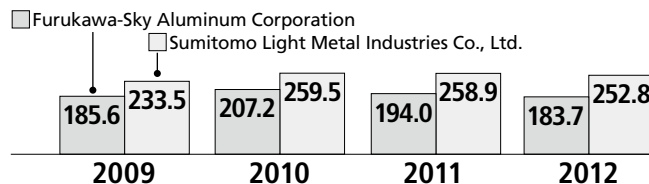


Changes during the previous and current mid-term management plans

During the period of its previous mid-term management plan, UACJ expanded production capacity mainly at its overseas subsidiaries, Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd., in order to capture robust demand in the global market. Through that investment, the Group's production capacity surpassed 1.5 million tons and consolidated net sales surpassed the ¥600-billion mark. Later, however, earnings power declined, particularly of operations in Japan, and the Company's financial position worsened. Consequently, the goals and targets of the current mid-term management plan were not achieved. In response, management initiated a set of structural reforms in October 2019 in an effort to stabilize the financial position and form a basis for achieving the goals of its next mid-term management plan.

Founding companies supplied products mainly in Japan

Net sales
(Billions of yen)

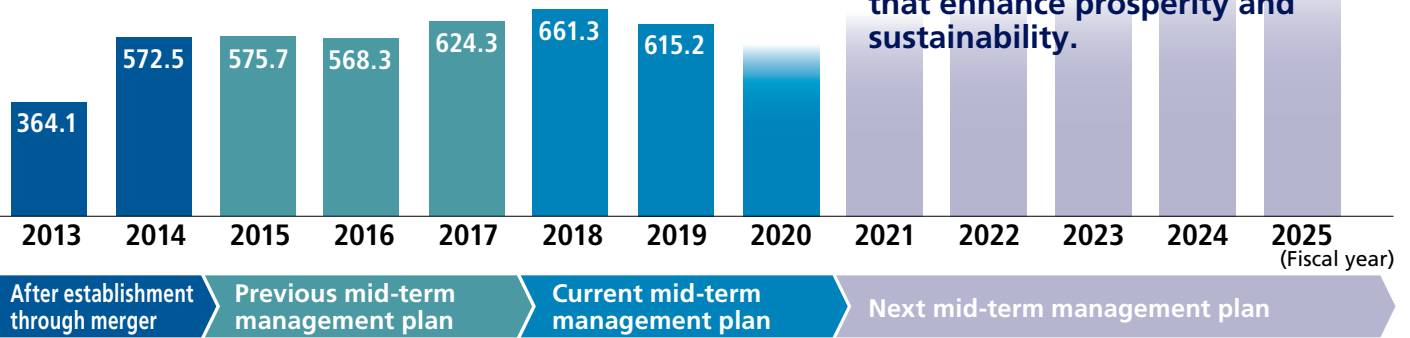


Before establishment through merger

Past investments

	Previous mid-term management plan (Fiscal 2015 to 2017)	Current mid-term management plan (Fiscal 2018 to 2020)																				
Operating environment and challenges	<ul style="list-style-type: none"> Demand for aluminum cans and foil increased rapidly amid rapid economic growth in Asia and the Middle East Demand for aluminum auto and aircraft parts increased amid efforts to reduce vehicle and aircraft weight by manufacturers, particularly in the U.S. and Europe 	<ul style="list-style-type: none"> Demand for aluminum products grew globally. Aluminum can stock demand rose mainly in Australia, China, and other Asian countries. The shift to lighter cars and EVs drove up demand for aluminum auto parts in North America Financial results were far short of previous targets. Sales volume had declined and energy costs rose steeply The Company's financial position worsened. Interest-bearing debt had increased due to rising costs for starting up new operations 																				
Basic strategies and major policies	<ul style="list-style-type: none"> Bolster operations in Asia and other growth regions, and expand product lineups for growing industries, including the automotive, transport, and energy industries Integrate technologies and optimize production in each business Improve advanced basic research and make use of the Company's wealth of accumulated technologies to develop new technologies and products 	<ul style="list-style-type: none"> Continue to focus on the growing automotive industry and growth markets in Asia and North America Steadily generate returns on past investments Increase capital efficiency with an emphasis on ROIC Promote shared principles of conduct as the UACJ Way 																				
Key achievements	<ul style="list-style-type: none"> Established a global supply network for can stock based in Japan, Thailand, and the U.S. Established a supply network for automotive parts in the U.S. Optimized production facilities, thereby contributing ¥11 billion in earnings Centralized R&D at Nagoya Works and made progress in developing new products and next-generation core technologies 	<ul style="list-style-type: none"> Thai and U.S. subsidiaries boosted profits following investments. UACJ (Thailand) posted operating income for the first time and boosted annual production capacity and sales volume to about 200,000 tons per year; Tri-Arrows Aluminum topped 400,000 tons in annual sales volume; the ratio of sales outside of Japan surpassed 50% of total sales The business portfolio has been streamlined. Sold off the copper tubing business and ended an automotive body sheet joint-venture agreement in the U.S. <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 20px;"> <p>UACJ Thailand's monthly production output in fiscal 2019 (Thousands of tons)</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Output (Thousands of tons)</th> </tr> </thead> <tbody> <tr><td>4</td><td>10</td></tr> <tr><td>5</td><td>13</td></tr> <tr><td>6</td><td>14</td></tr> <tr><td>7</td><td>18</td></tr> <tr><td>8</td><td>18</td></tr> <tr><td>9</td><td>21</td></tr> <tr><td>10</td><td>23</td></tr> <tr><td>11</td><td>23</td></tr> <tr><td>12</td><td>23</td></tr> </tbody> </table> </div> </div>	Month	Output (Thousands of tons)	4	10	5	13	6	14	7	18	8	18	9	21	10	23	11	23	12	23
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4	10																					
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6	14																					
7	18																					
8	18																					
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10	23																					
11	23																					
12	23																					
Remaining challenges	<ul style="list-style-type: none"> Financial results fell far short of the plan's targets. Sales volume dropped as energy costs rose steeply The Company's financial position worsened. Interest-bearing debt increased due to rising costs for starting up operations 	<p>Remaining challenges will be determined following the conclusion of the current mid-term management plan</p>																				

Tapped worldwide demand and grew into a major global manufacturer



Our Purpose

Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability.

Returns on the past investments

Next mid-term management plan (From fiscal 2021)

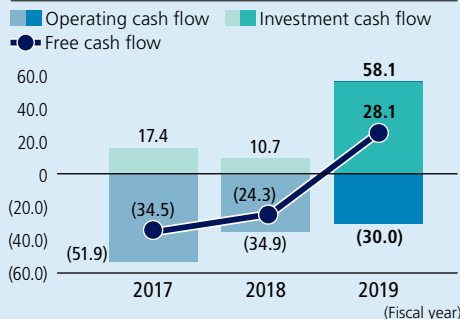
Structural reforms

- Management was ineffective**
 Decision-making was slow, execution was lacking, risk management was insufficient, and reforms of business processes were delayed by the slow adoption of IT
- Earnings power declined**
 Responses to changing business conditions and product mix adjustments were slow, measures to cut fixed costs were insufficient, and foreign subsidiaries failed to achieve profit targets
- The financial structure was weak**
 Large investments drove up interest-bearing debt and efforts to improve asset efficiency were slow
- Increase earnings capacity**
 Reduce the break-even point, generate returns on large investments, and withdraw from non-profitable and non-core businesses
- Reform the financial structure**
 Increase operating cash flows, reduce investment, and strictly control inventory assets
- Increase the speed and efficiency of management decision-making**
 Improve management organizations and systems, and establish a structural reform headquarters

- Rationalized production in Japan
Stopped certain processes at Fukaya Works and closed down Nikko Works
- Achieved positive free cash flow
- Slimmed down management
Substantially reduced the number of full-time directors and executive officers

Note: The results above were as of March 31, 2020

Consolidated cash flow results (Billions of yen)



Currently being formulated