .....	¥481,439	¥500,451	\$4,508,974
Cost of sales (Note 14) .....	387,404	403,194	3,632,706
Gross profit .....	94,035	97,257	876,268
Selling, general and administrative expenses (Note 14) .....	64,142	67,205	605,505
Operating profit .....	29,893	30,052	270,763
Non-operating income:			
Interest income .....	90	81	730
Dividend income .....	670	289	2,604
Equity in earnings of affiliates .....	998	680	6,127
Rental income .....	758	804	7,244
Technical support fee .....	432	666	6,001
Other .....	1,254	2,354	21,208
Total non-operating profit .....	4,202	4,874	43,914
Non-operating expenses:			
Interest expense .....	1,363	1,301	11,722
Loss on disposal of fixed assets .....	564	575	5,181
Rental expense .....	599	758	6,829
Other .....	2,036	1,208	10,884
Total non-operating expenses .....	4,562	3,842	34,616
Ordinary profit .....	29,533	31,084	280,061
Special gains:			
Gain on step acquisitions .....	—	1,371	12,353
Gain on bargain purchase .....	300	—	—
Total special gains .....	300	1,371	12,353
Special losses:			
Loss on valuation of investment securities (Note 5) .....	—	386	3,478
Settlement package .....	2,029	—	—
Loss on impairment of fixed assets (Note 16) .....	933	957	8,622
Loss on step acquisitions (Note 18) .....	117	—	—
Total special losses .....	3,079	1,343	12,100
Profit before income taxes .....	26,754	31,112	280,314
Income taxes (Note 10):			
Current .....	4,932	7,342	66,150
Deferred .....	1,819	1,764	15,893
Net profit .....	6,751	9,106	82,043
Profit attributable to non-controlling interests .....	1,991	1,446	13,028
Profit attributable to owners of parent .....	¥ 18,012	¥ 20,560	\$ 185,242
Per share of common stock (Note 17):			
	(Yen)		(U.S. dollars) (Note 3)
Net assets .....	¥ 280.93	¥ 303.37	\$ 2.73
Net profit .....	29.09	33.20	0.30
Cash dividends (Note 11) .....	8.00	9.00	0.08

The accompanying notes are an integral part of these financial statements.

# Consolidated Statements of Comprehensive Income

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	Years ended March 31,		
	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net profit .....	¥20,003	¥22,006	\$198,270
Other comprehensive income (losses)			
Net unrealized gains (losses) on securities .....	(14)	(890)	(8,019)
Net unrealized gains (losses) on hedges .....	(218)	135	1,216
Foreign currency translation adjustments .....	900	(413)	(3,721)
Remeasurements of defined benefit plans .....	782	(766)	(6,902)
Equity of other comprehensive income (losses) of affiliates .....	459	(397)	(3,576)
Total other comprehensive income (losses) (Note 8) .....	1,909	(2,331)	(21,002)
Comprehensive income .....	¥21,912	¥19,675	\$177,268
Attributable to:			
owners of parent .....	¥19,801	¥18,409	\$165,862
non-controlling interests .....	2,111	1,266	11,406
	¥21,912	¥19,675	\$177,268

The accompanying notes are an integral part of these financial statements.

# Consolidated Statements Of Changes In Net Assets

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	2018											
	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net unrealized gains (losses) on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Non-controlling interests		
	(Millions of yen)											
Balance at April 1, 2017 .....	¥ 46,525	¥ 19,064	¥ 89,076	¥ (65)	¥ 4,229	¥ 74	¥ 145	¥ 1,875	¥ (1,270)	¥ 13,971	¥ 173,624	
Cash dividends (Note 11) .....			(5,575)								(5,575)	
Profit attributable to owners of parent .....			18,012								18,012	
Purchase of treasury stock .....				(2)							(2)	
Change of scope of consolidation .....			80								80	
Increase by merger .....											—	
Capital increase of consolidated subsidiaries ...											—	
Change in ownership interest of parent due to transactions with non-controlling interests ....											—	
Net unrealized gains (losses) on securities .....					(48)						(48)	
Net unrealized gains (losses) on hedges .....						(218)					(218)	
Foreign currency translation adjustments .....								1,236			1,236	
Remeasurements of defined benefits plans .....									819		819	
Net increase in non-controlling interests .....										1,394	1,394	
Balance at March 31, 2018 .....	¥ 46,525	¥ 19,064	¥ 101,593	¥ (67)	¥ 4,181	¥ (144)	¥ 145	¥ 3,111	¥ (451)	¥ 15,365	¥ 189,322	

	2019											
	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net unrealized gains (losses) on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Non-controlling interests		
	(Millions of yen)											
Balance at April 1, 2018 .....	¥ 46,525	¥ 19,064	¥ 101,593	¥ (67)	¥ 4,181	¥ (144)	¥ 145	¥ 3,111	¥ (451)	¥ 15,365	¥ 189,322	
Cash dividends (Note 11) .....			(4,955)								(4,955)	
Profit attributable to owners of parent .....			20,560								20,560	
Purchase of treasury stock .....				(1)							(1)	
Change of scope of consolidation .....											—	
Increase by merger .....			8								8	
Capital increase of consolidated subsidiaries ...		212									212	
Change in ownership interest of parent due to transactions with non-controlling interests ....		224								(1,257)	(1,033)	
Net unrealized gains (losses) on securities .....					(859)						(859)	
Net unrealized gains (losses) on hedges .....						135					135	
Foreign currency translation adjustments .....								(677)			(677)	
Remeasurements of defined benefits plans .....									(750)		(750)	
Net increase in non-controlling interests .....										773	773	
Balance at March 31, 2019 .....	¥46,525	¥19,500	¥117,206	¥(68)	¥ 3,322	¥ (9)	¥145	¥ 2,434	¥(1,201)	¥14,881	¥202,735	

	2019											
	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net unrealized gains (losses) on hedges	Revaluation surplus (Note 12)	Foreign currency translation adjustments	Remeasurements of defined benefits plans	Non-controlling interests		
	(Millions of yen)											
Balance at April 1, 2018 .....	\$ 419,182	\$ 171,763	\$ 915,335	\$ (604)	\$ 37,670	\$ (1,297)	\$ 1,306	\$ 28,030	\$ (4,063)	\$ 138,436	\$ 1,705,758	
Cash dividends (Note 11) .....			(44,644)								(44,644)	
Profit attributable to owners of parent .....			185,242								185,242	
Purchase of treasury stock .....				(9)							(9)	
Change of scope of consolidation .....											—	
Increase by merger .....			72								72	
Capital increase of consolidated subsidiaries ...		1,910									1,910	
Change in ownership interest of parent due to transactions with non-controlling interests ....		2,019								(11,326)	(9,307)	
Net unrealized gains (losses) on securities .....					(7,739)						(7,739)	
Net unrealized gains (losses) on hedges .....						1,216					1,216	
Foreign currency translation adjustments .....								(6,100)			(6,100)	
Remeasurements of defined benefits plans .....									(6,758)		(6,758)	
Net increase in non-controlling interests .....										6,965	6,965	
Balance at March 31, 2019 .....	\$419,182	\$175,692	\$1,056,005	\$ (613)	\$ 29,931	\$ (81)	\$ 1,306	\$ 21,930	\$ (10,821)	\$ 134,075	\$ 1,826,606	

The accompanying notes are an integral part of these financial statements.

# Consolidated Statements of Cash Flows

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

	Years ended March 31,		
	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Cash flows from operating activities</b>			
Profit before income taxes .....	¥ 26,754	¥ 31,112	\$ 280,314
Depreciation and amortization .....	17,126	17,294	155,816
Amortization of goodwill .....	—	222	2,000
Loss (gain) on step acquisitions .....	117	(1,371)	(12,352)
Loss on impairment of fixed assets .....	933	957	8,622
Loss (gain) on valuation of investment securities .....	—	386	3,478
Gain on bargain purchase .....	(300)	—	—
Settlement Package .....	2,029	—	—
Decrease in allowance for doubtful accounts .....	(417)	(625)	(5,631)
Increase (decrease) in net defined benefit liability .....	413	(1,110)	(10,001)
Interest and dividend income .....	(760)	(370)	(3,334)
Interest expense .....	1,363	1,301	11,722
Equity in earnings of affiliates .....	(998)	(680)	(6,127)
Decrease (increase) in notes and accounts receivable – trade .....	(18,327)	3,812	34,345
Increase in inventories .....	(7,075)	(4,186)	(37,715)
Increase (decrease) in notes and accounts payable – trade .....	10,594	(3,721)	(33,526)
Other .....	(24)	(1,131)	(10,190)
Subtotal .....	31,428	41,890	377,421
Interest and dividends received .....	1,332	658	5,928
Interest paid .....	(1,349)	(1,345)	(12,118)
Settlement package paid .....	—	(2,029)	(18,281)
Income taxes paid .....	(5,543)	(4,530)	(40,814)
Net cash provided by operating activities .....	25,868	34,644	312,136
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment .....	(19,395)	(22,262)	(200,577)
Proceeds from sales of property, plant and equipment .....	816	251	2,261
Payments for purchase of intangible assets .....	(933)	(1,373)	(12,370)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 4) .....	—	1,201	10,821
Proceeds from sales of investment securities .....	4,096	—	—
Other .....	468	(594)	(5,352)
Net cash used in investing activities .....	(14,948)	(22,777)	(205,217)
<b>Cash flows from financing activities</b>			
Net decrease in short-term borrowings .....	(4,176)	(852)	(7,676)
Proceeds from long-term debt .....	15,294	20,145	181,503
Repayments of long-term debt .....	(21,174)	(19,926)	(179,530)
Proceeds from issuance of bonds .....	665	—	—
Redemption of bonds .....	(665)	—	—
Cash dividends paid .....	(5,578)	(4,971)	(44,788)
Dividends paid to non-controlling interests .....	(687)	(691)	(6,226)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation .....	—	(1,857)	(16,731)
Other .....	(719)	(752)	(6,775)
Net cash used in financing activities .....	(17,040)	(8,904)	(80,223)
Effect of exchange rate changes on cash and cash equivalents .....	293	(135)	(1,216)
Net increase (decrease) in cash and cash equivalents .....	(5,827)	2,828	25,480
Cash and cash equivalents at beginning of the year .....	36,286	30,517	274,952
Increase in cash and cash equivalents from newly consolidated subsidiary .....	58	—	—
Cash and cash equivalents at end of the year (Note 4) .....	¥ 30,517	¥ 33,345	\$ 300,432

The accompanying notes are an integral part of these financial statements.

# Notes to Consolidated Financial Statements

Nippon Light Metal Holdings Company, Ltd. and consolidated subsidiaries

## 1. SIGNIFICANT ACCOUNTING POLICIES

### *(a) Basis of presentation*

The accompanying consolidated financial statements of Nippon Light Metal Holdings Company, Ltd. (the “Company”) and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, from the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. The notes to the consolidated financial statements include certain financial information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information. The accompanying consolidated financial statements include certain reclassifications for the purpose of presenting them in a form familiar to readers outside Japan.

### *(b) Principles of consolidation and accounting for investments in affiliates*

The accompanying consolidated financial statements include the accounts of the Company and, with minor exceptions, companies substantially controlled by the Company. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method, except that investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

As a result, the consolidated financial statements for the year ended March 31, 2019 include the accounts of the Company and its 78 significant subsidiaries, and its 17 affiliates are accounted for by the equity method (77 and 16, respectively, in the previous year).

The balance sheet date of certain consolidated subsidiaries is December 31. In principle, the financial statements of such subsidiaries were tentatively prepared to be consolidated in accordance with the fiscal year (ended March 31) of the Company, while those of some companies whose closing date is December 31 are used upon consolidation, with the necessary adjustments made to those financial statements to reflect any significant inter-group transactions made between December 31 and March 31.

The difference between the cost and the underlying net assets of investments in consolidated subsidiaries or affiliates accounted for by the equity method has been allocated to identifiable assets based on fair value at the respective dates of acquisition. Any unassigned residual amount is recognized as goodwill and amortized by the straight-line method over an estimated useful life, with the exception of minor amounts which are charged to income in the year of acquisition.

### *(c) Translation of foreign currencies*

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gains and losses are included in income for the year.

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Income statement accounts are translated into Japanese yen using the average exchange rates during the year. The resulting translation adjustments are accounted for as foreign currency translation adjustments, except for the minority interest portion which is allocated to minority interests in consolidated subsidiaries.

### *(d) Cash and cash equivalents*

Cash and cash equivalents in the consolidated statements of cash flows comprise of cash in hand, bank deposits available for withdrawal on demand and short-term investments with an original maturity of three months or less which are exposed to a minor risk of fluctuation in value.

### *(e) Inventories*

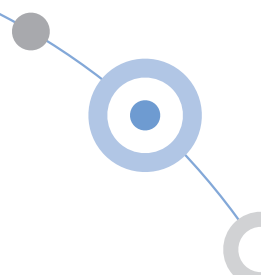
Inventories are principally stated at cost, determined by the moving average method. In addition, the balance sheet amount is carried at the lower of cost or market to reflect descent of profitability.

### *(f) Investment securities*

Securities other than equity securities issued by subsidiaries and affiliates are classified into held-to-maturity securities or available-for-sale securities.

Held-to-maturity securities are stated at amortized cost. Available-for-sale securities for which market quotations are available are stated at fair





value with net unrealized gains or losses being included in net assets, net of related taxes. Available-for-sale securities for which market quotations are not available are stated at cost. Realized gains and losses on sales are determined using the moving average method and are included in income for the year.

In cases where the fair value of held-to-maturity securities or available-for-sale securities has declined significantly and such impairment is other than temporary, such securities are written down to fair value and the resulting losses are charged to income for the year.

***(g) Allowance for doubtful accounts***

Allowance for doubtful accounts is estimated by applying the average percentage of actual bad debts in the past to the balance of receivables. In addition, an amount deemed necessary to cover non-collectible receivables is provided on an individual account basis.

***(h) Property, plant and equipment***

Property, plant and equipment are stated at cost. Depreciation is computed principally using the straight-line method over the estimated useful lives of the respective assets, ranging from 2 years to 60 years for buildings and structures, and from 2 years to 22 years for machinery and equipment.

***(i) Intangible assets***

Intangible assets are amortized by the straight-line method over their respective estimated useful lives. Expenditure relating to computer software developed for internal use is charged to income as incurred, except in cases where it contributes to the generation of income or future cost savings. In these cases, it is capitalized and amortized using the straight-line method over its estimated useful life, which is no longer than 5 years.

***(j) Retirement benefits***

- 1) The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.
- 2) Prior service cost is amortized as incurred mainly by the straight-line method over the period of 15 years, which is shorter than the average remaining years of service of the then employees. Unrecognized actuarial gain or loss is amortized by the declining-balance method over a period of 12 years from the year following that in which it arises.

***(k) Leased assets***

Finance leases without options to transfer ownership of the leased assets to the lessee are accounted for as ordinary sale and purchase transactions. These leased assets are depreciated to their respective salvage value of zero using the straight-line method over a period of leasing term. Finance leases with options to transfer ownership of the leased assets to the lessee are depreciated by the same method applied to the fixed assets owned by the Company.

***(l) Income taxes***

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes. The Company and its wholly-owned domestic subsidiaries use the Japanese consolidated taxation system.

The Company and its consolidated subsidiaries apply the deferred tax accounting method. Deferred tax assets and liabilities are determined using the asset and liability approach, and recognized for temporary differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements.

***(m) Derivatives***

All derivatives are stated at fair value with changes in fair value being included in net profit for the year in which they arise, except for derivatives designated as hedging instruments.

The Company and its consolidated subsidiaries use derivatives to reduce their exposure to fluctuation in foreign exchange rates, interest rates, and the prices of aluminum ingot and others in the market. Derivatives designated as hedging instruments are principally forward foreign exchange contracts, interest rate swap contracts, interest rate and currency swap contracts, and aluminum ingot and others forward contracts. The underlying hedged items are trade accounts receivable and payable, long-term bank loans, and sales or purchases of aluminum ingot and others.

Gains and losses arising from changes in fair value of derivatives designated as hedging instruments are deferred and included in net profit in the same period in which the corresponding gains and losses on the underlying hedged items or transactions are recognized. The Company and its consolidated subsidiaries use interest rate swaps, and interest rate and currency swaps to hedge their interest rate (and foreign exchange rate) risk exposure. The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

The Company and its consolidated subsidiaries assess the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the underlying hedged items from the commencement of the hedges.

### ***(n) Research and development costs***

Research and development costs are charged to income as incurred.

### ***(o) Appropriation of retained earnings***

Appropriation of retained earnings is reflected in the consolidated financial statements for the year in which the appropriation is approved at a general meeting of shareholders.

The Company's retained earnings consist of unappropriated retained earnings and a legal reserve as required by the Companies Act of Japan. The Companies Act provides that an amount equal to 10% of distributions from unappropriated retained earnings paid by the Company and its domestic subsidiaries be appropriated to the legal reserve. Such appropriations are no longer required when the total amount of statutory reserve (additional paid-in capital (other than the capital reserve) and the legal reserve) equals 25% of their respective stated capital.

### ***(p) Net profit per share***

Basic net profit per share of common stock, presented in the accompanying consolidated statements of income, is computed based on the weighted average number of shares outstanding during each year.

Diluted net profit per share reflects the potential dilution that could occur if securities were converted into common stock. Diluted net profit per share of common stock assumes full conversion of the outstanding convertible bonds at the time of issuance with an applicable adjustment for the related interest expense on a net of tax basis.

### ***(q) Reclassification***

Certain reclassifications of previously reported amounts have been made to conform them to the current year's presentations.

### ***(r) Accounting standards issued but not yet effective***

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the Accounting Standards Board of Japan ("ASBJ") issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

#### ***(1) Overview***

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from contracts with customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

#### ***(2) Scheduled date of adoption***

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

#### ***(3) Impact of the adoption of accounting standard and implementation guidance***

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

## 2. ACCOUNTING CHANGES

### (a) Change in accounting policies

Not applicable.

### (b) Change in presentation

Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company and its consolidated subsidiaries have adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement 28, February 16, 2018) (hereinafter, the “Partial Amendments”) from the beginning of the fiscal year ended March 31, 2019. As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long term liabilities, respectively, and related income tax disclosures have been expanded.

As a result, ¥4,388 million of deferred tax assets in current assets and ¥101 million of other long-term liabilities in long-term liabilities previously presented in consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥7,788 million of deferred tax assets in investments and other assets.

Also, “Note 10. Income Taxes” in the notes to the consolidated financial statements has been expanded in accordance with Note 8 and Note 9 of Interpretive Notes to Accounting Standard for Tax Effect Accounting. However, comparative information for the year ended March 31, 2018 has not been disclosed in Note 10 in accordance with the transitional provisions set forth in Article 7 of the Partial Amendments.

## 3. U.S. DOLLAR AMOUNTS

The rate of ¥110.99 = U.S.\$1, the approximate exchange rate prevailing at March 31, 2019, has been used for the purpose of presenting the U.S. dollar amounts in the accompanying consolidated financial statements. These amounts are presented solely for the convenience of the readers. Accordingly, they should not be construed as representations that yen amounts actually represent, or have been or could be readily converted, realized or settled in U.S. dollars at that rate.

## 4. CASH AND CASH EQUIVALENTS

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and deposits disclosed in the accompanying consolidated balance sheets at March 31, 2018 and 2019 is summarized as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits .....	¥ 30,722	¥ 33,417	\$ 301,081
Time deposits with maturities in excess of 3 months .....	(205)	(72)	(649)
Cash and cash equivalents .....	¥ 30,517	¥ 33,345	\$ 300,432

The following is the summary of assets acquired and liabilities assumed through the acquisition of shares of Sumikai-Nikkei Engineering Co., Ltd. for the year ended March 31, 2019, related acquisition costs and net proceeds.

	2019	2019
	(Millions of yen)	(Thousands of U.S. dollars)
Current assets .....	¥ 7,894	\$ 71,124
Fixed assets .....	319	2,874
Goodwill .....	2,221	20,011
Current liabilities .....	(3,942)	(35,517)
Long-term liabilities .....	(13)	(117)
Non-controlling interests .....	(809)	(7,289)
Gain on step acquisitions .....	(1,371)	(12,353)
Carrying amount accounted for by the equity method immediately before gaining controls .....	(2,129)	(19,182)
Acquisition cost of shares .....	2,170	19,551
Cash and cash equivalents .....	3,371	30,372
Net: Proceeds from purchase of shares of subsidiaries .....	¥ 1,201	\$ 10,821

### 5. INVESTMENT SECURITIES

#### (a) Available-for-sale securities with available market quotations

The acquisition cost, carrying amount, and gross unrealized gains and losses of available-for-sale securities with available market quotations at March 31, 2018 and 2019 were as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Equity securities			
Cost .....	¥ 3,824	¥ 3,873	\$ 34,895
Unrealized gains .....	5,799	4,674	42,112
Unrealized losses .....	(4)	(40)	(360)
Carrying amount .....	¥ 9,619	¥ 8,507	\$ 76,647

#### (b) Sales of available-for-sale securities

The proceeds and realized gains and losses on sales of available-for-sale securities for the years ended March 31, 2018 and 2019 were as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds .....	¥ 26	¥ 0	\$ 0
Realized gains on sales .....	14	—	—
Realized losses on sales .....	—	—	—

#### (c) Impairment of securities

Impairment of other securities for the years ended March 31, 2019 (none for 2018) was ¥386 million (\$3,478 thousand).

#### (d) Investments in non-consolidated subsidiaries and affiliates

securities in the consolidated balance sheets, as of March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Investments in non-consolidated subsidiaries and affiliates .....	¥ 16,458	¥ 14,883	\$ 134,093
(Investments in jointly controlled entities included in the above) .....	(4,883)	(2,597)	(23,399)

### 6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2019 bore interests at annual rates ranging from 0.21% to 8.70% and mainly consist of bank loans and short-term notes maturing at various dates within one year.

Long-term debt at March 31, 2018 and 2019 comprised the following:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks and insurance companies due from 2019 to 2029 with interest rates ranging from 0.20% to 4.75%:			
Secured .....	¥ 1,377	¥ 826	\$ 7,442
Unsecured .....	81,835	82,667	744,815
Unsecured 1.65% bonds due June 1, 2027, redeemable before due date .....	637	666	6,001
Capital lease obligations due from 2018 to 2034 with interest rates ranging from 1.15% to 7.20% .....	1,497	4,172	37,589
	85,346	88,331	795,847
Less: portion due within one year .....	(20,185)	(15,058)	(135,670)
Total long-term debt .....	¥ 65,161	¥ 73,273	\$ 660,177

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2018 and 2019 is as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Property, plant and equipment .....	¥ 1,114	¥ 503	\$ 4,532
Investment securities .....	9	—	—

The maturities of long-term debt outstanding at March 31, 2019 are summarized as follows:

Years ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2020 .....	¥ 15,058	\$ 135,670
2021 .....	9,811	88,395
2022 .....	5,914	53,284
2023 .....	9,010	81,178
2024 .....	7,776	70,060
Thereafter .....	40,762	367,259
	<b>¥ 88,331</b>	<b>\$ 795,846</b>

## 7. FINANCIAL INSTRUMENTS

### (a) Overview

#### 1. Policy for financial instruments

The Company and its consolidated subsidiaries (the “Group”) invest temporary cash surpluses primarily on short-term deposits, and strive to diversify financing methods by raising funds through bank borrowings and corporate bonds. The Group utilizes various derivative financial instruments such as interest rate swaps, forward foreign exchange contracts, forward trading in aluminum ingots and currency swap contracts for the purpose of reducing risk, and does not enter into derivative transactions for speculative or trading purposes.

#### 2. Types of financial instruments and related risk, and risk management for financial instruments

Notes and accounts receivable – trade and electronically recorded monetary claims –operating are exposed to credit risk in relation to customers. The Group manages the risks by monitoring the due dates and outstanding balances by individual customers. Accounts receivable – trade denominated in foreign currencies are exposed to risk of exchange rate fluctuations and are hedged by utilizing forward foreign exchange contracts. Stocks of investment securities, which are exposed to market fluctuations, are mainly those of companies with which the Group has business relationships. The Group periodically reviews the fair values of such stocks and the financial position of the issuers.

Notes and accounts payable – trade have payment due dates approximately within one year.

Short-term borrowings are used mainly for operating activities, and long-term borrowings are used principally for the purpose of making capital investments. Variable rate borrowings are exposed to risk of interest rate fluctuation and some of those denominated in foreign currencies are exposed to risk of exchange rate fluctuations. However, in order to reduce such risks, the Group utilizes interest rate swap and interest rate and currency swap transactions as a hedging instrument for each individual contract for some of those long-term borrowings. Assessment of the effectiveness of hedging activities is omitted, as the requirements for special treatment of interest rate swaps are met.

The execution and management of derivative transactions are performed based on the control procedure designated in management policy. In addition, to reduce credit risk, counterparties of derivative instruments are restricted to only highly rated financial institutions and major trading companies.

For notes and accounts payable – trade and borrowings, the Group prepares its cash flow plans to manage liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates).

#### 3. Supplementary explanation of the estimated fair value of financial instruments

The notional amounts of derivatives in “(b) Estimated fair value of financial instruments and related information,” do not necessarily indicate the actual market risk involved in the derivative transactions.

## Notes to Consolidated Financial Statements

### (b) Estimated fair value of financial instruments and related information

The carrying value of financial instruments in the consolidated balance sheets, estimated fair value and the difference between them as of March 31, 2018 and 2019 are as follows:

	2018		
	Carrying Value <sup>*1</sup>	Estimated Fair Value <sup>*1</sup>	Difference
	(Millions of yen)		
(1) Cash and deposits .....	¥ 30,722	¥ 30,722	¥ —
(2) Notes and accounts receivable – trade .....	136,021	136,021	—
(3) Electronically recorded monetary claims – operating .....	18,764	18,764	—
(4) Investment securities			
Stocks of subsidiaries and affiliates .....	4,014	1,763	(2,251)
Other securities .....	9,619	9,619	—
(5) Notes and accounts payable – trade .....	(78,630)	(78,630)	—
(6) Short-term borrowings .....	(56,148)	(56,148)	—
(7) Bonds .....	(637)	(637)	—
(8) Long-term borrowings <sup>*2</sup> .....	(83,212)	(83,991)	(779)
(9) Derivative transactions .....			
for which hedge accounting has not been applied .....	24	24	—
for which hedge accounting has been applied .....	(181)	(181)	—

\*1 Liabilities are shown in parenthesis.

\*2 The current portion of long-term borrowings is included in long-term borrowings.

	2019		
	Carrying Value <sup>*1</sup>	Estimated Fair Value <sup>*1</sup>	Difference
	(Millions of yen)		
(1) Cash and deposits .....	¥ 33,417	¥ 33,417	¥ —
(2) Notes and accounts receivable – trade .....	123,039	123,039	—
(3) Electronically recorded monetary claims – operating .....	29,642	29,642	—
(4) Investment securities			
Stocks of subsidiaries and affiliates .....	4,097	1,969	(2,128)
Other securities .....	8,507	8,507	—
(5) Notes and accounts payable – trade .....	(76,244)	(76,244)	—
(6) Short-term borrowings .....	(55,411)	(55,411)	—
(7) Bonds .....	(666)	(666)	—
(8) Long-term borrowings <sup>*2</sup> .....	(83,493)	(84,157)	(664)
(9) Derivative transactions .....			
for which hedge accounting has not been applied .....	(1)	(1)	—
for which hedge accounting has been applied .....	0	0	—

	2019		
	Carrying Value <sup>*1</sup>	Estimated Fair Value <sup>*1</sup>	Difference
	(Thousands of U.S. dollars)		
(1) Cash and deposits .....	\$ 301,081	\$ 301,081	\$ —
(2) Notes and accounts receivable – trade .....	1,108,559	1,108,559	—
(3) Electronically recorded monetary claims – operating .....	267,069	267,069	—
(4) Investment securities			
Stocks of subsidiaries and affiliates .....	36,913	17,740	(19,173)
Other securities .....	76,647	76,647	—
(5) Notes and accounts payable – trade .....	(686,945)	(686,945)	—
(6) Short-term borrowings .....	(499,243)	(499,243)	—
(7) Bonds .....	(6,001)	(6,001)	—
(8) Long-term borrowings <sup>*2</sup> .....	(752,257)	(758,239)	(5,982)
(9) Derivative transactions .....			
for which hedge accounting has not been applied .....	(9)	(9)	—
for which hedge accounting has been applied .....	0	0	—

\*1 Liabilities are shown in parenthesis.

\*2 The current portion of long-term borrowings is included in long-term borrowings.

#### Notes

1. Method for determining the estimated fair value of financial instruments and other matters related to securities and derivative transactions
  - (1) Cash and deposits, (2) Notes and accounts receivable – trade and (3) Electronically recorded monetary claims – operating  
Since these items are settled in a short period of time, their carrying value approximates fair value.
  - (4) Investment securities  
The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, refer to Note 5 “Investment Securities.”
  - (5) Notes and accounts payable – trade and (6) Short-term borrowings  
Since these items are settled in a short period of time, their carrying value approximates fair value.
  - (7) Bonds  
The fair value of bonds is based on the present value of the sum of principal and interest discounted by an interest rate determined based on the remaining period and current credit risk of each bond.
  - (8) Long-term borrowings  
The fair value of long-term borrowings is based on the present value of the sum of principal and interest discounted by an interest rate which is expected to be required upon entering into similar new borrowings. Interest rate swaps subject to special treatment, and interest rate and currency swaps subject to integral accounting method are used for some long-term floating rate borrowings. Principal and interest in which these swaps are embedded, are discounted using a current interest rate which is expected to be required upon entering into similar new borrowings.
  - (9) Derivatives  
Refer to “Note 13. Derivatives.”
  
2. Unlisted stocks of ¥18,643 million and ¥17,019 million (\$153,338 thousand) as of March 31, 2018 and 2019 are not included in “(4) Investment securities” because no quoted market prices are available and it is extremely difficult to measure the fair value.

## Notes to Consolidated Financial Statements

3. The redemption schedule for receivables and marketable securities with maturities at March 31, 2018 and 2019 is as follows:

	2018			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits .....	¥ 30,661	¥ —	¥ —	¥ —
Notes and accounts receivable – trade .....	136,021	—	—	—
Electronically recorded monetary claims – operating .....	18,764			
Investment securities				
Held-to-maturity securities				
Government and municipal bonds .....	2	4	—	—
	<b>¥ 185,448</b>	<b>¥ 4</b>	<b>¥ —</b>	<b>¥ —</b>

	2019			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Millions of yen)			
Cash and deposits .....	¥ 33,356	¥ —	¥ —	¥ —
Notes and accounts receivable – trade .....	123,039	—	—	—
Electronically recorded monetary claims – operating .....	29,642			
Investment securities				
Held-to-maturity securities				
Government and municipal bonds .....	2	3	—	—
	<b>¥ 186,039</b>	<b>¥ 3</b>	<b>¥ —</b>	<b>¥ —</b>

	2019			
	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	(Thousands of U.S. dollars)			
Cash and deposits .....	\$ 300,532	\$ —	\$ —	\$ —
Notes and accounts receivable – trade .....	1,108,559	—	—	—
Electronically recorded monetary claims – operating .....	267,069			
Investment securities				
Held-to-maturity securities				
Government and municipal bonds .....	18	27	—	—
	<b>\$ 1,676,178</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ —</b>

4. The redemption schedule for bonds and long-term borrowings at March 31, 2018 and 2019 is as follows:

	2018		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds .....	¥ —	¥ —	¥ 637
Long-term borrowings .....	19,363	29,384	34,199
	<b>¥ 19,363</b>	<b>¥ 29,384</b>	<b>¥ 34,836</b>

	2019		
	Due within one year	Due after one year but within five years	Due after five years
	(Millions of yen)		
Bonds .....	¥ —	¥ —	¥ 666
Long-term borrowings .....	14,496	30,977	38,020
	<b>¥ 14,496</b>	<b>¥ 30,977</b>	<b>¥ 38,686</b>



	2019		
	Due within one year	Due after one year but within five years	Due after five years
	(Thousands of U.S. dollars)		
Bonds .....	\$ —	\$ —	\$ 6,001
Long-term borrowings .....	130,606	279,097	342,553
	<b>\$ 130,606</b>	<b>\$ 279,097</b>	<b>\$ 348,554</b>

5. The fair value of derivatives at March 31, 2018 and 2019 is as follows:

- (1) Derivative transactions for which hedge accounting has not been applied  
Currency-related transactions

	2018		
	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)		
Currency swap contracts U.S. dollars payment / Japanese yen receipt .....	¥ 452	¥ 452	¥ 24
Currency-related transactions			

	2019		
	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)		
Currency swap contracts U.S. dollars payment / Japanese yen receipt .....	¥ 444	¥ 444	¥ 1
Foreign exchange forwards .....	70	—	(2)

	2019		
	Notional amount	Maturity over 1 year	Fair value (*)
	(Thousands of U.S. dollars)		
Currency swap contracts U.S. dollars payment / Japanese yen receipt .....	\$ 4,000	\$ 4,000	\$ 9
Foreign exchange forwards .....	631	—	(18)

\*1 Method for calculating fair value

The fair value is based on prices quoted from counterparty financial institutions.

\*2 Currency swap contracts and foreign exchange forwards are the hedging instruments for monetary receivables and payables arising from transactions among consolidated subsidiaries, and designated accounting is applied in non-consolidated financial statements.

- (2) Derivative transactions for which hedge accounting has been applied

Currency-related transactions

	Hedge item	2018		
		Notional amount	Maturity over 1 year	Fair value (*)
		(Millions of yen)		
Foreign exchange forwards				
Deferred hedge method	Accounts receivable .....	¥ 214	¥ —	¥ 6
	Accounts payable .....	1,731	—	(23)
Designated accounting for foreign exchange forward contracts	Accounts receivable .....	1,973	—	(*)
	Accounts payable .....	373	—	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since forward foreign exchange contracts subject to designated accounting (special treatment for forward foreign exchange contracts) are accounted for together with the underlying trade receivable or trade payable subject to hedging, the fair value of such contracts is included in the fair value of those hedged items.

## Notes to Consolidated Financial Statements

### Interest-related transactions

	2018			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)			
Interest rate swaps				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings .....	¥ 1,077	¥ 185	¥ 1
Special treatment of interest rate swap transactions	Long-term borrowings .....	23,208	21,604	(*)
Integral accounting method of interest rate and currency swap transactions	Long-term borrowings .....	1,094	656	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since interest rate swaps subject to special treatment and interest rate and currency swaps subject to integral accounting method are accounted for together with the corresponding long-term borrowings subject to hedging, the fair value of such contracts is included in the fair value of the those hedged items.

### Commodity-related transactions

	2018			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)			
Aluminum ingot and others forward contracts				
Fair value hedge accounting	Accounts receivable .....	¥ 547	¥ —	¥ 29
	Accounts payable .....	2,081	—	¥ (194)

(\*) The fair value is based on prices quoted from counterparty trading companies.

### Currency-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)			
Foreign exchange forwards				
Deferred hedge method	Accounts receivable .....	¥ 121	¥ —	¥ (1)
	Accounts payable .....	1,201	—	1
Designated accounting for forward foreign exchange contracts	Accounts receivable .....	1,388	—	(*)
	Accounts payable .....	384	—	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since forward foreign exchange contracts subject to designated accounting (special treatment for forward foreign exchange contracts) are accounted for together with the underlying trade receivable or trade payable subject to hedging, the fair value of such contracts is included in the fair value of those hedged items.

### Interest-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
	(Millions of yen)			
Interest rate swaps				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings .....	¥ 695	¥ 598	¥ 2
Special treatment of interest rate swap transactions	Long-term borrowings .....	19,926	16,624	(*)
Integral accounting method of interest rate and currency swap transactions	Long-term borrowings .....	656	219	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since interest rate swaps subject to special treatment and interest rate and currency swaps subject to integral accounting method are accounted for together with the corresponding long-term borrowings subject to hedging, the fair value of such contracts is included in the fair value of the those hedged items.

### Commodity-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
(Millions of yen)				
Aluminum ingot and others forward contracts				
Fair value hedge accounting	Accounts receivable .....	¥ 413	¥ —	¥ (6)
	Accounts payable .....	1,890	—	4

(\*) The fair value is based on prices quoted from counterparty trading companies.

### Currency-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
(Thousands of U.S. dollars)				
Foreign exchange forwards				
Deferred hedge method	Accounts receivable .....	\$ 1,090	\$ —	\$ (9)
	Accounts payable .....	10,821	—	9
Designated accounting for forward foreign exchange contracts	Accounts receivable .....	12,506	—	(*)
	Accounts payable .....	3,460	—	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since forward foreign exchange contracts subject to designated accounting (special treatment for forward foreign exchange contracts) are accounted for together with the underlying trade receivable or trade payable subject to hedging, the fair value of such contracts is included in the fair value of those hedged items.

### Interest-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
(Thousands of U.S. dollars)				
Interest rate swaps				
Fixed rate payment / Floating rate receipt				
Deferred hedge method	Long-term borrowings .....	\$ 6,262	\$ 5,388	\$ 18
	Special treatment of interest rate swap transactions	179,530	149,779	(*)
Integral accounting method of interest rate and currency swap transactions	Long-term borrowings .....	5,910	1,973	(*)

(\*) The fair value is based on prices quoted from counterparty financial institutions. Since interest rate swaps subject to special treatment and interest rate and currency swaps subject to integral accounting method are accounted for together with the corresponding long-term borrowings subject to hedging, the fair value of such contracts is included in the fair value of the those hedged items.

### Commodity-related transactions

	2019			
	Hedge item	Notional amount	Maturity over 1 year	Fair value (*)
(Thousands of U.S. dollars)				
Aluminum ingot and others forward contracts				
Fair value hedge accounting	Accounts receivable .....	\$ 3,721	\$ —	\$ (54)
	Accounts payable .....	17,029	—	36

(\*) The fair value is based on prices quoted from counterparty trading companies.

### 8. OTHER COMPREHENSIVE INCOME

Each component of other comprehensive income for the year ended March 31, 2018 and 2019 is as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized gains (losses) on securities:			
Amount arising during the year .....	¥ 13	¥ (1,219)	\$ (10,983)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent .....	(14)	8	72
Before-tax effect .....	(1)	(1,211)	(10,911)
Tax effect .....	(13)	321	2,892
Net-of-tax amount .....	(14)	(890)	(8,019)
Unrealized gains (losses) on hedges:			
Amount arising during the year .....	(494)	(99)	(892)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent .....	198	275	2,478
Before-tax effect .....	(296)	176	1,586
Tax effect .....	78	(41)	(370)
Net-of-tax amount .....	(218)	135	1,216
Foreign currency translation adjustments:			
Amount arising during the year .....	923	(413)	(3,721)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent .....	(23)	—	—
Before-tax effect .....	900	(413)	(3,721)
Tax effect .....	—	—	—
Net-of-tax amount .....	900	(413)	(3,721)
Remeasurements of defined benefit plans:			
Amount arising during the year .....	964	(1,106)	(9,965)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent .....	319	15	135
Before-tax effect .....	1,283	(1,091)	(9,830)
Tax effect .....	(501)	325	2,928
Net-of-tax amount .....	782	(766)	(6,902)
Equity of other comprehensive income (loss) of affiliates:			
Amount arising during the year .....	362	(397)	(3,576)
Reclassification adjustments for gains and losses included in profit (loss) attributable to owners of parent .....	97	—	—
Before-tax amount .....	459	(397)	(3,576)
Tax benefit .....	—	—	—
Net-of-tax amount .....	459	(397)	(3,576)
Total other comprehensive income .....	¥ 1,909	¥ (2,331)	\$ 21,002

### 9. RETIREMENT BENEFIT PLANS

The Company and its domestic consolidated subsidiaries have defined benefit corporate pension plans and a lump-sum payment retirement benefit plans. Additional benefits may be granted to employees according to the conditions under which termination of employment occurs. Certain consolidated subsidiaries use the simplified method for calculation of retirement benefit obligation. Certain subsidiaries have defined contribution plans.

The changes in the retirement benefit obligation during the years ended March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year .....	¥ 38,413	¥ 38,483	\$ 346,725
Service cost .....	1,764	1,869	16,839
Interest cost .....	384	244	2,198
Actuarial gain or loss .....	(300)	487	4,388
Retirement benefits paid .....	(1,813)	(1,185)	(10,677)
Others .....	35	(1)	(8)
Balance at the end of the year .....	¥ 38,483	¥ 39,897	\$ 359,465

The changes in plan assets during the years ended March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year .....	¥ 24,593	¥ 25,757	\$ 232,066
Expected return on plan assets .....	300	625	5,631
Actuarial gain or loss .....	664	(619)	(5,577)
Employer contributions .....	1,278	2,297	20,696
Retirement benefits paid .....	(1,122)	(648)	(5,838)
Others .....	44	(3)	(28)
Balance at the end of the year .....	¥ 25,757	¥ 27,409	\$ 246,950

The changes in liability for retirement benefits accounted for by the simplified method during the years ended March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year .....	¥ 6,763	¥ 7,049	\$ 63,510
Increase by acquisition of a consolidated subsidiary .....	25	—	—
Retirement benefit expenses .....	968	1,017	9,163
Retirement benefits paid .....	(426)	(542)	(4,883)
Contributions for the plans .....	(281)	(271)	(2,442)
Balance at the end of the year .....	¥ 7,049	¥ 7,253	\$ 65,348

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2018 and 2019 for the defined benefit plans:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation .....	¥ 46,386	¥ 48,134	\$ 433,679
Fair value of plan assets .....	(29,263)	(31,075)	(279,980)
Unfunded retirement benefit obligation .....	17,123	17,059	153,699
Net liability for retirement benefits in the consolidated balance sheets .....	¥ 19,775	¥ 19,741	\$ 177,863
Liability for retirement benefits .....	¥ 19,775	¥ 19,741	\$ 177,863
Net liability for retirement benefits in the consolidated balance sheets .....	¥ 19,775	¥ 19,741	\$ 177,863

## Notes to Consolidated Financial Statements

The components of retirement benefit expenses for the years ended March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost .....	¥ 1,764	¥ 1,869	\$ 16,839
Interest cost .....	384	244	2,198
Expected return on plan assets .....	(300)	(625)	(5,631)
Amortization of unrecognized actuarial gain or loss .....	333	53	478
Amortization of prior service cost .....	(20)	(25)	(225)
Retirement benefit expenses accounted for by the simplified method .....	968	1,017	9,163
Retirement benefit expenses on the defined benefit plan .....	¥ 3,129	¥ 2,533	\$ 22,822

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Prior service cost .....	¥ 20	¥ 25	\$ 225
Actuarial gain or loss .....	(1,303)	1,066	9,605
Total .....	¥ (1,283)	¥ 1,091	\$ 9,830

Remeasurements of defined benefits plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Unrecognized prior service cost .....	¥ (180)	¥ (155)	\$ (1,397)
Unrecognized actuarial gain or loss .....	959	2,025	18,245
Total .....	¥ 779	¥ 1,870	\$ 16,848

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2018 and 2019 is as follows:

	2018	2019
General account .....	34%	33%
Domestic bonds .....	24%	22%
Foreign stocks .....	14%	15%
Domestic stocks .....	11%	10%
Foreign bonds .....	9%	8%
Others .....	8%	12%
Total .....	100%	100%

The ratio of the retirement benefit trust, set to the corporate pension plan, in the total fair value of plan assets is 3% and 3% at March 31, 2018 and 2019, respectively.

The expected return on assets is estimated based on the anticipated allocation to each asset category and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2018	2019
Discount rate .....	1.0%	1.0%
Expected rate of return on plan assets .....	1.0%	1.0%

Required contribution of the consolidated subsidiaries for the defined contribution plans for the years ended March 31, 2018 and 2019 is as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Required contribution .....	¥ 7	¥ 44	\$ 396

## 10. INCOME TAXES

Significant components of deferred tax assets and liabilities at March 31, 2018 and 2019 are as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carry forwards.....	¥ 7,576	¥ 6,340	\$ 57,122
Net defined benefit liabilities.....	6,165	5,987	53,942
Accrued bonuses.....	1,972	2,063	18,587
Unrealized intercompany loss.....	1,962	1,962	17,677
Allowance for doubtful accounts.....	1,591	1,417	12,767
Loss on disposal of fixed assets.....	698	94	847
Other.....	8,411	7,179	64,682
Gross deferred tax assets.....	28,375	25,042	225,624
Valuation allowance for tax loss carry forwards.....	—	6,292	56,690
Valuation allowance for deductible temporary differences.....	—	6,818	61,429
Total Valuation allowance.....	(14,941)	(13,110)	(118,119)
Total deferred tax assets, net of valuation allowance.....	13,434	11,932	107,505
Deferred tax liabilities:			
Undistributed retained earnings of subsidiaries and associates.....	(1,376)	(1,841)	(16,587)
Unrealized gain on securities.....	(1,548)	(1,244)	(11,208)
Revaluation gain on subsidiaries.....	(974)	(974)	(8,776)
Unrealized intercompany gain.....	(907)	(907)	(8,172)
Other.....	(1,066)	(477)	(4,298)
Total deferred tax liabilities.....	(5,871)	(5,443)	(49,041)
Net deferred tax assets.....	¥ 7,563	¥ 6,489	\$ 58,464

Notes: A breakdown of tax loss carry forwards and valuation allowance by expiry date as of March 31, 2019 is as follows:

	2019						Total
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	
	(Millions of yen)						
Tax loss carry forwards .....	¥ 2,882	¥ 201	¥ 1,360	¥ 533	¥ 278	¥ 1,086	¥ 6,340
Valuation allowance .....	(2,882)	(153)	(1,360)	(533)	(278)	(1,086)	(6,292)
Deferred tax assets .....	¥ —	¥ 48	¥ —	¥ —	¥ —	¥ —	¥ 48 (b)

## Notes to Consolidated Financial Statements

	2019						Total
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	
	(Thousands of U.S. dollars)						
Tax loss carry forwards .....	\$ 25,966	\$ 1,811	\$ 12,253	\$ 4,802	\$ 2,505	\$ 9,785	\$ 57,122
Valuation allowance .....	(25,966)	(1,379)	(12,253)	(4,802)	(2,505)	(9,785)	(56,690)
Deferred tax assets .....	\$ —	\$ 432	\$ —	\$ —	\$ —	\$ —	\$ 432 (b)

(a) The amount is determined by multiplying the corresponding tax loss carry forwards by the effective statutory tax rate.

(b) The Company considers these deferred tax assets recoverable based on the expected future taxable income.

Deferred tax assets and liabilities that comprise net deferred tax assets are included in the following accounts of the accompanying consolidated balance sheets:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets (investments and other assets) .....	¥ 7,788	¥ 6,618	\$ 59,627
Other long-term liabilities .....	(225)	(129)	(1,162)

A reconciliation of the differences between the effective statutory income tax rate and the effective income tax rate for the years ended March 31, 2018 and 2019 was summarized as follows:

	2018	2019
Effective statutory income tax rate .....	30.9%	—
Increase (decrease) in taxes resulting from:		
Change in valuation allowance.....	(2.5)	
Equity in earnings of affiliates.....	(1.2)	
Effect of tax rate difference of foreign subsidiaries.....	(0.4)	
Undistributed retained earnings of subsidiaries and associates .....	(0.1)	
Inhabitant taxes per capital.....	0.6	
Permanently non-deductible expenses .....	0.4	
Other.....	(2.5)	
Effective income tax rate .....	25.2%	

Since the difference between the effective statutory income tax rate and the effective income tax rate was equal or less than 5% of the effective statutory income tax rate, the reconciliation for the year ended March 31, 2019 is not presented.

### 11. APPROPRIATIONS OF RETAINED EARNINGS

(1) The following appropriation (cash dividends) was approved and recorded for the year ended March 31, 2018 and 2019, respectively:

2018							
Resolution made at	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Source of dividends	Cut-off date	Effective date	
The ordinary general meeting of shareholders on June 27, 2017	Common stock	¥3,097	¥5.00	Retained earnings	March 31, 2017	June 28, 2017	
The meeting of the Board of Directors on October 27, 2017	Common stock	¥2,478	¥4.00	Retained earnings	September 30, 2017	December 1, 2017	



2019								
Resolution made at	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Source of dividends	Cut-off date	Effective date
The ordinary general meeting of shareholders on June 26, 2018	Common stock	¥2,478	\$22,326	¥4.00	\$0.04	Retained earnings	March 31, 2018	June 27, 2018
The meeting of the Board of Directors on October 30, 2018	Common stock	¥2,478	\$22,326	¥4.00	\$0.04	Retained earnings	September 30, 2018	December 3, 2018

(2) Dividends with the cut-off date in the year ended March 31, 2019 and the effective date in the year ending March 31, 2020 are as follows:

2019								
Resolution made at	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Source of dividends	Cut-off date	Effective date
The ordinary general meeting of shareholders on June 25, 2019	Common stock	¥3,097	\$27,903	¥5.00	\$0.04	Retained earnings	March 31, 2019	June 26, 2019

The Company is required to obtain the approval of shareholders at an ordinary general meeting of shareholders for appropriations of retained earnings in conformity with the Corporation Law. Appropriations of retained earnings are, therefore, not recorded in the consolidated financial statements for the year which the cut-off date of dividend belongs to, but are recorded in the consolidated financial statements in the subsequent year after shareholders' approval has been obtained.

## 12. REVALUATION SURPLUS

A consolidated subsidiary of the Company revalued its land used for business purposes in accordance with the Land Revaluation Law. The Company recognized its portion of consolidated subsidiary's revaluation surplus in net assets.

## 13. DERIVATIVES

In the normal course of business, the Company and its consolidated subsidiaries utilize various derivative financial instruments in order to manage the exposure to fluctuation in foreign currency exchange rates, interest rates and the prices of aluminum ingot in the market. The Company and its consolidated subsidiaries do not hold or issue derivative financial instruments for trading purposes.

## 14. NOTES TO CONSOLIDATED STATEMENT OF INCOME

### *Inventories*

The amount of inventories written down due to a decline in profitability for the years ended March 31, 2018 and 2019 was ¥(416) million and ¥(331) million (\$ (2,982) thousand), respectively which is included in cost of sales.

### *Selling, general and administrative expenses*

Main components of selling, general and administrative expenses for the year ended March 31, 2018 and 2019 were as follows:

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Freight charges .....	¥12,508	¥13,028	\$117,380
Salaries, allowances and bonuses .....	19,373	20,433	184,098

### *Research and Development*

Research and development costs charged to cost of sales and selling, general and administrative expenses for the years ended March 31, 2018 and 2019 were ¥5,177 million and ¥5,447 million (\$49,076 thousand), respectively.

## 15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2018 and 2019 are ¥1,529 and ¥1,391 million (\$12,533 thousand), respectively, for loans guaranteed and other guarantees given in the ordinary course of business.

## Notes to Consolidated Financial Statements

### 16. LOSS ON IMPAIRMENT OF FIXED ASSETS

The consolidated subsidiaries recognized ¥933 million of loss on impairment of fixed assets in the consolidated statements of income, and the significant items of such impairment loss for the year ended March 31, 2018 were as follows:

2018			
Location	Major use	Asset category	(Millions of yen)
Jiangsu, China	Operating assets	Machinery and equipment .....	¥451
		Tools, furniture and fixtures .....	2
Total			¥453

Since the operating assets in Jiangsu, China have become idle and shown signs of impairment, the consolidated subsidiaries recognized an impairment loss of ¥453 million, measured by the net realizable value, as a result of noting a sign of impairment and evaluating a necessity of the impairment loss recognition.

The consolidated subsidiaries have grouped the operating assets by independent operating divisions which generate cash flows, the rental assets by administrative business divisions, and idle assets by individual asset itself.

The consolidated subsidiaries recognized ¥957 million (\$8,622 thousand) of loss on impairment of fixed assets in the consolidated statements of income, and the significant items of such impairment loss for the year ended March 31, 2019 were as follows:

2019				
Location	Major use	Asset category	(Millions of yen)	(Thousands of U.S. dollars)
Guangdong, China	Operating assets	Buildings and structures .....	¥367	\$3,307
		Machinery and equipment .....	450	4,054
		Tools, furniture and fixtures .....	48	432
		Others .....	47	424
Total			¥912	\$8,217

Since the cash flows generated from operating activities resulting from the use of the groups of assets have become extremely worse, the consolidated subsidiaries recognized an impairment loss of ¥912 million (\$8,217 thousand), measured by the net realizable value (mainly based on the real estate appraisal value), as a result of noting a sign of impairment and evaluating a necessity of the impairment loss recognition.

The consolidated subsidiaries have grouped the operating assets by independent operating divisions which generate cash flows, the rental assets by administrative business divisions, and idle assets by individual asset itself.

### 17. AMOUNTS PER SHARE

Net profit and net assets per share as of March 31, 2018 and 2019 and for the years then ended were summarized as follows:

#### 1. Number of shares

	2018	2019
	(Thousands of shares)	
Weighted average number of shares .....	619,227	619,221
Effect of convertible bonds .....	—	—
Diluted number of shares .....	619,227	619,221

#### 2. Net profit per share

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Net profit .....	¥ 18,012	¥ 20,560	\$ 185,242
	2018	2019	2019
	(yen)		(U.S. dollars)
Net profit per share .....	¥ 29.09	¥ 33.20	\$ 0.30
Diluted net profit per share .....	¥ —	¥ —	\$ —

### 3. Net assets per share

	2018	2019	2019
	(Millions of yen)		(Thousands of U.S. dollars)
Total net assets .....	¥189,322	¥ 202,735	\$ 1,826,606
Non-controlling interests .....	(15,365)	(14,881)	(134,075)
Net assets attributable to shares of common stock .....	¥173,957	¥ 187,854	\$ 1,692,531
	2018	2019	2019
	(yen)		(U.S. dollars)
Net assets per share .....	¥ 280.93	¥ 303.37	\$ 2.73

## 18. BUSINESS COMBINATION

### (a) Business combination through acquisition

#### (1) Name of acquired companies and outline of business

##### Name of acquired companies

Sumikei-Nikkei Engineering Co., Ltd. (hereinafter referred to as “SNE”)

##### Outline of business

Design, manufacturing, sales, construction and maintenance of various landscape products

#### (2) Reason for business combination

We aim to accelerate innovation for new products and business to create value for customers by combining SNE's sales and engineering capabilities and NLM group's advanced technology and development skills.

#### (3) Date of business combination

September 28, 2018

#### (4) Legal form of business combination

Acquisition of shares for cash consideration

#### (5) Post-business combination company name

No change

#### (6) Percentage of voting rights acquired

Voting rights held immediately before stock acquisition .....	50.0%
Percentage of additional voting rights acquired on the date of business combination .....	31.0%
Voting rights after stock acquisition .....	81.0%

#### (7) Main basis for determining acquired company

The Company acquired shares with cash.

### (b) The acquired companies are included in the consolidated financial statements from October 1, 2018 to March 31, 2019

### (c) Cost of acquisition and its components

	(Millions of yen)	(Thousands of U.S. dollars)
The fair value of common stock of SNE held immediately before stock acquisition .....	¥ 3,500	\$ 31,535
The fair value of additional common stock of SNE acquired on the date of business combination .....	2,170	19,551
Acquisition cost of the acquired company .....	¥ 5,670	\$ 51,086

### (d) The difference between acquisition cost of the acquired company and the total costs of stock acquisition transactions

	(Millions of yen)	(Thousands of U.S. dollars)
Gain on step acquisitions .....	¥ 1,371	\$ 12,353

## Notes to Consolidated Financial Statements

### (e) Amount of goodwill, reason for recognition, amortization method and period

- (1) Goodwill arising from the acquisition  
¥2,221 million (\$20,011 thousand)
- (2) Reason for the recognition  
Expectation of future excess earning power due to business development
- (3) Amortization method and period  
Straight-line amortization over 5 years

### (f) Amount of assets acquired and liabilities assumed on the day of the acquisition

#### (1) Assets

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets .....	¥ 7,894	\$ 71,124
Non-current assets .....	319	2,874
Total assets .....	¥ 8,213	\$ 73,998

#### (2) Liabilities

	(Millions of yen)	(Thousands of U.S. dollars)
Current liabilities .....	¥ 3,942	\$ 35,517
Long-term liabilities .....	13	117
Total liabilities .....	¥ 3,955	\$ 35,634

### (g) Approximate effects in the consolidated statements of income as if the business combination was completed at the beginning of the current fiscal year, and its method of calculation

Estimated effects are not disclosed since they are not material.

## 18. SEGMENT INFORMATION

### (1) Outline of reportable segments

The reportable segments are components of the Company and its consolidated subsidiaries, for which their discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The Company and its consolidated subsidiaries operate under four distinct business segments mainly in Japan: “Aluminum ingot and chemicals,” “Aluminum sheet and extrusions,” “Fabricated products and others” and “Aluminum foil, powder and paste.”

The “Aluminum ingot and chemicals” segment supplies aluminum remelted ingot used for various industrial materials, and produces a wide spectrum of alumina and alumina hydrates ranging from raw materials to basic materials for ceramic compounds. The “Aluminum sheet and extrusions” segment produces sheet, coil and extrusion products consisting primarily of shapes, tubes and rods. The “Fabricated products and others” segment produces a variety of products which include wing bodies for transport vehicles, automobile components and electronic materials. The “Aluminum foil, powder and paste” segment produces aluminum foil and aluminum powder used for various fields, such as daily necessities, energy, electronics and automobile. “Adjustment” includes unallocated operating expenses and corporate assets not specifically related to reportable segments.

### (2) Calculation method of net sales, profit or loss, assets and other items on each reportable segment

The accounting policies applied by each reportable segment are consistent with those described in “Note 1. Significant Accounting Policies.” Segment profit or loss presented in segment information is calculated based on operating income in the consolidated statements of income. Intersegment sales and transfer are determined based on market value.

### (3) Information on net sales, profit or loss, assets and other items by each reportable segment

Reportable segment information for the years ended March 31, 2018 and 2019 was as follows:

	2018						
	The reportable segments					Adjustment (Note 1)	Consolidated
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste			
	(Millions of yen)						
Net sales							
Customers .....	¥ 111,100	¥106,955	¥ 169,019	¥ 94,365	¥ —	¥ 481,439	
Intersegment .....	46,714	24,997	12,344	510	(84,565)	—	
Total .....	157,814	131,952	181,363	94,875	(84,565)	481,439	
Operating profit .....	¥ 8,954	¥ 9,767	¥ 9,783	¥ 4,856	¥ (3,467)	¥ 29,893	
Segment assets .....	¥ 122,686	¥117,781	¥ 156,789	¥ 97,821	¥ (27,777)	¥ 467,300	
Depreciation and amortization .....	¥ 3,886	¥ 5,187	¥ 3,814	¥ 4,046	¥ 193	¥ 17,126	
Amortization of goodwill .....	¥ 6	¥ 602	¥ 244	¥ 81	¥ —	¥ 933	
Loss on impairment of fixed assets .....	¥ 4,442	¥ 2,262	¥ 5,912	¥ 3,140	¥ —	¥ 15,756	
Investment in equity-method affiliates	¥ 5,914	¥ 5,414	¥ 4,624	¥ 5,001	¥ 124	¥ 21,077	
Capital expenditures .....	¥ 4,198	¥ 5,376	¥ 6,074	¥ 4,046	¥ 214	¥ 19,908	

(Note 1). Explanations of adjustments amounts are as follows.

- 1) Adjustments of ¥(3,467) million in segment profit are general corporate expenses.
- 2) Adjustments of ¥(27,878) million in segment assets include ¥(46,117) million in the elimination of transactions between segments and ¥18,239 million in corporate assets.
- 3) Adjustments of ¥193 million in depreciation and amortization expenses are mainly composed of those of corporate assets.
- 4) Adjustments of ¥124 million for capital expenditures are the increase in corporate assets.

(Note 2). Segment profits (losses) were reconciled to operating income (loss) in the consolidated statements of income.

	2018						
	The reportable segments					Adjustment (Note 1)	Consolidated
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste			
	(Millions of yen)						
Net sales							
Customers .....	¥ 117,008	¥ 107,835	¥180,259	¥ 95,349	¥ —	¥ 500,451	
Intersegment .....	48,272	25,149	13,685	522	(87,628)	—	
Total .....	165,280	132,984	193,944	95,871	(87,628)	500,451	
Segment profit (Note2) .....	¥ 9,616	¥ 7,152	¥ 11,681	¥ 5,114	¥ (3,511)	¥ 30,052	
Segment assets .....	¥ 129,876	¥ 114,630	¥168,023	¥ 100,110	¥ (31,336)	¥ 481,303	
Depreciation and amortization .....	¥ 3,631	¥ 5,109	¥ 4,352	¥ 3,997	¥ 205	¥ 17,294	
Amortization of goodwill .....	¥ —	¥ —	¥ 222	¥ —	¥ —	¥ 222	
Loss on impairment of fixed assets .....	¥ —	¥ 40	¥ —	¥ 917	¥ —	¥ 957	
Investment in equity-method affiliates ...	¥ 4,274	¥ 2,247	¥ 3,746	¥ ,895	¥ —	¥ 14,162	
Capital expenditures .....	¥ 12,142	¥ 5,037	¥ 6,050	¥ 6,484	¥ 213	¥ 29,926	

## Notes to Consolidated Financial Statements

	2019					
	The reportable segments				Adjustment (Note 1)	Consolidated
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste		
	(Thousands of U.S. dollars)					
Net sales						
Customers .....	\$1,054,221	\$ 971,574	\$1,624,102	\$ 859,077	\$ —	\$4,508,974
Intersegment .....	434,922	226,588	123,299	4,704	(789,513)	—
Total .....	1,489,143	1,198,162	1,747,401	863,781	(789,513)	4,508,974
Segment profit (Note2) .....	\$ 86,638	\$ 64,438	\$ 105,244	\$ 46,076	\$ (31,633)	\$ 270,763
Segment assets .....	\$1,170,160	\$1,032,796	\$1,513,857	\$ 901,973	\$ (282,332)	\$4,336,454
Depreciation and amortization .....	\$ 32,715	\$ 46,031	\$ 39,211	\$ 36,012	\$ 1,847	\$ 155,816
Amortization of goodwill .....	\$ —	\$ —	\$ 2,000	\$ —	\$ —	\$ 2,000
Loss on impairment of fixed assets .....	\$ —	\$360	\$ —	\$8,262	\$ —	\$ 8,622
Investment in equity-method affiliates ...	\$ 38,508	\$ 20,245	\$ 33,751	\$ 35,093	\$ —	\$ 127,597
Capital expenditures .....	\$ 109,397	\$ 45,382	\$ 54,509	\$ 58,420	\$ 1,919	\$ 269,627

(Note 1). Explanations of adjustments amounts are as follows.

- 1) Adjustments of ¥(3,511) million (\$ (31,633) thousands) in segment profit are general corporate expenses.
- 2) Adjustments of ¥(31,336) million (\$ (282,332) thousands) in segment assets include ¥(47,063) million (\$ (424,029) thousands) in the elimination of transactions between segments and ¥15,727 million (\$141,697 thousands) in corporate assets.
- 3) Adjustments of ¥205 million (\$1,847 thousands) in depreciation and amortization expenses are mainly composed of those of corporate assets.
- 4) Adjustments of ¥213 million (\$1,919 thousands) for capital expenditures are the increase in corporate assets.

(Note 2). Segment profits (losses) were reconciled to operating income (loss) in the consolidated statements of income.

Geographical sales for the years ended March 31, 2018 and 2019 were summarized as follows:

2018			2019			2019		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥383,889	¥97,550	¥481,439	¥400,889	¥99,562	¥500,451	\$3,611,938	\$897,036	\$4,508,974

Geographical property, plant and equipment as of March 31, 2018 and 2019 were summarized as follows:

2017			2018			2018		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
¥134,835	¥19,167	¥154,002	¥147,525	¥17,043	¥164,568	\$1,329,174	\$153,554	\$1,482,728

Information on amortization of goodwill and unamortized balance by each reportable segment as of March 31, 2019 and for the year then ended (none for 2018) is as follows:

	2019					
	The reportable segments				Adjustment	Consolidated
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste		
	(Millions of yen)					
Amortization of goodwill .....	¥ —	¥ —	¥ 222	¥ —	¥ —	¥ 222
Balance as of March 31 .....	¥ —	¥ —	¥ 1,999	¥ —	¥ —	¥ 1,999

	2019					
	The reportable segments				Adjustment	Consolidated
	Aluminum ingot and chemicals	Aluminum sheet and extrusions	Fabricated products and others	Aluminum foil, powder and paste		
	(Thousands of U.S. dollars)					
Amortization of goodwill .....	\$ —	\$ —	\$ 2,000	\$ —	\$ —	\$ 2,000
Balance as of March 31 .....	\$ —	\$ —	\$ 18,011	\$ —	\$ —	\$ 18,011



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Fax: +81 3 3503 1197  
ey.com

## Independent Auditor's Report

The Board of Directors  
Nippon Light Metal Holdings Company, Ltd.

We have audited the accompanying consolidated financial statements of Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Light Metal Holdings Company, Ltd. and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

*Ernst & Young ShinNihon LLC*

June 25, 2019  
Tokyo, Japan

A member firm of Ernst & Young Global Limited



## OVERSEAS SUBSIDIARIES AND AFFILIATES

### North America

#### **Nikkei MC Aluminum America, Inc.**

Indiana, U.S.A.  
Phone: +1-812-3421141  
Aluminum alloys  
(60%)

#### **Toyal America, Inc.**

Illinois, U.S.A.  
Phone: +1-815-740-3037  
Aluminum powder and paste  
(100%)

### Europe

#### **Toyal Europe SASU**

Accous, France  
Phone: +33-5-59-9835-36  
Aluminum powder and paste  
(100%)

### East Asia

#### **Nikkei MC Aluminum (Kunshan) Co., Ltd.**

Jiangsu, China  
Phone: +86-512-5763-1946  
Aluminum alloys  
(85%)

#### **Guangxi Zhengrun Nikkei High Purity Aluminium Technology Co., Ltd.**

Guangxi, China  
Phone: +86-0774-8838833  
Aluminum high purity metal  
(49%)

#### **Nonfemet international (China-Canada-Japan) Aluminium Co., Ltd.**

Shenzhen, China  
Phone: +86-755-86006987  
Aluminum extrusion  
(18%)

#### **Toyo Precision**

#### **Appliance(Kunshan)Co.,Ltd.**

Jiangsu, China  
Phone: +86-512-57812388  
IT related case  
(85%)

#### **Shandong Nikkei Conglin Automotive Parts Co.,Ltd.**

Shandong, China  
Phone: +86-535-8567839  
Automobiles components  
(55%)

#### **Nikkei(Shanghai) Body Parts Co.,Ltd.**

Jiangsu, China  
Phone: +86-512-65710550  
Automobiles components  
(100%)

#### **Shandong Conglin Fruehauf Automobile Co.,Ltd.**

Shandong, China  
Phone: +86-535-8567976  
Trailers and trucks  
(50%)

#### **Hunan Ningxiang JiWeiXin Metal Powder Co.,Ltd.**

Hunan, China  
Phone: +86-731-87890331  
Aluminum powder  
(90%)

#### **Toyal Zhaoqing Co.,Ltd.**

Guangdong, China  
Phone: +86-758-3602080  
Aluminum paste  
(90%)

#### **Sam-A Aluminium Co.,Ltd.**

Seoul, Korea  
Phone: +82-2-34580600  
Aluminum foil, paste  
(33.4%)

### Southeast Asia

#### **Nikkei MC Aluminum (Thailand)Co.,Ltd.**

Chachengsao, Thailand  
Phone: +66-38-522296  
Aluminum alloys  
(79.4%)

#### **CMR Nikkeik India Pvt, Ltd.**

Bawal, India  
Phone: +91-128-4200125  
Aluminum alloys  
(26%)

#### **Nikkei Siam Aluminium Ltd.**

Pathumtani, Thailand  
Phone: +66-2529-5299  
Aluminum sheet, foil  
(100%)

#### **Fruehauf Mahajak Co.,Ltd.**

Bangkok, Thailand  
Phone: +66-2548-3733  
Trailers and trucks  
(70%)

#### **Toyal MMP India Pvt, Ltd.**

Nagpur, India  
Phone: +91-73501-77076  
Aluminum paste  
(74%)

## Directors And Officers

### Directors

---

President

Representative Director

**Ichiro Okamoto**

*President and CEO of Nippon Light Metal Co., Ltd*

Directors

**Toshihide Murakami**

**Yasunori Okamoto**

**Hiroshi Yamamoto**

*President and CEO of Toyo Aluminium K.K.*

**Hiroyasu Hiruma**

*President and CEO of Nippon Fruehauf Co., Ltd.*

**Sho Adachi**

*President and Representative Director of Nikkeikin  
Kakoh Kaibatsu Holdings Co., Ltd.*

**Yoshihiro Tomioka**

**Toshikazu Tanaka**

**Masahito Saotome**

**Masato Ono<sup>\*1</sup>**

**Ryoichi Hayashi<sup>\*1</sup>**

**Haruo Ito<sup>\*1</sup>**

**Toshihito Hayano<sup>\*1</sup>**

<sup>\*1</sup> Outside Director

### Audit & Supervisory Board Member

---

**Nobuo Matsumoto**

**Kotaro Yasuda**

**Masahiro Yoshida**

**Yuzuru Fujita<sup>\*2</sup>**

**Koji Yasui<sup>\*2</sup>**

**Shintaro Kawai<sup>\*2</sup>**

<sup>\*2</sup> Outside Member

### Officers

---

**Masamichi Ueda**

**Minoru Sotoike**

**Kazuto Sanada**

**Masakazu Ichikawa**

**Kazuyoshi Sugiyama**

(As of June 25, 2019)



## Corporate Data

### Company Name

Nippon Light Metal Holdings Company, Ltd.  
<https://www.nikkeikinholdings.co.jp>

### Established

October 1, 2012

### Paid-In Capital

¥46,525 million

### Shares of Common Stock

Authorized: 2,000,000,000  
Issued: 619,937,500

### Number of Shareholders

57,185

### Stock Exchange Listings

Tokyo

### Transfer Agent of Common Stock

Sumitomo Mitsui Trust Bank, Ltd.

### Last Shareholders' Meeting

June 25, 2019

### Major Shareholders

(Ratio of Stock Holding)

The Master Trust Bank of Japan, Ltd.  
(trust accounts) (8.7%)

Japan Trustee Services Bank, Ltd.  
(trust accounts) (8.7%)

The Dai-ichi Mutual Life Insurance Co.  
(3.2%)

Japan Trustee Services Bank, Ltd.  
(trust accounts 9) (3.2%)

Nikkei-Keiyu-Kai  
(2.6%)

The Light Metal Educational Foundation, Inc.  
(2.4%)

Asahi Mutual Life Insurance Co.  
(2.1%)

JPMC GOLDMAN SACHS TRUST JASDEC  
LENDING ACCOUNT (1.9%)

Mizuho Bank, Ltd.  
(1.8%)

Japan Trustee Services Bank, Ltd.  
(trust accounts 5) (1.7%)

(As of March 31, 2019)

### Cautionary Statement

This annual report contains various projections and estimates. Important factors that could alter these projections and estimates include changes in the balance of aluminum supply and demand, fluctuations in the price of aluminum ingot and foreign exchange rates, as well as shifts in Japanese government policies and regulations. The Company cautions, therefore, that the projections and estimates contained herein involve risk and uncertainty, and that actual results could differ materially from those expressed or implied.

<https://www.nikkeikinholdings.co.jp>



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