

Megatrends

Climate change Growing demand for aluminum containers Spread of electric vehicles (trend toward lighter weight in mobility)
Advancement of digital transformation

Input (capital)

Financial capital

Stable funding for business operations

- Free cash flow: ¥28.1 billion
- General investment: ¥10.9 billion

Funding for growth

- Strategic investment: ¥7.2 billion

Manufactured capital

Three-point global supply capabilities

- More than 1.5 million tons of annual production capacity

Advanced machining capabilities

- Flat rolling, extrusion, foil, casting, forging, precision machining

Intellectual capital

Three-point global R&D structure

- Japan, United States, Thailand

Cutting edge knowledge

- R&D spending: ¥4.3 billion

Social capital

Established customer base

- Customers: Over 600 companies (flat-rolled aluminum business alone)
- Products: Over 1,000 (flat-rolled aluminum business alone)
- Demand industries: Can stock, automotive, aviation and space, railway, packaging for pharmaceuticals and foods, construction, IT

Participation in cutting edge research

- Japanese government-led research projects: 6

Human capital

Diverse workforce

- 10,000 employees in more than 10 countries

Sharing of manufacturing expertise

- Program for passing down manufacturing skills: 1,794 participants
- Internal communication program: 360 participants

Promotion of the corporate philosophy

- Discussion sessions: 174 times (attended by 970 employees)

Natural capital

- Renewable energy consumption: 23,837 GJ (hydroelectric electricity consumption at Nikko Works)

Note: The value for free cash flow provided is for 2019. All other values are for 2020.

Business activities

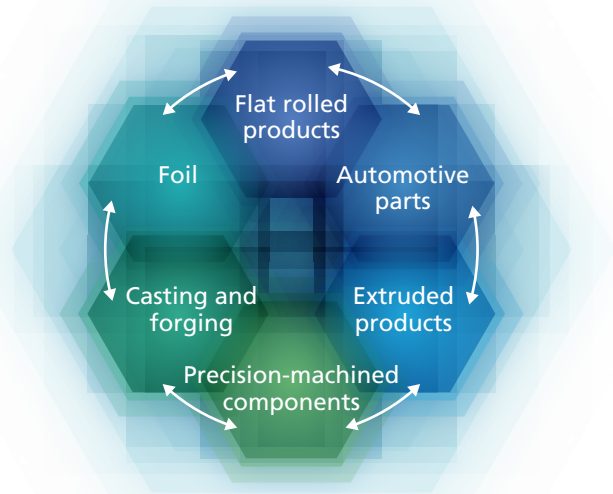
Competitive Advantages

Material utilization technology



UACJ's unique six-business collaboration

- Delivery of high added value products by combining materials with machining
- Provision of services for optimizing customer production processes
- Provision of aluminum's inherent environmental value to society



Three-point global supply structure (Japan, United States, Thailand)



Promotion of a circular economy (development of closed-loop recycling)

Sustainability management

Value creation foundation

- Communication with stakeholders
- Quality assurance
- Supply chain management
- Health and safety
- Human resource management
- Human rights management
- Corporate governance
- Compliance
- Risk management

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Output

Supplying Products that Support Society

 <p>Flat rolled products</p>	<p>Beverage products (can body and lid materials) Automotive (panels, heat exchanger materials)</p>
 <p>Automotive parts</p>	<p>Automotive (bumpers, sunroof guide rails)</p>
 <p>Extruded products</p>	<p>Automotive (frames, heat exchangers and piping) IT products (smartphone housing)</p>
 <p>Foil</p>	<p>Pharmaceutical and foods packaging (PTP foil, retort pouches) Batteries (foil for lithium-ion batteries)</p>
 <p>Casting and forging</p>	<p>Automotive (compressor wheels, vehicle air conditioning parts) Railway rolling stock (axle boxes for high-speed trains)</p>
 <p>Precision-machined components</p>	<p>Construction (expansion joint covers) Industrial machinery (materials for industrial fans and tanks)</p>

Outcome

Supporting lifestyles and industry and contributing to the resolution of environmental issues

Financial capital

- Adjusted EBITDA: ¥44.7 billion
- Operating cash flow: ¥38.6 billion
- ROIC: 2.2%
- Reduction in interest-bearing debt: ¥8.2 billion
- Market capitalization: ¥128.6 billion

Manufactured capital

- Serious accidents: 0
- Accident frequency rate: 4.65
- Improvement in operating capacity: ¥0.2 billion
- Improvement in business results at TAA: ¥3.1 billion
- Improvement in business results at UATH: ¥4.2 billion

Intellectual capital

- Patents: 1,518
- Published papers: 85

Social capital

- Incidents of significant quality defects: 3

Human capital

- Employee satisfaction: 3.24
- Annual training time per employee: 0.9 hours
- Management positions occupied by women: 2%

Natural capital

- Reduction in CO₂ emissions: Approx. 66,000 t-CO₂
- Reduction in emissions from substances subject to PRTR: 119 t
- Reduction in industrial waste produced: Approx. 5,800 t
- Can body materials manufactured from recycled materials: 71%

Note: All values are for 2020.