

# UACJ Report 2021

Integrated Report



## On the Publication of UACJ Report 2021

On May 12, 2021, UACJ released its long-term vision UACJ Vision 2030 and Third Mid-term Management Plan covering the period up to fiscal 2023, in which it clarified the materiality issues it will address in order to achieve the Group's management philosophy and ambition. UACJ Report 2021 was compiled with a focus on "what we think is important" for realizing the sustainable growth of both the Group and society.

In the special feature sections, we provide reports from relevant officers on the global development of aluminum as a material for cans amid growing worldwide demand for aluminum cans and the expansion of the automotive parts business in North America in order to realize the new mid-term management plan; as well as reports of efforts to realize the long-term management vision from the officers in charge of initiatives focused on environmental activities, human

resources, research and development technology, and digital transformation. We also feature our outside directors, who discuss topics such as their assessment of the long-term vision and new mid-term management plan, and their expectations for the future. Our aim is to provide a deeper understanding of the business environment around UACJ, the ambition we are working toward, and our business strategies.

The report was prepared with input from departments throughout our organization and using references including the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation of the Japanese Ministry of Economy, Trade and Industry (METI). We hope you find this report of value and please do not hesitate to share your opinions and impressions with us.

## Teruo Kawashima

Director and Managing Executive Officer

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### Positioning of This Report



### Reporting Scope

**Period Covered :**  
April 1, 2020 to March 31, 2021  
(with some information about activities after April 2021)

**Organizations Covered :**  
UACJ Corporation and its consolidated subsidiaries in Japan (including specific data for some companies)

**Accounting Standards :**  
Japanese generally accepted accounting principles

**Issue date :** September 2021

### About Forward-looking Statements

Some information in this report pertains to forward-looking statements and future earnings. These statements encompass risks and uncertainties and are not a guarantee of future earnings. Please be aware that actual prospects and earnings may differ from forecasts as a result of changes in the business environment and other factors.

General Information  
Key Points  
Wide Coverage  
Detailed Information

# UACJ Group Philosophy

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## Our Purpose

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

## Our Vision

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

## Our Values

- Respect and understand your associates
- Embrace honesty and foresight
- Be curious and challenging





## Aluminum can recycling rate in Japan

# 94.0%

### **Vast majority of used cans reused as resources**

Many people associate aluminum with beverage cans today. Fortunately, the vast majority of those cans are recycled. In fact, the closed-loop recycling rate of aluminum cans in Japan was 94.0% in 2020\*. Besides aluminum cans, a broad array of things people regularly use, from smartphones and PCs to cars and bullet trains, are now being made with recycled aluminum parts and components. This adoption of recycled aluminum is helping drive progress towards a circular economy and a sustainable planet.

\* According to the Japan Aluminium Can Recycling Association in 2020





CO<sub>2</sub> emission reduction from recycling

97%

**97% of CO<sub>2</sub> emissions reduced when producing aluminum from scrap**

Aluminum recycling is an effective method for reducing CO<sub>2</sub> emissions, a major cause of climate change. In fact, CO<sub>2</sub> emissions from the production of aluminum made from scrap is only about 3% of the emissions from the production of virgin aluminum from bauxite ore. About nine tons of CO<sub>2</sub> emissions can be reduced per one ton of recycled aluminum used.







CO<sub>2</sub> emission reduction per vehicle over 10 years

**2 tons**

**Using aluminum to reduce vehicle weight results in lower CO<sub>2</sub> emissions at the usage stage**

Lighter vehicles emit less CO<sub>2</sub>. Therefore, auto makers have been using more and more aluminum each year to reduce vehicle weight amid stricter fuel efficiency regulations. While the production of virgin aluminum emits more CO<sub>2</sub> than steel production, aluminum's contribution to reducing vehicle weight greatly lowers CO<sub>2</sub> emissions at the vehicle usage stage. Over a ten-year period of usage, an automobile made with aluminum body panels can reduce CO<sub>2</sub> emissions by about two tons compared with automobiles made with no aluminum body panels.





Strong



Lightweight



Non-toxic

## Making more use of aluminum's potential

non-magnetic



Corrosion  
resistant





**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**

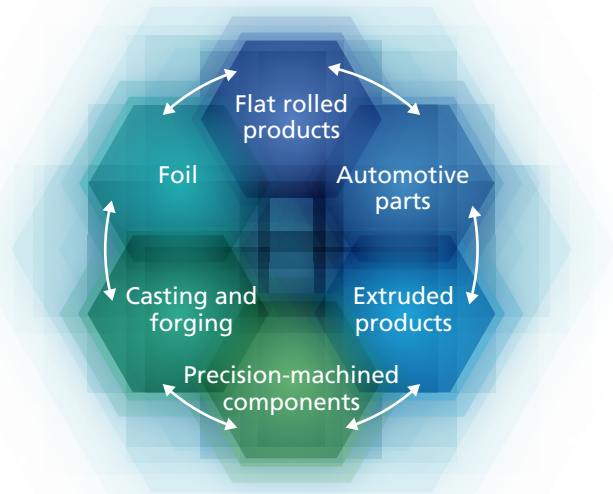
**Competitive Advantages**

**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><b>Beverage products</b> (can body and lid materials) <b>Automotive</b> (panels, heat exchanger materials)</p>
 <p>Automotive parts</p>	<p><b>Automotive</b> (bumpers, sunroof guide rails)</p>
 <p>Extruded products</p>	<p><b>Automotive</b> (frames, heat exchangers and piping) <b>IT products</b> (smartphone housing)</p>
 <p>Foil</p>	<p><b>Pharmaceutical and foods packaging</b> (PTP foil, retort pouches) <b>Batteries</b> (foil for lithium-ion batteries)</p>
 <p>Casting and forging</p>	<p><b>Automotive</b> (compressor wheels, vehicle air conditioning parts) <b>Railway rolling stock</b> (axle boxes for high-speed trains)</p>
 <p>Precision-machined components</p>	<p><b>Construction</b> (expansion joint covers) <b>Industrial machinery</b> (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 CO<sub>2</sub> emissions: Approx. 66,000 t-CO<sub>2</sub>
- 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.

# Long-term Management Vision UACJ Vision 2030

## Pursuing our passion, aluminum, to build a sustainable society

### Projections for future society based on changes in the external environment



#### Changes to makeup of society

- Greater purchasing power and demand from economic growth in developing countries
- Shrinking domestic market from falling population



#### Achieving a sustainable society

- Increased awareness of environmental conservation in society as a whole
- Creating a society that is both abundant and sustainable



#### Technological innovation

- Expansion in new applications for materials with the mobility revolution
- Changes in business models owing to innovation in digital technologies

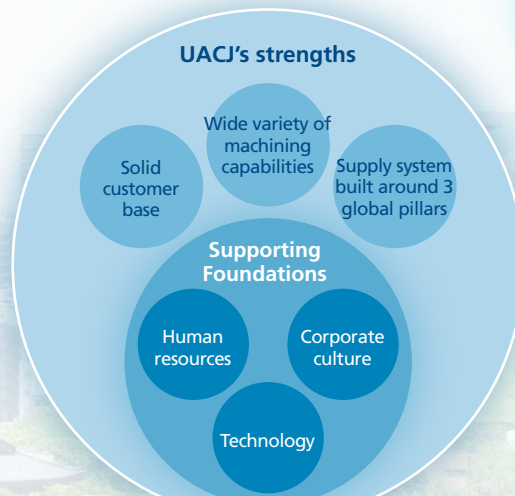
### Four policies of the long-term management vision

- Contribute more broadly to the development of society by capturing demand in growth sectors and growth markets
- Utilize materials +  $\alpha$  to contribute to greater social and economic value through our value chain and supply chain
- Contribute to solving social issues by tapping into new business domains
- Contribute to reducing our impact on the environment cutting CO<sub>2</sub> across product lifecycles

2025

Enhanced added value

Existing sectors

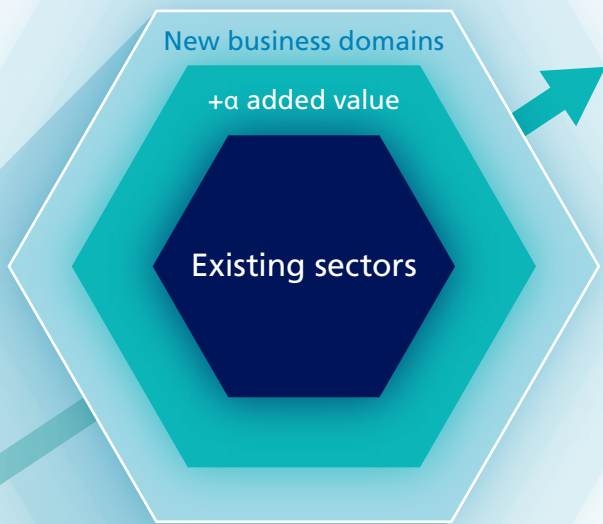


Safety, quality, compliance, corporate governance



In May 2021, UACJ announced a long-term management vision that outlines the contribution it will make over the next 10 years. We will bring together the skills and techniques we have honed over the last 100 years to expand the possibilities of aluminum and contribute to the realization of a sustainable and prosperous society.

### Business domains concept for 2030



### Reduce environmental impact

Reduce environmental impact across the entire supply chain through measures such as raising recycling rates

### Areas of contribution

#### Mobility sector



Bringing lightness to human movement and transportation

- New kinds of vehicles
- Next-generation transportation infrastructure
- Transportation services

#### Environment and energy sector



Bringing lightness to the future global environment

- Additional power generation
- Expanded recycling
- Energy conservation

#### Lifestyle and healthcare sector



Bringing lightness to everyday life and labor

- Next-generation food products
- More fulfilling lifestyles
- Enhanced medical and nursing care

### FY2030 Target

#### Financial Targets

Net sales  
**¥800 billion+**

Operating margin  
**6%+**

ROE  
**10%+**

ROIC  
(Calculated based on operating profit before tax)

**10%+**

#### Non-financial Targets

Reduction of CO<sub>2</sub> emissions across the supply chain

**22% reduction**  
(compared with FY2019 BAU\*)

BAU (Business as usual): Maintaining the current circumstances (production amount, product makeup) without any countermeasures

# A more in-depth look at the four areas of contribution for realizing UACJ Vision 2030

We plan to expand business domains and raise profitability by focusing on growth markets and areas and creating new businesses.

## 1 Focus on growth sectors and markets

Expand in scale, primarily in growth markets (North America, Southeast Asia) and growth sectors (can stock, the automotive industry)

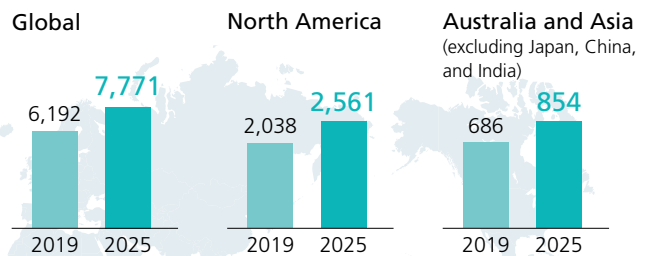
We have enhanced production capabilities by carrying out focused advance investment in TAA\*1 and UWH\*2 in North America and in UATH\*3 in Thailand. We will fully utilize these capabilities by positioning can stock, where a huge rise in global demand is anticipated, and automobile materials, which is expecting a shift to aluminum products in accordance with the electrification of vehicles and an increasing need for lighter vehicle bodies, as growth sectors. We will expand the scale of our business in these sectors with a focus on markets in North America and Asia, where growth is anticipated.

\*1 Tri-Arrows Aluminum Inc.

\*2 UACJ Automotive Whitehall Industries, Inc.

\*3 UACJ (Thailand) Co., Ltd.

**Demand for can stock**  
(Thousands of tons)



Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

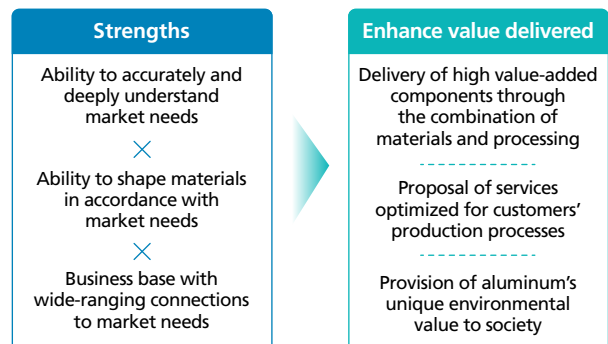
Demand for can stock is rising globally, particularly in North America

## 2 Increase the added value of enhanced material

Increase earning power by attaching new value to materials (plasticity processing, recycling, modules, services, etc.)

We are engaged in a wide variety of businesses, including flat-rolled aluminum, automotive parts, extruded products, aluminum foil, cast and forged products, and precision-machined components, and we have built a robust customer base. Therefore, one of our strengths is the ability to accurately and deeply understand market needs based on wide-ranging contact with these markets and then shape materials that meet these needs. We will fully leverage our technological advantage and business base to provide enhanced materials that create new environmental value, such as completely new processes, the use of big data related to industrial processes, and recycling. In this way, we will grow sales and our customer base.

**Examples of strengths and value delivered**





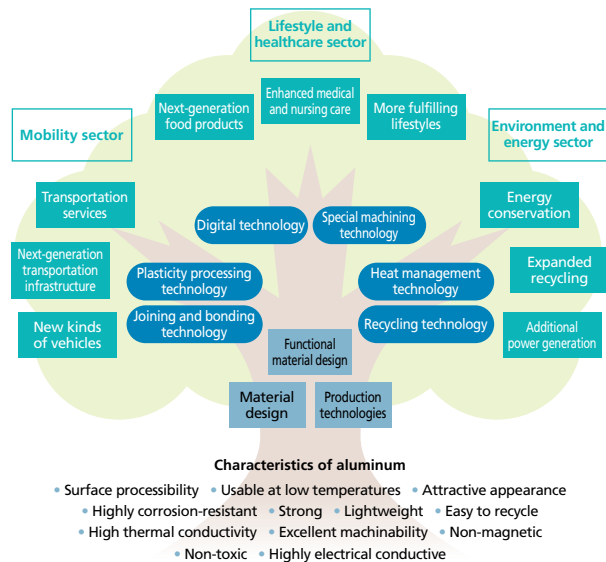
### 3 Creation and expansion of new business domains

Expand business in the three domains of 1) lifestyles and healthcare, 2) mobility, and 3) environment and energy

Aluminum has a variety of characteristics. Combining these characteristics with basic technologies such as material, design, functional design, and production technologies and practical technologies such as joining and bonding technology and heat management technology, enables the creation of a wide range of products. At UACJ, we are refining these basic and practical technologies with the aim of expanding our business into new sectors.

Also, in the same way as we developed our automotive parts business by interlinking the flat-rolled aluminum, extruded products, and precision-machined components businesses, we will leverage all six of our businesses to use the expertise gained from domains connected to each business and synergies among businesses as a platform for creating new business domains.

Business domain expansion concept



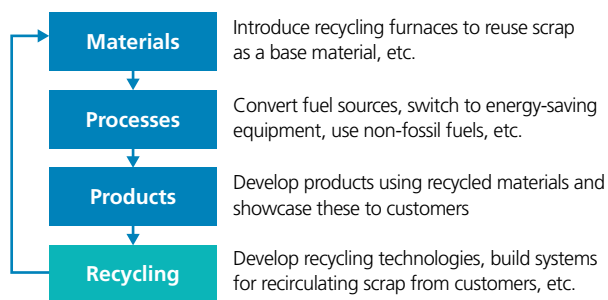
### 4 Reduce environmental impact

Reduce environmental impact across the entire supply chain through measures such as raising recycling rates

In regard to aluminum product lifecycles, manufacturing products from new aluminum results in the most CO<sub>2</sub> emissions while manufacturing from recycled aluminum can cut these emissions by 97%.

At UACJ, we are promoting recycling in addition to efforts such as reducing CO<sub>2</sub> emissions in our internal manufacturing processes and supplying aluminum components that help make products lighter and more heat efficient. By fiscal 2030, we aim to reduce CO<sub>2</sub> emissions by 22% compared to BAU\* in fiscal 2019.

Reducing environmental impact across the entire value chain



\* BAU (Business as usual): Maintaining the current circumstances (production amount, product makeup) without any countermeasures



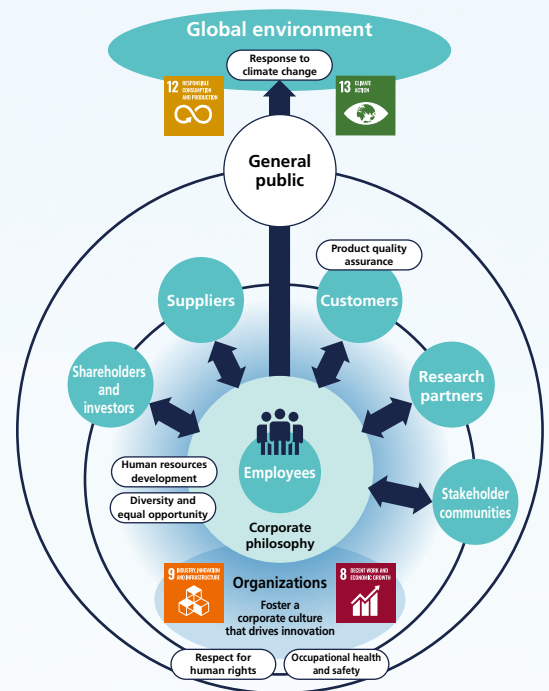
# UACJ Vision 2030 non-financial targets (materiality issues)

We plan to expand business domains and raise profitability by focusing on growth markets and sectors and creating new businesses.

We have positioned sustainability-driven activities as a core element of our management and operations, and recognize the need to carry out such activities on a Group-wide basis. For that purpose, we have specified materiality issues as vital factors for growing sustainably together with society.

The six materiality issues we have selected are areas in which we can make a unique contribution as a Group and provide value to society.

We will continually implement activities utilizing a plan-do-check-act (PDCA) cycle in accordance with action plans and the results of the KPIs with the aim of realizing our vision for 2030.

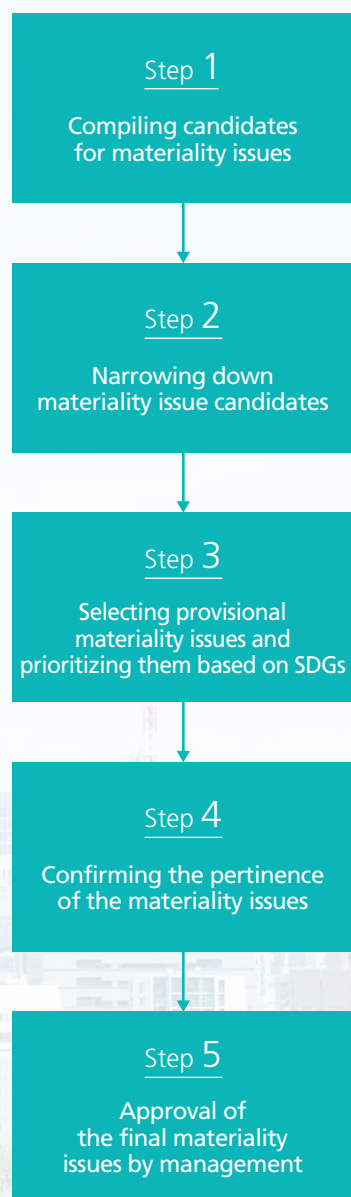


UACJ Group's materiality issues	Reason for selection	Performance indicators	FY2030 goals	FY2023 goals
Response to climate change	We can make a significant social contribution by pursuing ways to use the recyclability of aluminum to reduce greenhouse gas emissions throughout entire supply chains.	Reduction of CO <sub>2</sub> emissions across the Group's supply chain compared with FY2019 under a BAU scenario	22% reduction	–
Product quality assurance	It is a source of our competitiveness as a manufacturer and directly connects to realizing the mutual sustainability of the Group and society.	Number of serious quality defects	Zero	No more than one
		Number of customer complaints related to quality	Half the number in FY2020	10% reduction year-on-year
Occupational health and safety	As a manufacturer, employee safety is part of the bedrock of our business continuity.	Number of serious workplace accidents	Zero continuously	Zero
		Frequency of workplace accidents resulting in injury or death per million work hours	2.45	4.00
Respect for human rights	As a global company, respect for the human rights of the employees of the Group and our suppliers is part of the bedrock of our business continuity.	Goals to be set based on results of due diligence, and an action plan to be carried out	Execution of due diligence at the Group's main workplaces in and outside Japan	Execution of due diligence at four manufacturing plants (in Fukui, Thailand, and two other locations)
		Percentage of employees and officers that participate in 1) training on codes of conduct and human rights, and 2) training on harassment	100%	1) 96%, 2) 100%, (Training on harassment continues to be 100%)
Diversity and equal opportunity	Ensuring employee diversity and equality in terms of promotion and treatment is essential for realizing future growth.	Percentage of women in management positions (including directors and officers)	15% or higher* While 15% is the minimum target, we will give our utmost to achieving the Japanese government's 30% target	4%
Human resources development	The development and mastery of abilities by employees is the source of value creation and is essential for realizing future growth.	Percent of successor candidates appointed to management positions	100%	Extend targets to group companies in Japan
		Number of people who participate in educational events held by UACJ	500 per year	300 per year

## Materiality issue identification process

The identification of materiality issues was a five-step process lasting approximately two years. It involved workshops and other activities that engaged not only management level personnel such as directors and executives, but all Group employees in Japan and overseas, including regular employees at manufacturing plants and sales offices.

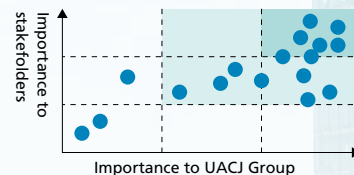
Starting in 2019, a total of four workshops were held, attended by 86 employees. This was followed by consultations with external experts before the Company's officers carried out the final considerations and approval. Six materiality issues were identified and linked to relevant SDGs, and ambitions, action plans, and KPIs were set for each materiality issue.



A total of 47 broad issues that could have a material impact on the UACJ Group were compiled as candidates for materiality issues based on surveys of benchmarking practices and disclosure requirements of ESG indices, as well as international frameworks and guidelines such as GRI and ISO 26000 standards. They were reviewed as materiality issue candidates through meetings and questionnaires conducted in-house, as well as consultations with experts in this field.

Members of the Group used a scoring sheet to rank the 47 materiality issue candidates according to both their "importance for the UACJ Group" and "importance for the UACJ Group's stakeholders" on a scale of one to three.

Results of the rankings in the second stage were reflected in a materiality matrix and deliberated on based on their pertinence. Provisional materiality issues were then selected and further prioritized according to their relevance to certain SDGs.



UACJ Corporation's president, Miyuki Ishihara, met with Makiko Akabane, who heads the Japanese branch of CSR Asia, a consulting company specializing in sustainability practices, to discuss the provisional materiality issues and related SDGs.

The UACJ Group's six materiality issues and four relevant SDGs were designated following a process in which a report was submitted to the CSR Committee, deliberations were held in management meetings, and then approval was given by UACJ Corporation's Board of Directors, which includes outside directors.



Leveraging its leading-edge material technologies and international supply network, the UACJ Group will contribute to a better world and healthier environment over the next decade.

**Miyuki Ishihara**  
Representative Director & President





Unfortunately, the COVID-19 pandemic continues to spread around the world and a vast number of people have been infected. On behalf of the entire UACJ Group, I would like to express my sincere condolences to those who have lost loved ones due to the coronavirus, and my deepest appreciation to the health care workers on the front lines of this crisis.

## Review of our first and second mid-term management plans

**Although targets were unachieved, we positioned the UACJ Group for future growth by establishing an international supply network**

### Successes and failures under the first two mid-term management plans

UACJ Corporation (hereafter, “UACJ” or “the Company”), has implemented two mid-term management plans since its establishment in March 2013, the first spanning from fiscal 2015 to 2017, and the second from fiscal 2018 to 2020, ended March 31, 2021. The overarching objective of both plans was to expand business internationally, which was the purpose of UACJ’s establishment through a merger of two of Japan’s leading aluminum product manufacturers. Those two companies recognized that demand for aluminum products would decrease in Japan in line with the country’s declining population, but rise over the long term in other regions of the world, particularly North America and Asia. By merging, the companies could continue growing as a global aluminum product manufacturer by generating synergies, streamlining operations in Japan, and allocating capital and human resources to growth businesses abroad.

Under the first and second mid-term management plans, UACJ designated North America and Asia as growth markets, and, with a medium- to long-term outlook, implemented large investments to expand production capacity at its US subsidiaries Tri-Arrows Aluminum Inc. and UACJ Automotive Whitehall Industries, Inc., and construct production facilities in Thailand for its subsidiary UACJ (Thailand) Co., Ltd. The goal was to generate returns on these investments and increase earnings during the period of the second mid-term management plan. Due to various external and internal factors, however, key targets set in the second plan were unachieved. As the Company’s president, I take responsibility for this unsuccessful outcome, and would like to apologize to stakeholders for failing to meet their expectations.

Among the main external factors, the global market for aluminum products rapidly deteriorated following a slowdown in China’s economy in 2018 and 2019, which was exacerbated by its trade war with the United States. As a result of this trade war, demand for aluminum thick plates dropped sharply. Unfortunately, however, UACJ had already expanded its production facilities during the first mid-term management plan in order to meet brisk demand in Japan for thick plates used for LNG tankers and liquid crystal and semiconductor manufacturing equipment, demand for which had been stronger than expected. Consequently, the Company’s thick plate business became very volatile, and, compounded by falling prices of aluminum ingots, financial results worsened substantially.

Turning to the internal factors, construction of a production plant’s foundation in Thailand was delayed during the period of the second plan due to unforeseen problems with the site’s ground conditions. Consequently, the scheduled startup of hot and cold rolling lines was postponed by about six months, so stable operations and revenues were achieved later than expected. In addition, while management had planned to rationalize manufacturing facilities in Japan in anticipation of declining domestic demand, we decided to put off that initiative because, as previously mentioned, domestic demand for thick plates was stronger than expected following the launch of the first mid-term management plan. Consequently, earnings deteriorated because costs were not reduced. In retrospect, our decision was very regrettable. Despite the temporary increase in demand, we should have followed through on the original initiative to rationalize the facilities into a more productive and profitable production network in preparation for the future, especially at a time when business conditions were favorable.

### Initiating structural reforms during the second mid-term management plan

To recap, while the Company executed its forward-looking growth strategy of investing in production facilities in the United States and Thailand, the global market for aluminum products rapidly worsened following the economic slowdown in China and its trade war with the US. Furthermore, management was slow to respond to changing market conditions. The combination of these external and internal factors led to a decline in the Company’s earnings capacity while dragging down profitability and weakening the financial structure. To overcome these issues and avoid the same mistakes made during the period of the first mid-term

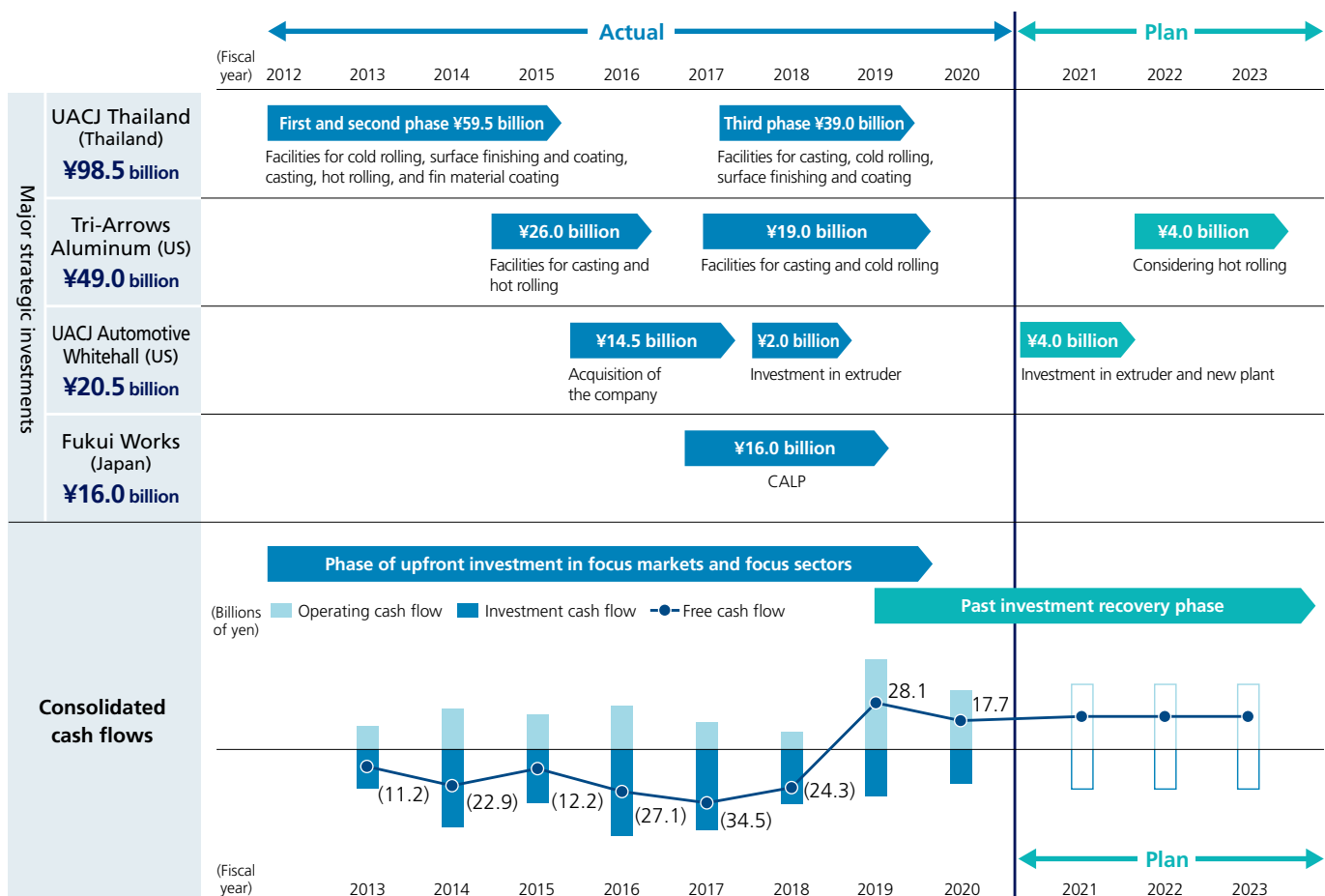
management plan, we launched a set of structural reforms in October 2019—ahead of other company's in the industry—even though the second management plan was still underway. The reforms focused on increasing earnings capacity by rationalizing production in Japan and generating returns on large investments in the US and Thailand, as well as reforming the financial structure and improving management organizations and systems.

We created a roadmap for the structural reforms, and measures to complete them have been proceeding on schedule for the most part. Large investments were largely finished up in fiscal 2019, including the first phase of investments in UACJ (Thailand), expansion of Tri-Arrows Aluminum's manufacturing facilities, and the installation of a new automotive parts production line at Fukui Works, one of UACJ's main plants in Japan. As a result, the financial structure steadily improved. For example, the Company achieved

positive free cash flow for the first time since its establishment, posting ¥28.1 billion in fiscal 2019 followed by ¥17.7 billion in fiscal 2020. I believe this progress was an outcome of our management reforms, through which we overhauled our director and officer systems and put new systems in place to speed up decision-making and business execution.

Since fiscal 2020, the COVID-19 pandemic has impacted the UACJ Group's operations in various ways, such as delaying startups of manufacturing equipment. Our customers have also suspended operations, resulting in delayed product orders and lower sales volume. Fortunately, however, we were able to minimize the impact of the pandemic on the Group's performance by implementing the structural reforms ahead of our competitors. Furthermore, our shift to a more robust business structure through the reforms has ensured stable ordinary income results since the second half of fiscal 2019.

Breakdown of investment in production capacity expansion and cash flows





## Leveraging the potential of the Group's international supply network

Our greatest accomplishment over the course of the first two mid-term management plans was to establish an international supply network by expanding beyond Japan to the United States and Thailand. Huge pieces of equipment are used in the flat-rolled aluminum industry, and at least five years are needed from the time of planning a new investment to the startup of equipment and reaching full operating capacity. Although we experienced delays in starting up operations and generating earnings, all of the manufacturing facilities we expanded in the US, Thailand, and Japan are now fully operating, and returns on these major investments are being realized.

Despite the uncertain economic outlook due to the pandemic, demand for aluminum can stock is rising in North America amid a shift from plastic containers to aluminum cans. In fact, the growth is projected to be so fast that supply could fall short in the future. To meet this growing demand, Tri-Arrows Aluminum is operating its expanded manufacturing facilities at full capacity, and UACJ (Thailand) is supplying can stock to North America. The ability to leverage this international supply network is a major competitive advantage for the Group. In both the North American and Asian markets, demand for aluminum products is projected to grow steadily, especially can stock and automotive parts. The Group's international supply network will be essential for successfully tapping this demand. Therefore, I am certain that the strategy taken by the Company since its establishment to proactively invest in production capacity expansion with the goal of becoming a global competitor was absolutely the right path to pursue.

### Our long-term vision and materiality issues

**Envisioning the next decade, UACJ will fulfill its social responsibility while placing priority on sustainability**

### Putting our corporate philosophy into practice

We formulated the UACJ Vision 2030 to clarify the long-term direction of our new mid-term management plan launched in fiscal 2021, as well as the structural reforms we have been implementing since October 2019, based on the UACJ Group's corporate philosophy.

We recently revised this philosophy, recognizing that for the structural reforms to be successfully implemented, all members of the Group must work towards the same goals in unison. Therefore, we reviewed the Group's common purpose and expressed it in the philosophy, which is comprised of purpose, vision, and values statements, along with a set of basic guidelines for all employees to follow called the UACJ Way. Based on this corporate philosophy, the UACJ Vision 2030 provides a clear roadmap for realizing the kind of enterprise we want the UACJ Group to become by 2030. Various members of the Group participated in the creation of this long-term vision, from young employees to junior- and middle-managers. Together they held many discussions about how to put the corporate philosophy into practice, and how the Group can contribute to society at a time when social structures are changing, technological innovations are advancing, and the need for sustainability is growing. Through these discussions, we specified four ways through which the UACJ Group can contribute: provide products that contribute to societal development by capturing demand in growing industries and markets, enhance aluminum materials in the supply and value chains to bring economic benefits to communities worldwide, develop all-new products and business models that offer solutions for challenges facing society, and lower environmental impact by reducing CO<sub>2</sub> emissions across product lifecycles.

## Creating new businesses over the next decade

We recently asked junior and mid-career employees to tell us which new business areas they would like to be involved in a decade from now. We narrowed down their responses into three areas: mobility, lifestyles and healthcare, and environment and energy. For the Group to make contributions in these business areas, it will be important to create new added value while leveraging its strengths—diverse production capabilities, an international supply network, and a solid customer base.

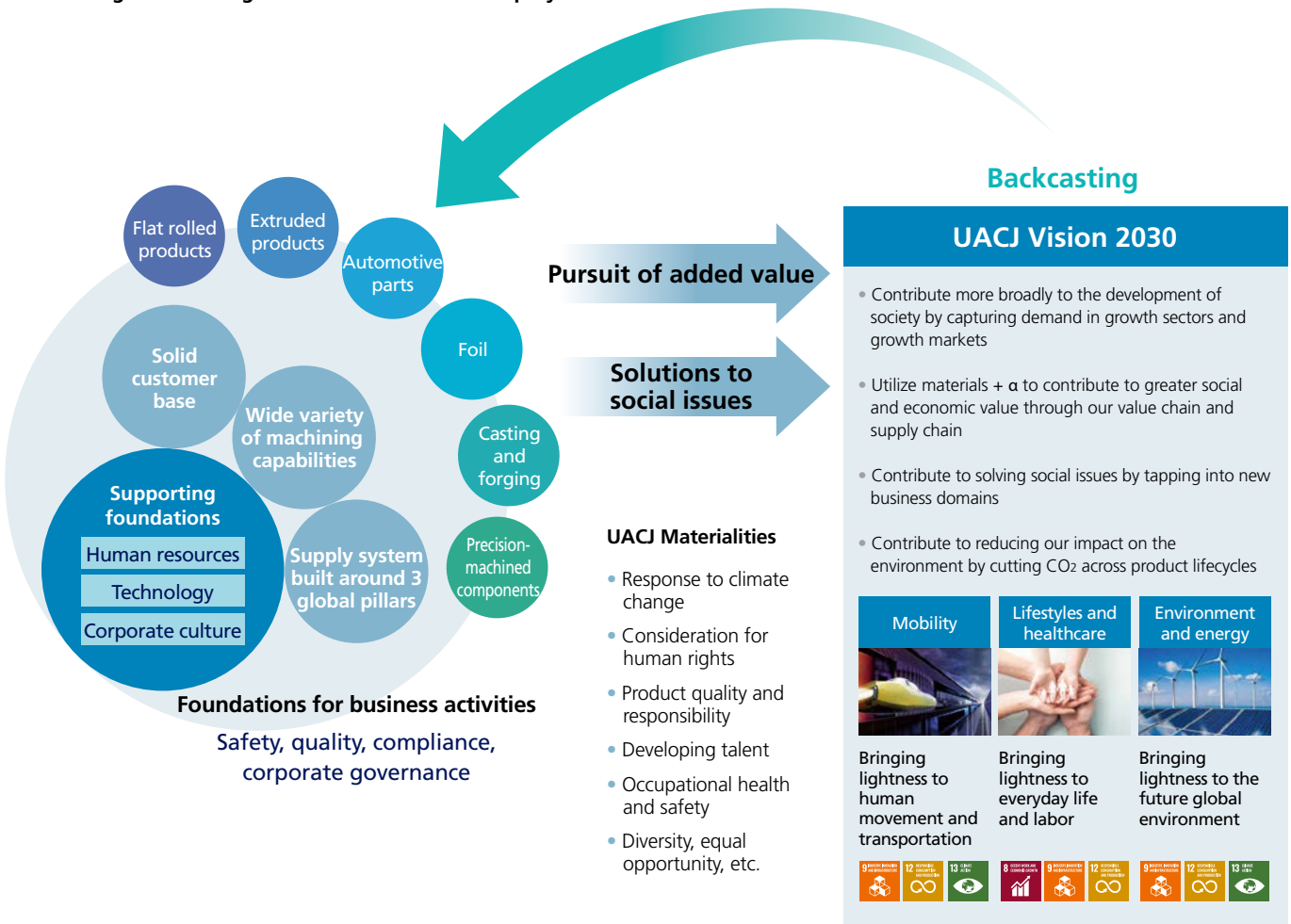
As we gain a foothold into these business areas, I see no reason to stay within the bounds of aluminum products. For example, we could create a new business by applying our aluminum recycling technology to extract and reuse metal components from marine debris. By effectively using technology in this way while drawing from our business know-how and network of operations, we can draw from our expertise in aluminum products to expand into new business areas.

As part of the UACJ Vision 2030, the Group will work to help realize a sustainable planet. Toward that end, we have created a basic policy on sustainability and, on that basis, specified six materiality issues that are related to the UN's Sustainable Development Goals. Placing great importance on these issues, all of the Group's employees will carry out related action plans going forward. Among the issues, our response to climate change is particularly important. We will aim to make the Group carbon neutral by 2050, while helping reduce CO<sub>2</sub> emissions throughout society by supplying aluminum auto parts that make vehicles lighter, which improves fuel efficiency, and by making the most of aluminum's recyclability, thermal conductivity, and other beneficial properties.

Under the vision, we have set the following targets for

fiscal 2030: net sales of ¥800 billion, an operating income-to-sales ratio of 6%, return on equity (ROE) of 10%, and return on invested capital (ROIC) of 10%. To achieve the net sales target, the Company will need to generate about ¥200 billion more than its result in fiscal 2020. Our net sales target for fiscal 2023, the final year of the new mid-term management plan, is ¥700 billion, which we expect to achieve by completing structural reforms and making maximum use of production capacity at manufacturing plants operated by UACJ (Thailand), Tri-Arrows Aluminum, and UACJ Automotive Whitehall. The difference between the fiscal 2023 and 2030 targets is ¥100 billion, and we plan to generate that amount by carrying out new investment projects and developing all-new products and business models.

UACJ's long-term management vision for the Group by 2030





## Overview of the third mid-term management plan

**Guided by our long-term vision, we are working to complete structural reforms and position the Group for future growth**

## Main policies of the new mid-term management plan

As a first step towards realizing the UACJ Vision 2030, we began the current fiscal year by launching a new mid-term management plan in April 2021. The plan has three main policies: complete the structural reforms initiated under the previous plan, position the Group for future growth, and contribute to achieving a lighter world. First and foremost, completing the structural reforms will be essential for the Company to reach the next stage of growth. As previously mentioned, measures to complete the structural reforms have been proceeding largely on schedule. Rationalizing production in Japan is almost completed. Looking ahead, we will focus on improving the product mix and optimizing production at all production plants while playing close attention to current and emerging trends.

## Making the most of the Group's three-country manufacturing network

To position the Group for future growth, we plan to expand businesses that offer products with added-value, target growth markets and industries, enter new business areas, and develop human resources, organizations, and technologies needed to drive growth going forward. All of these actions are important, but our biggest challenge will be to capture as much demand as possible for aluminum can stock in North America and Asia.

Amid a shift away from plastic, global demand for can stock is on the rise, particularly in North America and Asia. In North America, especially, aluminum canned beverages have emerged as premium products, and new types of products sold in aluminum cans, such as hard seltzers, have been successively put on the market. Demand for can stock in North America is projected to grow by about 500 thousand tons annually through to 2025. Against that backdrop, we are planning to increase production capacity at Tri-Arrows Aluminum in the future. It has already concluded contracts covering all of its production output over the next five years,

and is looking to increase production and conclude long-term contracts effective from 2026.

To capture as much of this growing demand as possible, we will focus on maintaining a stable supply of can stock by making the most of the Group's international manufacturing network, while examining ways to boost overall production capacity. For example, Tri-Arrows Aluminum's cold rolling and casting equipment is still not operating at full capacity, so by installing equipment at the later stages of production, such as hot rolling lines, the company could make use of its unused capacity to increase production of can stock and other products. Similarly, UACJ (Thailand)'s hot rolling equipment is operating below capacity, so by installing finishing lines for specific applications, it could increase overall output. Having these manufacturing facilities in the US and Thailand along with those in Japan will be the Group's biggest competitive advantage in the aluminum can stock market in the coming years. In all three countries, we intend to maximize productivity by enhancing production management at each manufacturing plant.

## Supply added-value products to new markets

While capturing strong global demand for can stock, we will need to cultivate new businesses that drive the UACJ Group's growth in the future. An exemplary example is the Group's automotive parts business. UACJ Automotive Whitehall is set to begin supplying automotive bumpers to the North American market by 2022. Ahead of this product launch, UACJ already started manufacturing aluminum bumpers for Japanese automakers in 2021. While operations in Japan and the United States differ, by effectively applying our expertise and technologies developed in Japan, we will be able to successfully supply products to the North American market, the Group's largest and most important market.

## Financial and non-financial goals for fiscal 2023

By steadily implementing the major policies described above, the Group will work to achieve the financial targets of the new mid-term management plan by fiscal 2023. These targets include net sales of ¥700 billion, operating income of ¥30 billion, return on equity (ROE) of 7.5%, and return on invested capital (ROIC) of 6.0%. In addition, we have set fiscal 2023 non-financial goals for the aforementioned six

materiality issues, which correspond with four of the UN's Sustainable Development Goals.

Some goals of our first and second mid-term management plans were unachieved. Taking that very seriously, we initiated measures to improve management as part of the structural reforms, specifically to increase the efficiency and speed of management decision-making. The progress of these measures is being closely followed by the Board of Directors and in newly organized management planning meetings, which are held frequently. In these ways, we intend to avoid repeating past mistakes during the period of our third mid-term management plan now underway. We are now better equipped to promptly identify changes in the operating environment and issues at the business execution stage, allowing us to respond with appropriate measures to ensure that our goals are accomplished.

## Working towards a sustainable future

### Promoting recycling to reduce environmental impacts while expanding applications and markets for aluminum

#### Aluminum lightens the world

In 1898, one of UACJ's founding companies, Sumitomo Copper Rolling Works, began operating Japan's first flat-rolled aluminum business. For over a century since that time, applying skills and technology to broaden the possibilities of aluminum has been our mission. With confidence and pride in our historical achievements, we must imagine what we can accomplish in the future. To express that stance, we created UACJ's tagline, "Aluminum lightens the world," when revising

### Targets of the new mid-term management plan

Financial indicators		Future financial and ESG targets		
Financial indicator	FY2023	Six materialities	Evaluation indices	FY2023 targets
Net sales	¥700.0 billion	Response to climate change	Reduction of CO <sub>2</sub> emissions across the supply chain (compared with FY2019 BAU <sup>3</sup> )	22% reduction (FY2030 target)
Operating income	¥30.0 billion		Product quality and responsibility	Number of significant product quality defects
Operating margin	4.2%	Occupational health and safety		Number of customer complaints
Ordinary income	¥25.0 billion		Consideration for human rights	Number of serious accidents
D/E ratio <sup>1</sup>	1.2 times or less	Diversity, equal opportunity, etc.		Total workplace accidents <sup>4</sup>
ROE	7.5%		Developing talent	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results
ROIC <sup>2</sup>	6.0%	Successor candidate planning implementation rate		Proportion of employees receiving training related to the Code of Conduct, human rights, and harassment
			Number of persons benefiting from activities to support education related to key areas	Proportion of female managers (including officers, in Japan)
		Number of persons benefiting from activities to support education related to key areas		Rollout across domestic group companies
				300 people/year

<sup>1</sup> D/E ratio: Factoring in subordinated loan

<sup>2</sup> ROIC: Calculated based on operating profit before tax

<sup>3</sup> Compared with FY2019 BAU (Business as usual)

<sup>4</sup> Total workplace accidents: An indicator to assess the occurrence of workplace accidents (frequency), calculated by converting the number of deaths and serious injuries from workplace accidents (including those that did not result in a loss of work time) for the total number of working hours during the period being measured, converted based on a factor of one million hours.



our corporate philosophy.

By supplying high-quality aluminum products, the UACJ Group is improving people's lives and helping realize a sustainable planet. To contribute to a healthier global environment, we will continue raising awareness and providing eco-friendly products.

## Growing possibilities for aluminum products

Over the next decade of our UACJ Vision 2030, we expect aluminum to be used in a broader array of applications and industries. In the automobile industry, the world's leading automakers have successively declared their intention to shift from gasoline-powered vehicles to eco-friendly electric vehicles, and as this shift progresses, they will increasingly use aluminum parts and components to reduce overall vehicle weight. We also foresee growing demand for various other aluminum products, including materials for storage batteries and semiconductors, for which the metal's excellent thermal conductive and non-magnetic properties are needed.

We also believe that resource recycling will make great strides in the future, and, accordingly, aluminum will be widely adopted as a material because it is very easy to recycle. Amid growing environmental awareness, the move away from plastic is accelerating, especially in North America and Europe. Accordingly, aluminum is increasingly being adopted as an alternative because it is more likely to end up in a recycling bin than a waste bin. Using recycled aluminum can reduce environmental impacts over product lifecycles, since producing aluminum by recycling scrap emits 97% less CO<sub>2</sub> than by producing virgin aluminum in the smelting process. To promote widespread recycling, UACJ is working to accelerate the development or recycling technologies through joint research and development with Japan's New Energy and Industrial Technology Development Organization. The Company is also carrying out recycling initiatives in its supply chain, and facilitating recycling of other products besides aluminum cans and containers.

As markets and applications for aluminum expand, the metal will, of course, increasingly face competition from other kinds of materials. Aluminum has been highly regarded for its material properties, such as its light weight, and was seen as a promising alternative to steel in the past. Nevertheless, other materials released in the market became solid competitors, including high-tensile steel for automotive parts and plastics for aircraft. Competition among industrial materials has always been fierce, and a material cannot dominate a market based



only on its properties. Therefore, to avoid such deadlocks, we are striving to maximize the potential of aluminum's beneficial properties, particularly its light weight, thermal conductivity, and recyclability, to create products with added value and establish aluminum as the material of choice among customers. Furthermore, we are aiming to develop solutions with our customers by promoting collaboration and synergies among the Group's six businesses: the flat rolled products, automotive parts, extrusion, foil, casting and forging, and precision-machined components businesses.

Guided by our UACJ Vision 2030, we are determined to accomplish the targets and objectives of our new mid-term management plan and pave the way for the Group's sustainable growth. By maximizing the potential of aluminum and other materials to provide more advanced material technologies and services, the UACJ Group will work to bring benefits to people and help make a better world and healthier environment. As we pursue these endeavors, we ask for the continued support of the Group's many stakeholders around the world.



We have been taking steps to improve capital efficiency and the financial structure to ensure that the Company can raise shareholder value going forward.

### Teruo Kawashima

Director, Managing Executive Officer,  
and Chief Executive of the Finance and Accounting Division

Since joining the Company, Teruo Kawashima worked for many years in the Finance and Accounting Department, where he formulated and executed financial strategies. With the Company's reorganization in April 2020, he was appointed as the chief executive in charge of the new Finance and Accounting Division. Since UACJ's establishment in 2013, Mr. Kawashima has been responsible for international business strategies, international investment planning, investor relations, and relations with capital market players. He worked in Chicago, USA, from 2016 to 2019.

## Overview of the Company's financial structure

### Emphasizing the need to strengthen the financial base

UACJ launched a set of structural reforms in September 2019, primarily aimed at increasing earnings capacity, reforming the Company's financial structure, and increasing the speed and efficiency of management decision-making. To push ahead with these reforms, the Finance and Accounting Division has been working hard to strengthen the Company's financial base by raising capital efficiency, enhancing cash flow management, and reducing interest-bearing debt.

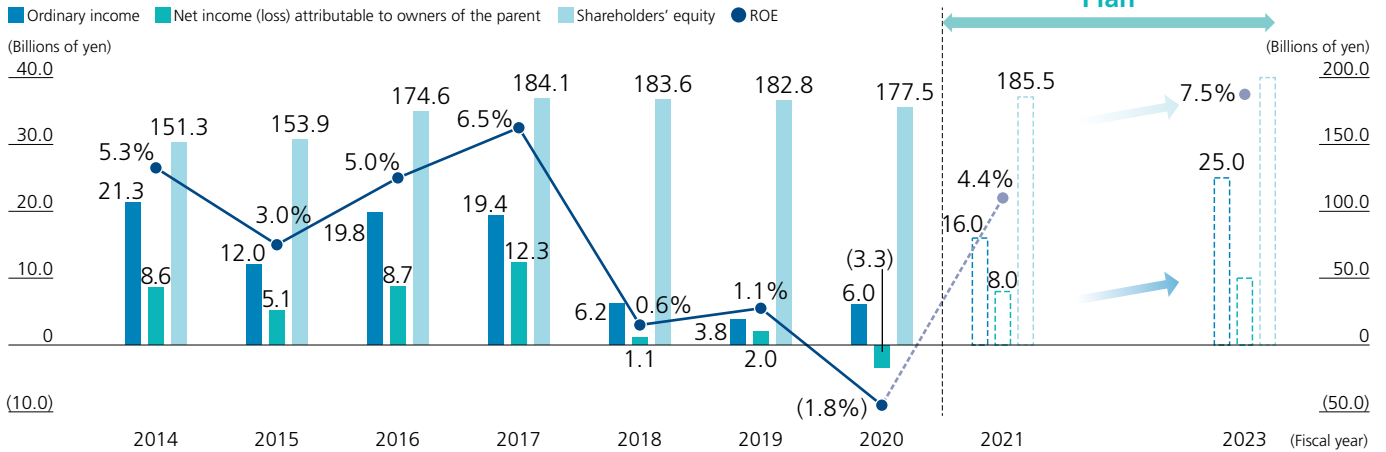
To raise capital efficiency, we are aiming to increase return on equity (ROE), which we regard as a key performance indicator. To accomplish that, relevant departments have been thoroughly managing operations to reach targets for return on invested capital (ROIC), and strictly maintaining financial discipline across the Company to meet targets for the debt-to-equity ratio. As an example of our management focus on ROIC, when formulating our new mid-term management plan, we considered amounts of

invested capital for each business division and hurdle rates set for the Company based on the weighted average cost of capital. Furthermore, to ensure that relevant business divisions work to achieve capital efficiency targets, I personally meet with key members of those divisions to explain our approach to capital efficiency and ROIC. I am doing everything I can to enhance management's ability to raise capital efficiency throughout the Company.

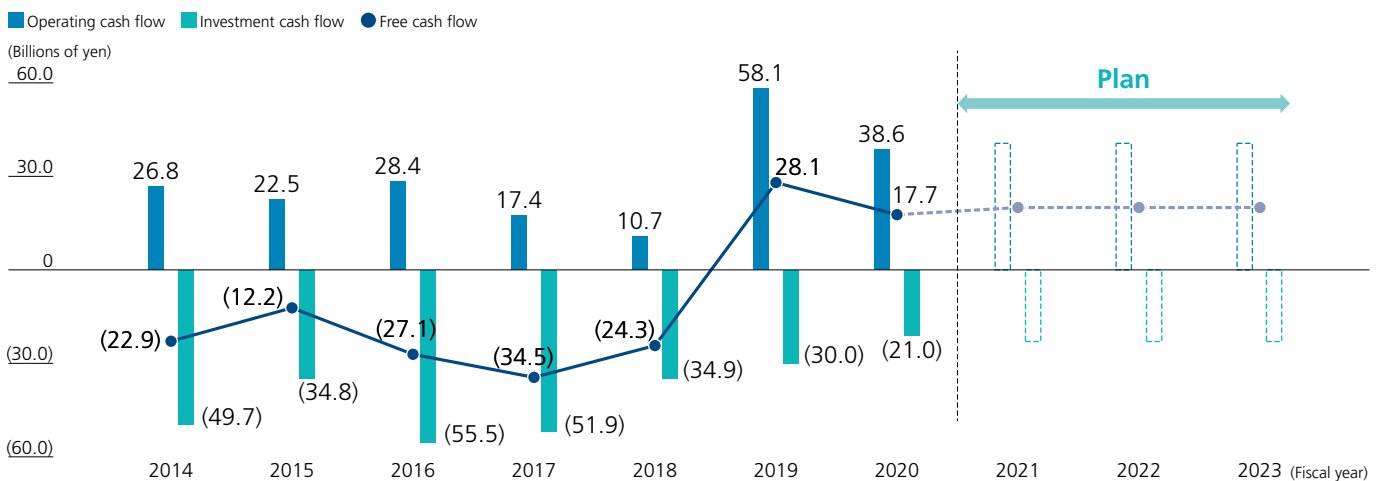
Following its establishment through a merger of two companies in October 2013, UACJ invested large amounts of capital in manufacturing plants located in Japan, the United States, and Thailand, with a view to tap rising demand for aluminum products in the global market. Consequently, the UACJ Group greatly expanded its flat-rolled aluminum production capacity, and now supplies this product to Japan, North America, and Southeast Asia as a world-leading manufacturer. Major investments implemented since fiscal 2018, including those for expanding new manufacturing facilities in Thailand, are largely completed. Accordingly, fixed costs, including depreciation and amortization, increased substantially. Unfortunately, however, the new facilities in Thailand have not been meeting targets for production output



## ROE results and target



## Cash flows



and sales volume, mainly attributable to changes in the market resulting from trade friction between the US and China, and, more recently, the COVID-19 pandemic. This has brought down net sales, and, as a result, ROIC (on an operating income basis) has temporarily worsened since fiscal 2018, hovering around the 2% level.

Investing large amounts of capital in production capacity after the Company's establishment also resulted in negative free cash flow, as net cash used in investing activities continually exceeded net cash provided by operating activities. Consequently, interest-bearing debt rose substantially. In fiscal 2019, the Company achieved positive free cash flow for the first time, reflecting the completion of large investments in

manufacturing facilities as well as the sell-off of its copper tubing business, which was implemented to concentrate operational resources. Furthermore, we reduced interest-bearing debt by ¥39.3 billion to ¥335.8 billion as of March 31, 2021, from its peak of ¥375.1 billion two years earlier. The debt-to-equity ratio (excluding subordinated loans) was 1.6 as of March 31, 2021. This ratio is an indicator of financial soundness, so the result shows that the Company's finances are still relatively weak. Therefore, reforming the financial structure and strictly maintaining financial discipline have been positioned as two important policies of our structural reform initiative and new mid-term management plan, and measures for strengthening the financial base are

being carried out by the Company as a whole. Members of all relevant business divisions are now very aware of the importance of ROIC as a performance indicator, so we are well positioned to improve earnings and cash flows going forward.

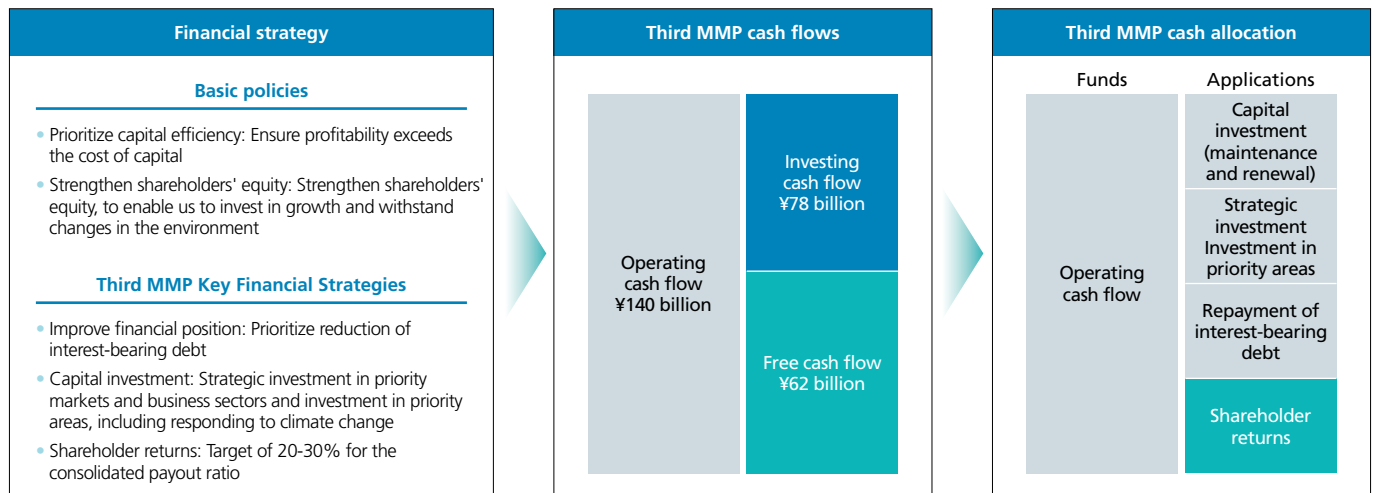
Although the impact of the COVID-19 pandemic is still a concern today, growing global demand for aluminum cans along with rising demand for aluminum automotive parts are tailwinds for the UACJ Group. Therefore, we are looking forward to ramping up production output and sales volume in Thailand, and reaching full operations at manufacturing plants in the United States. That will enable the Company to increase operating income, raise capital efficiency, generate free cash flow, boost earnings capacity, and improve its financial base.

**Our long-term management vision and new mid-term management plan**

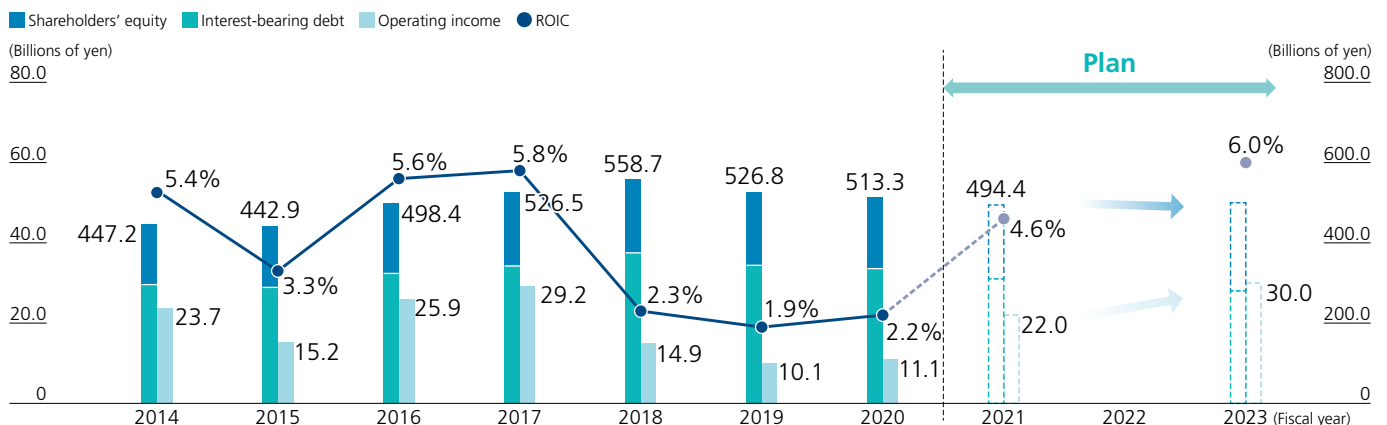
**Raising capital efficiency and establishing a sound financial base**

In May 2021, we launched a new mid-term management plan, the third such plan since the Company was established, and set earnings and financial targets up to the plan's final year in fiscal 2023. At the same time, we announced a long-term management vision with the same set of targets extending to fiscal 2030. The targets were set in consideration of rising demand for flat-rolled aluminum products.

**Capital structure and cash allocation under the new mid-term management plan**



**ROIC results and Plan**





Specifically, demand for aluminum cans is projected to rise steeply and aluminum parts in automobiles, especially electric vehicles, will be used for a broader range of applications amid growing environmental awareness around the world today. From that perspective, I am confident that the Company's proactive steps to expand production capacity in Japan, the United States, and Thailand will greatly contribute to business growth and lead to improvements in capital efficiency and the financial structure.

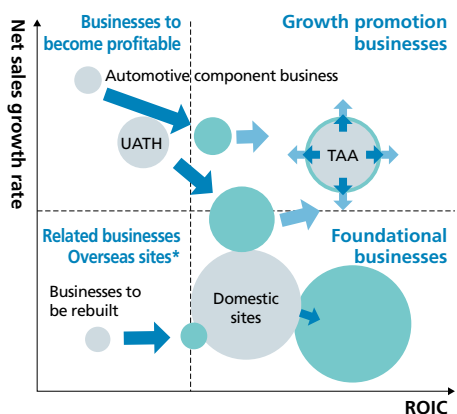
Under the new mid-term management plan, fiscal 2023 targets for consolidated financial results include ordinary income of ¥25.0 billion, ROE of 7.5%, and ROIC (on an operating

income basis) of 6.0%. Given the robust demand in the market, I believe it will be possible to quickly improve capital efficiency by boosting production output and sales volume, and raising the rate of operations at manufacturing plants. We also forecast a return to profitability and increased ROE since the Company will have no operating subsidiaries in the red if UACJ (Thailand) returns to the black as expected in fiscal 2021.

Over the three-year period of the mid-term management plan, we will aim for ¥140 billion in net cash provided by operating activities, and ¥78 billion in net cash used in investing activities. The balance of ¥62 billion will be for shareholder returns and to pay down interest-bearing debt.

### Transformation of the business portfolio

- Scale in fiscal 2019 ● Projected scale in fiscal 2023
- ➡ Changes during Third Mid-term Management Plan period
- ➡ Concept for growth from Fourth MMP onward (FY24-FY26)

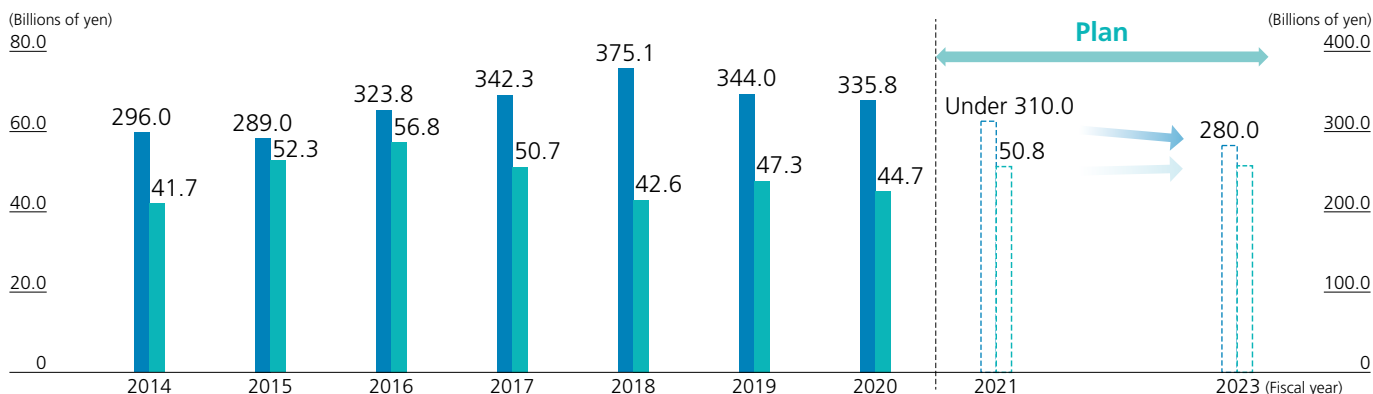


\* Extrusion, casting and forging, foil, and precision-machined components businesses  
Note: The size of circles shows the rough size of net sales

Classification	Business	Target market and sector	Investment allocation policy under Third MMP
Growth promotion businesses	TAA	North America, can stock	➡ Prioritize allocation of strategic investment
Businesses to become profitable ↓ Growth promotion businesses	Automotive component business	North America, China, Japan, automobiles	➡ Prioritize allocation of strategic investment
Businesses to become profitable ↓ Foundational businesses	UATH	Initiatives targeting both upstream and downstream	➡ Investment centered on key issues, without any significant increase in capacity
Foundational businesses	Domestic sites (non-automotive components)	Initiatives targeting both upstream and downstream	➡ Investment centered on key issues, without any significant increase in capacity
Businesses to be rebuilt ↓ (Foundational businesses)	Overseas sites in related businesses		➡ Investment centered on maintenance and renewal (also consider withdrawal when necessary)

### Interest-bearing debt and adjusted EBITDA results and Plan

- Interest-bearing debt
- Adjusted EBITDA (excluding inventory valuation)



Our goal is to reduce interest-bearing debt to no more than ¥280 billion by the end of fiscal 2023. Furthermore, we plan to limit capital expenditures to about 70% of depreciation and amortization, which is forecast to total ¥107.8 billion over the three years of the plan.

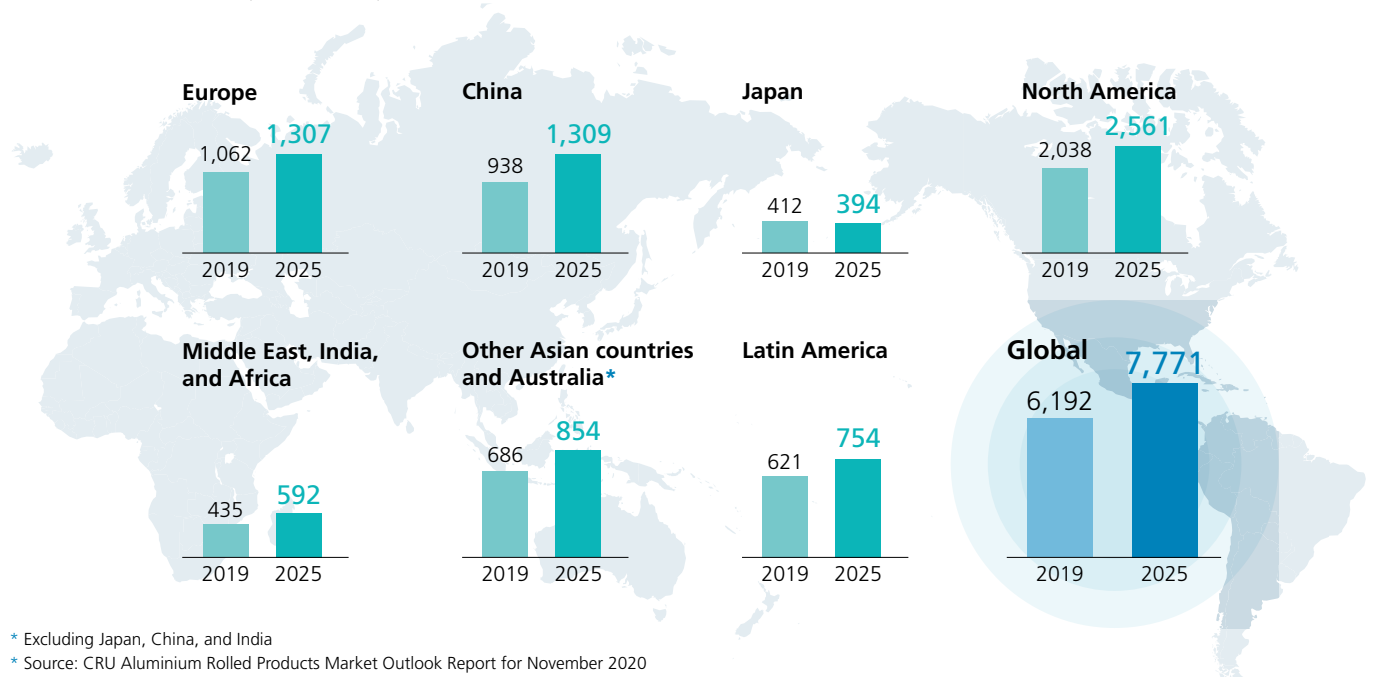
Since its establishment, the Company continually invested in production capacity expansion in preparation for rising demand, making large investments over several phases. We expect those investments to generate operating cash flow, and earnings capacity to expand as a result of our structural reforms. Consequently, we look forward to generating steady free cash flow, reducing interest-bearing debt, and improving the Company's financial base. Furthermore, we expect shareholders' equity to increase as profitability improves. Accordingly, we will aim to reduce the debt-to-equity ratio (excluding subordinated loans) to no more than 1.2 by the end of fiscal 2023. The Company will aim to raise shareholders' equity even further by generating profits, and continue using free cash flow to pay down interest-bearing debt with the goal of attaining a debt-to-equity ratio of 1.0 as soon as possible after fiscal 2023.

Among the targets of our recently announced long-term

management vision, we are aiming to increase ROE and ROIC to at least 10% by fiscal 2030 by improving capital efficiency and the financial base. To stay on track toward achieving these goals, management will make all-out efforts to accomplish the targets of the new mid-term management plan.

Demand for aluminum products is projected to rise markedly, including demand for aluminum can stock in North America and for aluminum parts for automobiles, particularly EVs. Aluminum can stock demand, for example, is projected to increase by around 5% annually until fiscal 2025, and then rise even more from 2026. I am confident that the Group will be able to meet this demand by making full use of its production capacity, the expansion of which should be completed by fiscal 2023. The Group can look forward to huge business opportunities as a flat-rolled aluminum manufacturer, so we will consider expanding capacity again after fiscal 2023 in order to seize those opportunities. The Company will also need to invest in other key initiatives, such as aluminum recycling facilities and its digital transformation. When executing these investments, we will pay close attention to capital efficiency and the internal hurdle rate while carefully balancing measures to strengthen the financial base.

**Demand for can stock** (Thousands of tons)



## Cash allocation and shareholder return policies

### Allocating cash to realize sustainable growth

When allocating cash in the years ahead, we will focus on investment in growth businesses, shareholder returns, and improvements to the financial structure, with a view to strengthen the financial base while pursuing business growth.

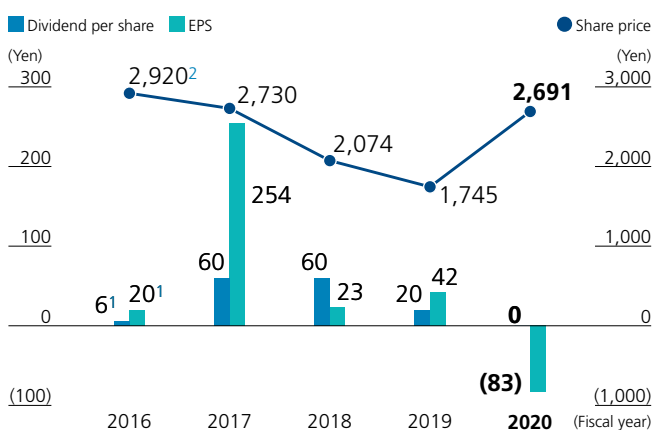
At the same time, to provide a roadmap for the Group to fulfill its corporate social responsibility, we have set various non-financial goals in our long-term management vision and mid-term management plan. As a flat-rolled aluminum manufacturer, the Group has an important responsibility to protect the environment and combat climate change. Therefore, we have set specific goals to work towards, and will give serious consideration to related activities and initiatives when allocating cash in the future.

Amid the ongoing COVID-19 pandemic, we have reaffirmed the importance of risk management. Accordingly, we will work to establish a financial base that allows the Group to continue operating under any circumstances, even another pandemic. We will also promptly share relevant operational data and reduce costs by improving operational efficiency. In these ways, we intend to make the Company stronger and more valuable for its stakeholders.

To ensure stable and continuous shareholder returns, we are aiming for a dividend payout ratio within the range of 20% to 30% over the next three years of our mid-term management plan, based on our total shareholder return target. The Company's financial structure has been a serious issue for management, but by improving it along with capital efficiency, we will work to raise the total return ratio above 30% in order to increase shareholder value. The Company has integrated total shareholder return in its performance-linked compensation plan for full-time directors, demonstrating the importance it places on shareholder returns.

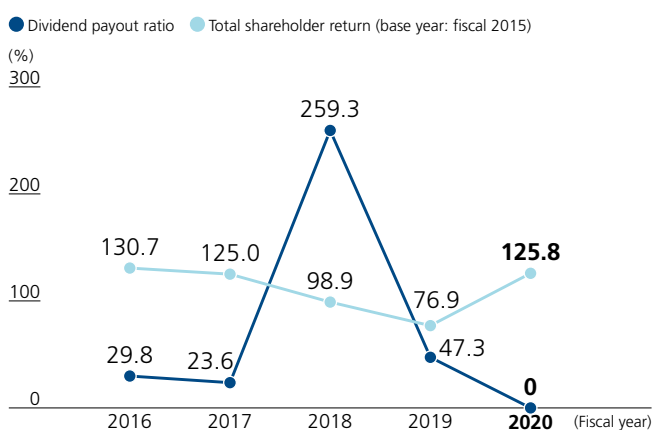
Regrettably, the Company did not pay a dividend for fiscal 2020 because it posted a loss on the bottom line, which was largely due to losses associated with structural reforms as well as the impact of the COVID-19 pandemic. Management plans to resume dividend payments in fiscal 2021, however, since the Company's performance is expected to bounce back as business picks up in Japan, UACJ (Thailand) boosts its production and sales, and operations in the United States benefit from brisk market demand. The Company's profits and financial condition are already performing better than initial expectations, so I am confident that shareholders can look forward to a turnaround this fiscal year.

### Shareholder returns



<sup>1</sup> Before stock split

<sup>2</sup> Adjusted to account for the stock split

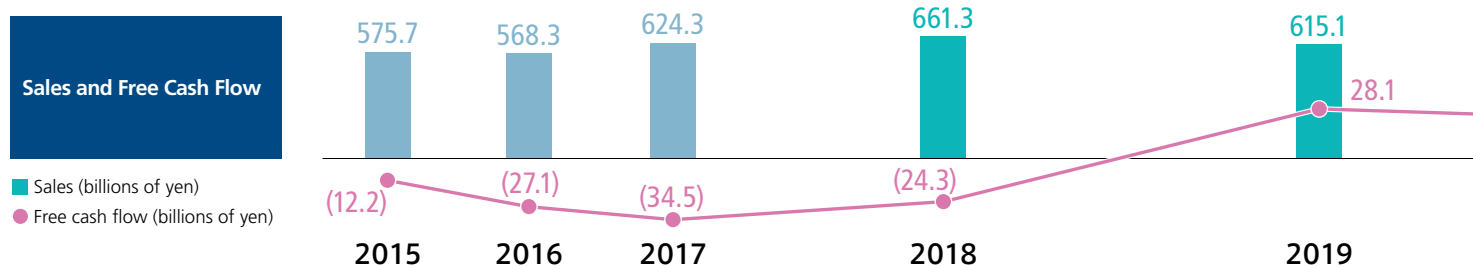




## Focus on enhancing production capabilities and building a resilient corporate structure in order to capture booming global demand for aluminum

← Advance investment →

	First Mid-term Management Plan (FY2015-2017)	Second Mid-term Management plan (FY2018-2020)
Operating environment and challenges	<ul style="list-style-type: none"> <li>Demand for aluminum cans and foil increased rapidly amid rapid economic growth in Asia and the Middle East</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Demand for aluminum products grew globally                             <ul style="list-style-type: none"> <li>Aluminum can stock demand rose mainly in Australia, China, and other Asian countries</li> <li>The shift to lighter cars and EVs drove up demand for aluminum auto parts in North America</li> </ul> </li> <li>Financial results were far short of previous targets                             <ul style="list-style-type: none"> <li>Sales volume had declined and energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt had increased due to rising costs for starting up new operations</li> </ul> </li> </ul>
Basic strategies and major policies	<ul style="list-style-type: none"> <li>Bolster operations in Asia and other growth regions, and expand product lineups for growing industries, including the automotive, transport, and energy industries</li> <li>Integrate technologies and optimize production in each business</li> <li>Improve advanced basic research and make use of the Company's wealth of accumulated technologies to develop new technologies and products</li> </ul>	<ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>
Key achievements	<ul style="list-style-type: none"> <li>Established a global supply network for can stock based in Japan, Thailand, and the U.S.</li> <li>Established a supply network for automotive parts in the U.S.</li> <li>Optimized production facilities, thereby contributing ¥11 billion in earnings</li> <li>Centralized R&amp;D at Nagoya Works and made progress in developing new products and next-generation core technologies</li> </ul>	<ul style="list-style-type: none"> <li>Completed our global three-point supply structure boasting world class production capabilities</li> <li>Streamlined our business portfolio</li> <li>Rationalized production in Japan</li> <li>Achieved positive free cash flow</li> <li>Slimmed down management Substantially reduced the number of full-time directors and executive officers</li> </ul>
Remaining challenges	<ul style="list-style-type: none"> <li>Financial results fell far short of the plan's targets                             <ul style="list-style-type: none"> <li>Sales volume dropped as energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt increased due to rising costs for starting up operations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Returns on large-scale capital investment are taking longer than expected                             <ul style="list-style-type: none"> <li>Sluggish returns from UATH*<sup>1</sup>, UWH*<sup>2</sup>, and Fukui Works</li> </ul> </li> <li>Business results and financial position are worsening                             <ul style="list-style-type: none"> <li>Dramatic change in market environments due to trade friction between the U.S. and China and the COVID-19 pandemic</li> <li>Earning capacity decreased due to a slow response to changes in market environments among other factors</li> </ul> </li> </ul>



Long-term management vision UACJ Vision 2030 (FY2021-2030)

Third Mid-term Management Plan (FY2021-2023)

Structural reforms (FY2019-2022)

- **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

- **Raise earning capacity**  
Lower the break-even point, realize returns from large-scale investments, and withdraw from unprofitable and non-core business areas
- **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

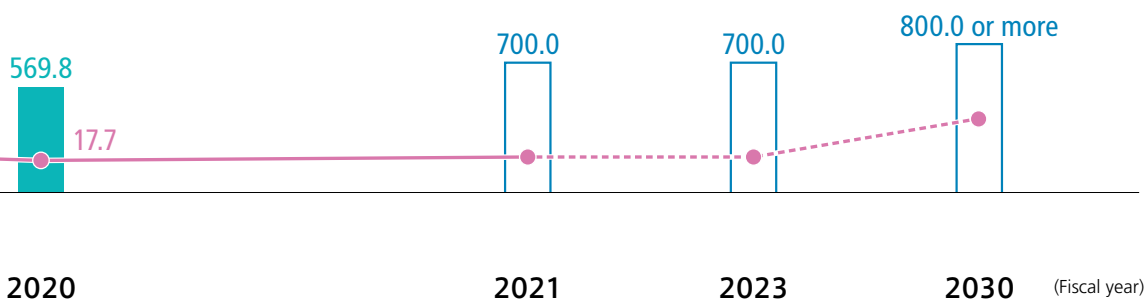
- Aluminum demand is booming, particularly in overseas markets
  - Economic growth in emerging countries is driving increases in purchasing power and demand
  - Global demand for can materials is growing, particularly in North America
  - The Japanese market is shrinking as anticipated due to population decline
- The need for environmentally friendly materials is growing
  - Demand for plastic alternatives and recycling is rising
  - Demand for automotive parts is growing amid the regulation of gasoline-fueled vehicles and rapid spread of EV
  - Global ESG/SDGs initiatives are progressing
- Technological innovation is advancing rapidly
  - The mobility revolution is creating new applications for materials
  - Innovation in digital technology is transforming business models
- Our financial structure is weak
  - Interest-bearing debt is increasing following sluggish returns on advance investments

- Complete structural reforms
  - Raise earning capacity
  - Improve financial structure
  - Strengthen management systems
- Strengthen foundations for growth
  - Increase added value
  - Focus on growth markets and sectors
  - Strengthen business foundation
- Contribute to building a better world (promote sustainability)
  - Contribute to solving issues related to climate change

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\*1 UACJ (Thailand) Co., Ltd.

\*2 UACJ Automotive Whitehall Industries, Inc.



# Complete structural reforms and use the results as a foundation for realizing UACJ Vision 2030

## ■ Positioning and major policies

Our Third Mid-term Management Plan, which started in fiscal 2021, is a three-year plan which will strengthen our business foundation with a view to realizing our long-term management vision UACJ Vision 2030. It has three major policies—complete structural reforms, strengthen foundations for growth, and contribute to achieving a better world (promote sustainability).

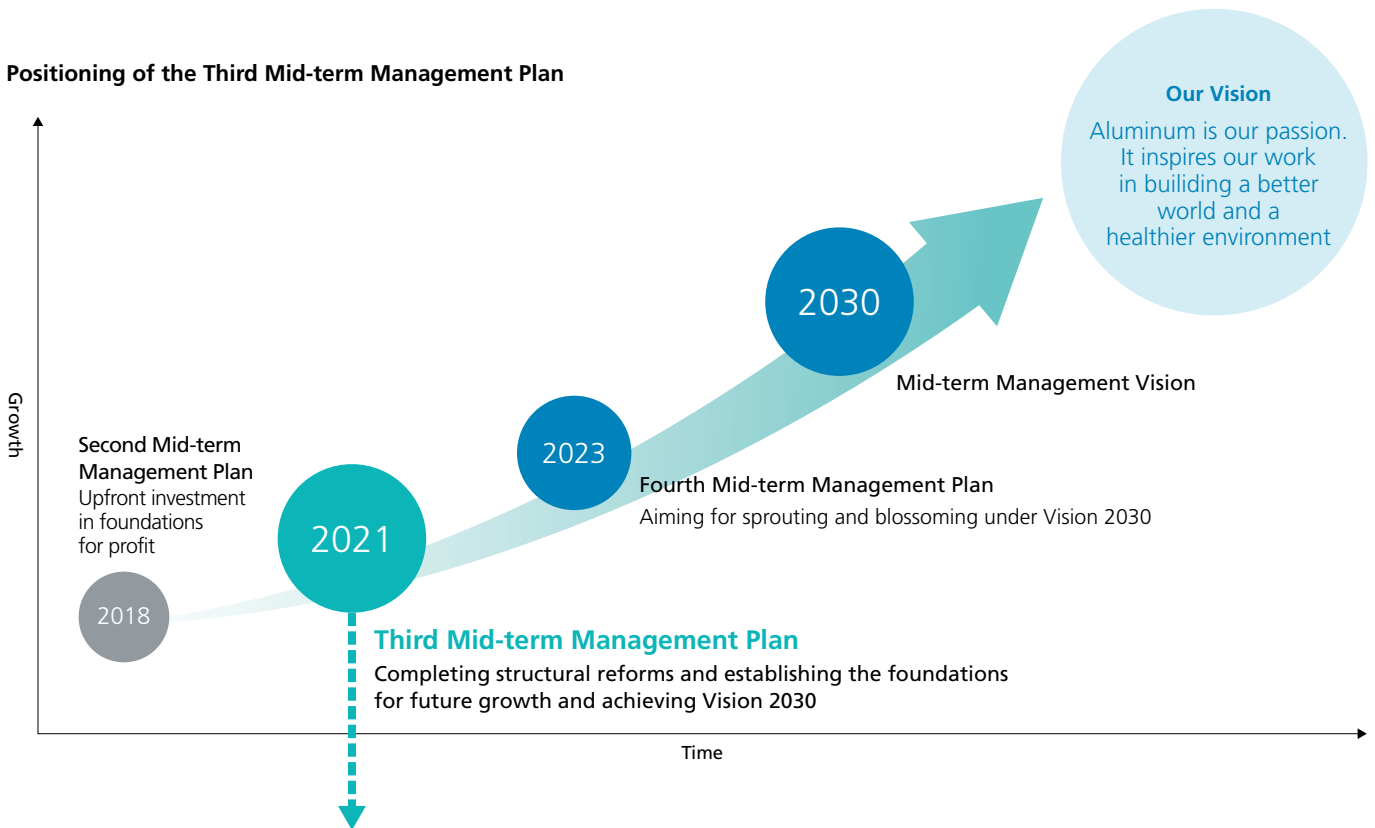
Completing the structural reforms started in fiscal 2019 will be particularly important for strengthening our business foundations. We will see the measures planned to date through to completion and steadily build up the effects of the

structural reforms.

Also, to strengthen foundations for growth, we will continue to focus on growth markets (North America, Southeast Asia) and growth sectors (can stock, automobiles), alongside efforts to provide value through enhanced materials, create new sectors, and strengthen in core areas that underpin our business operations, such as personnel and technology.

Furthermore, we have identified contributing to solving issues related to climate change as one of the Group’s materiality issues so we will engage in the co-creation of aluminum recycling systems across our entire supply chain.

### Positioning of the Third Mid-term Management Plan



### Major Policies

#### 1 Complete structural reforms

- Enhance earnings power
- Improve financial position
- Strengthen management systems

#### 2 Strengthen foundations for growth

- Increase added value
- Focus on growth markets and sectors
- Create new business domains
- Strengthen supporting foundations

#### 3 Contribute to achieving a lighter world (promote sustainability)

- Contribute to solving issues related to climate change



## Financial and non-financial targets

Amid booming demand for can stock, particularly in North America, we plan to achieve net sales targets through measures such as making full use of enhanced production capabilities at Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd. We will aim to achieve operating and ordinary income targets through the manifestation of the effects of structural reforms and other means.

Also, although we may not reach satisfactory levels of ROE and ROIC during this plan period, ultimately the Third

Mid-term Management Plan is focused on strengthening our business foundation and we will aim to further improve capital efficiency under the Fourth Mid-term Management Plan.

This is the first UACJ mid-term plan that also includes non-financial targets. Targets have been linked to each of the six materiality issues we identified and we will work to achieve these targets as an essential step toward strengthening our business foundation.

### Financial indicators by FY2023

	FY2023
Net sales	¥700.0 billion
Operating income	¥30.0 billion
Operating margin	4.2%
Ordinary income	¥25.0 billion
D/E ratio <sup>1</sup>	1.2 times or less
ROE	7.5%
ROIC <sup>2</sup>	6.0%

### Non-financial (ESG) targets

Six materialities	Evaluation indices	FY2023 targets
Response to climate change	Reduction of CO <sub>2</sub> emissions across the supply chain (compared with FY2019 BAU <sup>3</sup> )	22% reduction (FY2030 target)
Product quality and responsibility	Number of significant product quality defects	One or fewer
	Number of customer complaints	Down 10% YoY
Occupational health and safety	Number of serious accidents	Zero
	Total workplace accidents <sup>4</sup>	4.00
Consideration for human rights	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results	To be implemented at four manufacturing plants
	Proportion of employees receiving training related to the Code of Conduct, human rights, and harassment	96% (continue to maintain a 100% implementation rate for harassment prevention training)
Diversity, equal opportunity, etc	Proportion of female managers (including officers, in Japan)	4%
Developing talent	successor candidates planning implementation rate	Rollout across domestic group companies
	Number of persons benefiting from activities to support education related to key areas	300 People/Year

<sup>1</sup> Subordinated loans are factored into calculations <sup>2</sup> ROIC = Operating profit before tax ÷ (shareholder's equity + interest-bearing debt – cash and deposits) (average of figured for the start and end of the fiscal year) <sup>3</sup> Business as usual: Business operations (production volumes, product mix) maintained without any special measures in place <sup>4</sup> An evaluation index that converts the number of deaths and injuries (including injuries resulting in lost work time) caused by accidents within all working hours during the measurement period into a rate that shows the frequency of accidents per one million hours worked

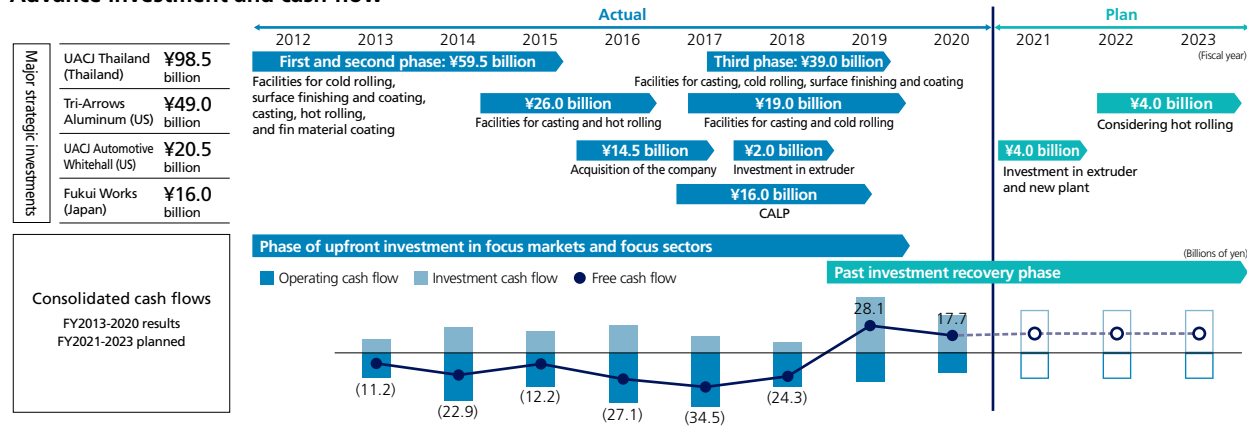
## Highlight

### Increasing earning capacity as a driver for achieving targets

The Third Mid-term Management Plan is starting under different conditions compared to previous plans as we have already completed long-term growth investments, including UACJ (Thailand) and Tri-Arrows Aluminum Inc., and made these operational. As a result, we now have a positive free cash flow.

Going forward we will fully demonstrate our enhanced production capabilities in order to capture opportunities such as booming demand for can stock, thereby raising profits and steadily reforming our financial structures. This will enable us to achieve our financial targets.

### Advance investment and cash flow



# Demand for aluminum cans is rising in North America, backed by consumer awareness of aluminum’s environmental benefits



## Younger generations of environmentally savvy consumers in North America regard aluminum canned drinks as premium products today

North America’s aluminum can market is currently very robust, and the outlook is extremely favorable. In fact, demand for aluminum beverage cans is projected to grow at a rate of 5% annually through to 2030. Accordingly, the sales volume of beverage cans could reach 152 billion units by that year, up from 103 billion units in 2020.

This demand growth is being driven by a very positive trend: consumers are showing a preference for aluminum cans over other types of containers. North American consumers are now more environmentally conscious than ever, and they are factoring sustainability into their product choices. They

understand that aluminum is a sustainable material because of its excellent recyclability and light weight. Consequently, many consumers have come to regard aluminum canned drinks as premium products.

When I was young, glass bottled beverages were considered to be premium products. Today, however, younger generations are more environmentally savvy, so when choosing a beverage brand, they prefer the drink in an aluminum can. Consequently, many consumers have come to regard aluminum canned drinks as premium products.

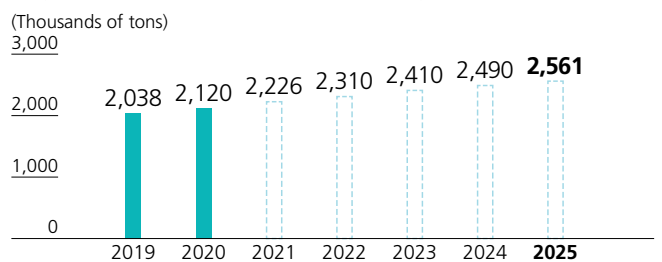
Reflecting this shift in consumer preferences, new beverage products are increasingly being sold in aluminum cans. From alcoholic beverages to energy drinks and flavored water, a steady stream of aluminum canned drinks are appearing in the market.



### Henry Gordinier

Executive Officer  
Tri-Arrows Aluminum Inc.  
CEO/President

### Projected demand for aluminum beverage cans in North America



Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

## We are greatly reducing carbon emissions and water consumption in manufacturing by increasing our use of recycled scrap aluminum

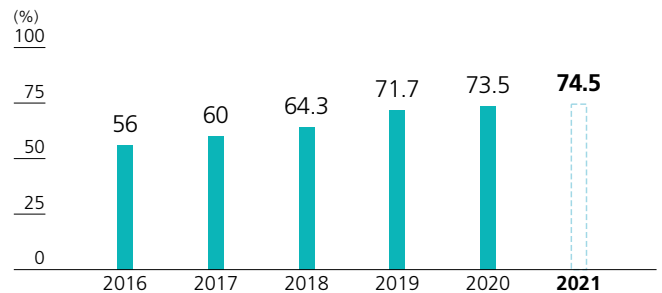
In step with the consumer preference for sustainable products, our customers have committed to sustainability and are seeking greener solutions. Tri-Arrows Aluminum is meeting the needs of those beverage can manufacturers by supplying can stock made with recycled aluminum. In fact, the recycled aluminum content in our can stock is 74.5% on average in 2021.

The use of recycled aluminum is a key component of our sustainability management, and we have made excellent progress in recent years. Compared with 2017, the amount of recycled scrap aluminum used by Tri-Arrows Aluminum is on track to increase by 88% by the end of 2021.

As a result, the amount of water used in our manufacturing process will decrease by about 45% over the same period. Furthermore, carbon emissions per metric ton of production capacity have remained flat even though our production capacity has increased by more than 30%. We have

also reduced energy consumption and waste sent to landfills by increasing the recycling rate. All combined, these efforts are improving both the efficiency and environmental footprint of our operations.

Percent recycled scrap content



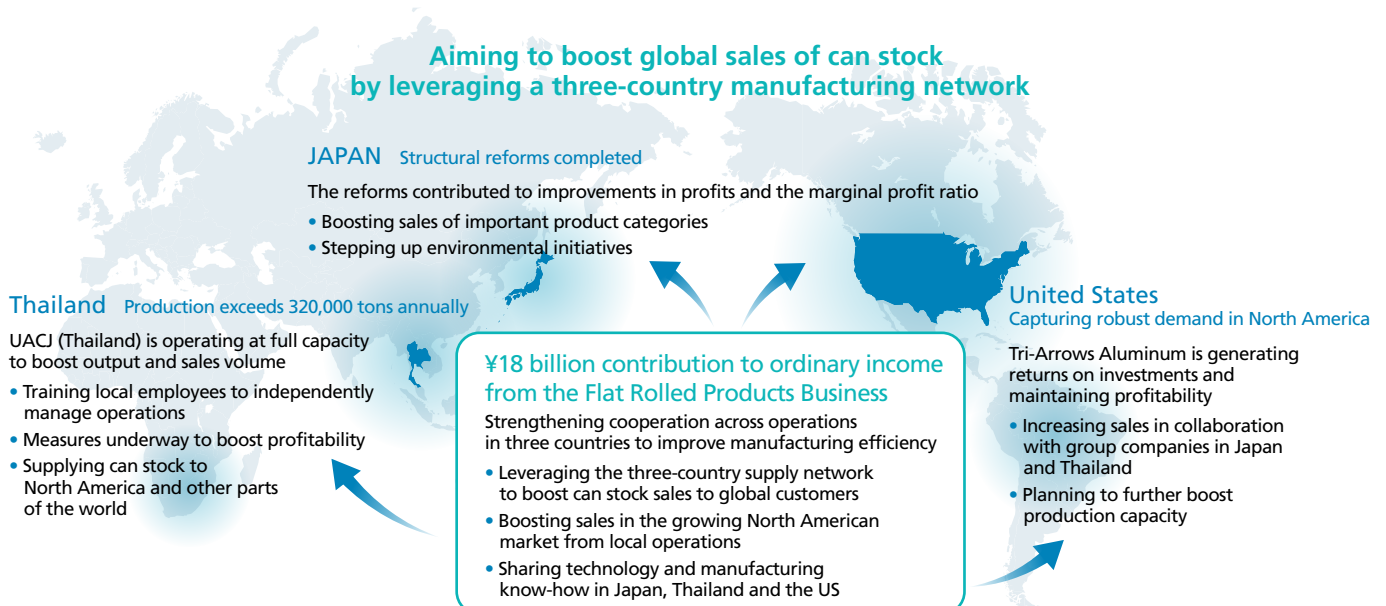
## Leveraging the Group's three-country supply network, Tri-Arrows Aluminum is maintaining stable earnings and planning for growth in the years ahead

Tri-Arrows Aluminum is well-positioned in the growing North American market as a preferred supplier. The company has concluded contracts with customers for 100% of planned production through 2025, enabling it to maintain stable earnings and generate steady returns on past investments in production capacity expansion.

At the same time, we must respond to changes in the North American market, which is facing a supply shortage. At present, beverage can manufacturers are importing can sheet to keep up with demand, and new suppliers from other regions of the world are entering the market. Across the United States, these manufacturers are investing to expand their production, with announced increases in capacity of 25 billion units through 2022.

Reflecting these circumstances, all of our customers have asked us to increase production. Therefore, we will consider expanding production capacity over the medium term. We will also continue working closely with UACJ and UACJ (Thailand) to supply enough flat-rolled aluminum to keep up with orders. Fortunately, the Group's three-country supply network allows us to be flexible and to respond to demand in different regions of the world, with the current focus to support North America.

Given these excellent prospects for growth and new opportunities related to sustainability, I am confident that Tri-Arrows Aluminum and the rest of the UACJ Group can look forward to a great future ahead.





# Tapping robust demand for aluminum automotive parts in North America as the shift to EVs gains momentum



## Expanding our automotive parts business while continuing to meet customers' needs

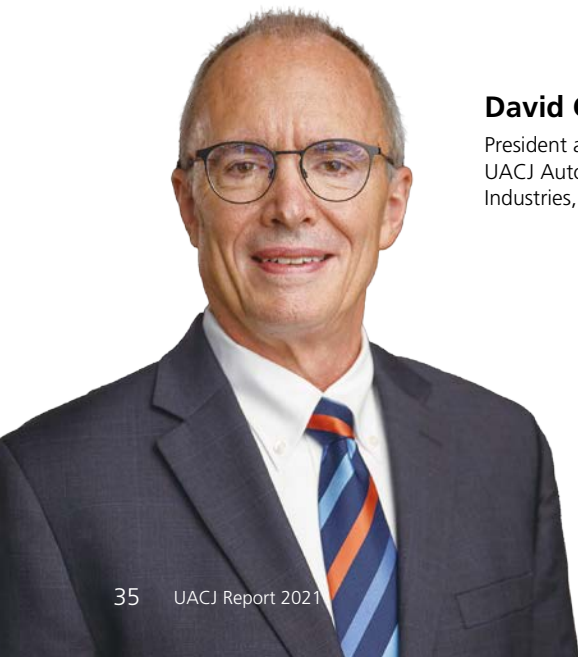


Using aluminum parts and structural components in an automobile reduces its overall weight, resulting in better fuel efficiency. That can lower the vehicle's CO2 emissions by around two tons over 10 years of driving compared with a vehicle made with no aluminum. Therefore, the adoption of aluminum parts and components has been increasing year by year.

Against that backdrop, UACJ Automotive Whitehall has been meeting demand from customers as a major supplier of aluminum parts to the auto industry. The company began manufacturing materials for vehicle sunroofs in 1974, and then started producing precision extrusions because other manufacturers were not meeting customers' needs for extremely high precision. Building on its success in the market, the company installed its first extrusion press in 2001 and then ventured into other markets for

automotive parts. Over the years, we earned the trust of our customers by always responding to their requests. Today, we manufacture automotive sunroof guide rails, convertible tops, hydraulic cylinders, body panels, and interior components. While based in Michigan, UACJ Automotive Whitehall established manufacturing facilities in Kentucky as well as the state of Guanajuato, Mexico, to keep up with business growth.

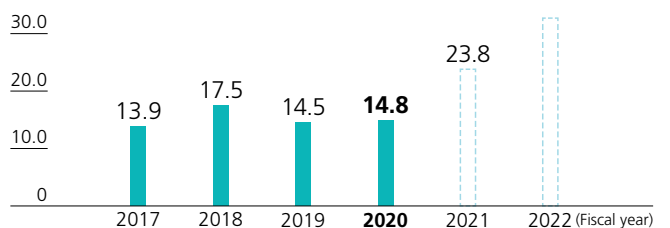
By responding to the needs of the auto industry for so many years, we have amassed expertise in machining and enhanced the precision of our forming, bending, joining, and assembly techniques. As a result, we can supply high-quality products. Indeed, UACJ Automotive Whitehall is firmly established as a Tier 1 supplier among numerous major automakers, reflecting the trust it has built up with customers in North America. By consistently meeting their needs, the company, which joined the UACJ Group in April 2016, is now on track to achieving a compound annual growth rate (CAGR) in net sales of 15% over six years through 2022.



**David Cooper**  
President and CEO  
UACJ Automotive Whitehall  
Industries, Inc.

### Net sales

(Billions of yen)



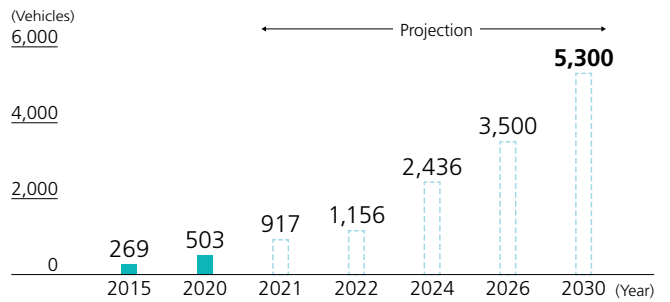
## Future business growth backed by the shift to EVs

The shift to electric vehicles (EVs) is gaining momentum amid increasingly strict fuel efficiency regulations in many countries around the world, and auto makers have set EV production targets accordingly. Sales of EVs are forecast to rise steeply, accounting for around 30% of the entire automobile market by 2030. Based on that trend, the need to reduce total vehicle weight will continue to grow. In fact, the rapid growth of the EV market could even lead to a supply shortage of aluminum structural components for automobiles. Furthermore, as electric motors for EVs steadily replace internal combustion engines, demand for precision extrusions and flat-rolled aluminum products is expected to rise.

For these reasons, we foresee incredible opportunities for UACJ Automotive Whitehall to grow its business amid the global adoption of EVs. To seize these opportunities, we began constructing a new production facility in 2021, located in Flagstaff, Arizona, near the factory of a major EV manufacturer

that we supply products to. We will also install a new extrusion press at our facility in Michigan and begin operating it in 2022. With this expanded production capacity, we expect the company's net sales to reach \$300 million by fiscal 2022.

### Projected EV production in North America



Source: In-house research by UACJ Corporation

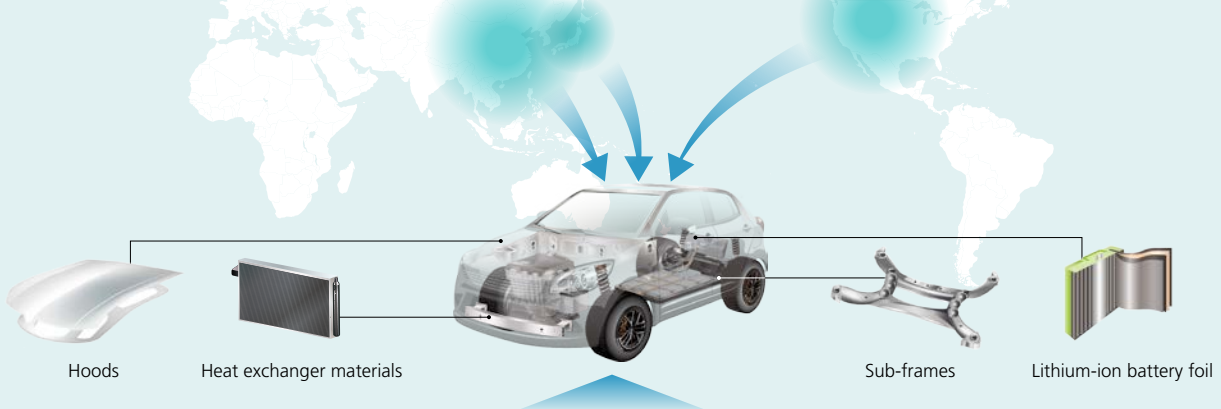
### At a glance

## Aiming to quickly boost earnings by strengthening collaboration among businesses and leveraging the Group's international supply network

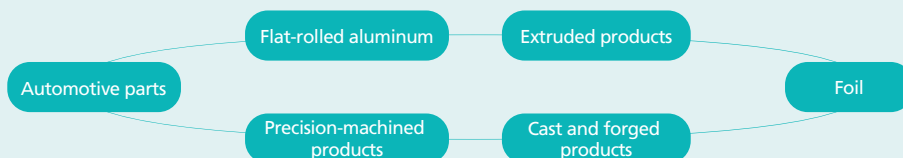
The UACJ Group has been providing a stable supply of aluminum automotive parts and components by strengthening its international supply network. In Japan, the Group supplies automotive structural components and began producing automotive body sheet following the startup of a new continuous annealing line with pretreatment at Fukui Works. In the United States, the Group is supplying various structural components to the

North American auto industry. It is also focusing on supplying lithium-ion battery foil to China's fast-emerging EV market. Aiming to quickly boost earnings, the UACJ Group is stepping up collaboration among its diverse businesses to expand its supply of high-value-added products, including automotive bumpers and battery modules for EVs, and to propose materials to customers at the development stage.

### Providing diverse products and services via the Group's international supply network



### Broadening product lineups and services through stronger collaboration among businesses



## Risks (Opportunities and Threats) Surrounding UACJ

UACJ recognizes that all of the phenomena that stand in the way of achieving the corporate philosophy on which UACJ Vision 2030 rests—that of contributing to society by using raw materials to manufacture products that enhance prosperity

and sustainability—are risks. The following are major risks that we believe may affect the decisions of investors significantly due to the likelihood that they will occur, and the degree of impact they may have.

### Main external risks

Risk	Risk details, impacts	Actions
The COVID-19 pandemic and future epidemics	<p><b>Threat</b> <b>Opportunity</b> Product demand could change according to shifts in consumer lifestyles depending on the circumstances of the ongoing global COVID-19 pandemic.</p> <p><b>Threat</b> Operations could be delayed, interrupted, or suspended in the event of an outbreak of infections among employees or a request from the government or other organization to suspend operations due to the COVID-19 situation.</p>	<ul style="list-style-type: none"> <li>• Infection control measures for employees are being thoroughly implemented.</li> <li>• All workplaces are implementing business continuity planning in preparation for an outbreak of infections.</li> <li>• Costs are being controlled and committed credit lines have been established to secure funds if necessary.</li> </ul>
Climate change and other changes in the global environment	<p><b>Threat</b> The Group could lose public trust and business opportunities if its efforts to combat the impact of global warming and climate change through reductions in greenhouse gas (including CO<sub>2</sub>) emissions and other initiatives are deemed to be insufficient.</p> <p><b>Opportunity</b> There are growing opportunities to help solve environmental issues by providing products and services that make effective use of aluminum's beneficial properties as a metal, including its light weight, thermal conductivity, and recyclability.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators.</li> <li>• Reducing CO<sub>2</sub> emissions has been designated as one of four ways the Group can make contributions in its UACJ Vision 2030 long-term management roadmap.</li> <li>• Contributing to solving issues related to climate change has been designated as a major policy in the Company's most recent mid-term management plan in recognition of the seriousness of this issue.</li> <li>• A committee tasked with initiating climate change countermeasures was set up in April 2021 to provide a venue for management to examine and discuss the Group's solutions.</li> <li>• The Group is continuing its efforts to facilitate aluminum product recycling, reduce CO<sub>2</sub> emissions from manufacturing, and save energy.</li> </ul>
Damage from extreme weather, major earthquakes, and other disasters	<p><b>Threat</b> The safety of the Group's employees and stable operations of its facilities in various regions of the world could be affected by natural disasters, including earthquakes, tsunamis, typhoons, and floods, as well as by man-made disasters, such as terrorism.</p> <p><b>Threat</b> The manufacturing and business activities of the Group as well as its customers and suppliers could be suspended as a result of a natural or man-made disaster.</p>	<ul style="list-style-type: none"> <li>• Business continuity management is periodically monitored and discussed by the CSR Committee.</li> <li>• All workplaces routinely carry out emergency drills and other activities to prepare for a disaster and mitigate its damage.</li> <li>• Business continuity plans are in place at all workplaces as a means to enhance business continuity management.</li> </ul>
Changes in government policies and economic trends	<p><b>Threat</b> Procuring raw materials could become difficult and procurement costs could rise due to sudden changes in government policies, economic conditions, or regulations in the countries in which the Group manufactures and sells products or its suppliers are based, or due to geopolitical tensions, such as a trade war between the United States and China.</p> <p><b>Threat</b> <b>Opportunity</b> Business opportunities could change according to fluctuations in demand caused by shifts in government policies or economic trends.</p> <p><b>Threat</b> Costs needed to respond to the changes described above could be incurred and increase.</p>	<ul style="list-style-type: none"> <li>• Measures are continuously implemented to increase the Group's ability to effectively respond to changes in the operating environment, including structural reforms for reducing the break-even point.</li> <li>• The Group optimally designates manufacturing facilities to meet demand while leveraging its global supply network covering Japan, the US, Thailand, China, and other countries.</li> <li>• The Group has diversified its sources of aluminum and other raw materials.</li> </ul>
Technological advances and changes in demand	<p><b>Threat</b> <b>Opportunity</b> The Group's competitiveness and ability to grow will be affected by rapid changes and advances in digital and other technologies as well as shifts in environmental and societal trends.</p> <p><b>Opportunity</b> Products and services that make use of aluminum's beneficial properties are increasingly expected as customers' needs become more diverse amid shifts in technological and societal trends.</p>	<ul style="list-style-type: none"> <li>• The Company has placed priority on improving beneficial technologies and digital platforms in its most recent mid-term management plan.</li> <li>• The Company's Digital Innovation Department was set up in April 2020 to promote a digital transformation throughout the Group's operations.</li> <li>• The Company's Mobility Technology Center was established in October 2020 to develop applications for aluminum in the automobile industry.</li> <li>• The Company is developing its own venture organization to drive new business development in collaboration with startups and other organizations outside the Group.</li> <li>• The Group is closely following and studying technological and market-related trends.</li> </ul>
Market volatility	<p><b>Threat</b> <b>Opportunity</b> Procurement costs could change due to fluctuations in market prices of aluminum, metal additives, and various secondary materials (the Company has a system in place to pass on changes in the market price of aluminum to customers based on contract conditions concluded with them in advance, but it could record a gain or loss on the valuation of its inventory assets if the price rapidly changes over the short term).</p> <p><b>Threat</b> <b>Opportunity</b> Manufacturing and processing costs could change according to fluctuations in energy prices.</p> <p><b>Threat</b> <b>Opportunity</b> Changes in exchange rates and interest rates could impact financial results.</p>	<ul style="list-style-type: none"> <li>• The Group will continue and expand its practice of passing on changes in the market price of aluminum to customers through contract conditions.</li> <li>• The Group will continue its initiatives to reduce dependence on fuel and save energy.</li> <li>• Foreign exchange contracts, fixed interest rates, and other methods are regularly utilized to reduce the impact of market fluctuations.</li> </ul>

### Main internal risks

Risk	Risk details, impacts	Actions
Product quality assurance	<p><b>Threat</b> The Group could lose the trust of its customers and other stakeholders if its quality assurance activities are carried out fraudulently or improperly, or if its products fall short of quality standards.</p> <p><b>Threat</b> Failure to meet quality specifications could inconvenience customers, disrupt the market, and lead to an inability to fulfill supply obligations.</p> <p><b>Opportunity</b> The Group can earn more trust from customers and a stronger reputation in the market by implementing stricter quality controls.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators.</li> <li>• Quality assurance is periodically checked and discussed at the management level through the Company's Quality Committee.</li> <li>• Quality control plans and measures are routinely executed.</li> <li>• Compliance training is regularly carried out.</li> <li>• The Group is expanding the use of automated quality verification tests.</li> <li>• Periodic quality inspections are mutually conducted by the Group's workplaces.</li> </ul>



Occupational health and safety	<p><b>Threat</b> A workplace accident or disease outbreak could cause harm to employees and damage to physical property.</p> <p><b>Threat</b> A workplace disaster could interfere with the Group's manufacturing operations.</p>	<ul style="list-style-type: none"> <li>• Safety and compliance have been designated as basic principles of the UACJ Way, a set of guidelines for all employees, and occupational health and safety are given top priority in business activities.</li> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators.</li> <li>• Occupational health and safety activities are periodically followed and discussed at the management level through the Company's Health and Safety Committee.</li> <li>• Health- and safety-related rules have been put in place and training is carried out on a regular basis.</li> <li>• Management resources are allocated and countermeasures taken to eliminate hazards in the workplace, including fire and explosion risk assessments.</li> </ul>
Development and deployment of strategic human resources	<p><b>Threat</b> Recruiting talented employees in Japan is increasingly difficult due to the country's rapidly aging population.</p> <p><b>Threat</b> <b>Opportunity</b> Requirements of employees and necessary skills are changing with the Group's global expansion.</p> <p><b>Threat</b> <b>Opportunity</b> The effective deployment of human resources is critical for success in the Group's operations.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators.</li> <li>• The Group carries out succession planning to systematically identify and groom new leaders.</li> <li>• The Group is promoting diversity and inclusion to bring out the best of its diverse workforce.</li> <li>• Targeted personnel are provided with human resources training and development programs.</li> <li>• Working conditions are being improved to raise employee engagement and satisfaction.</li> <li>• Personnel are being effectively deployed through internal recruitment systems.</li> <li>• Training programs for passing down manufacturing skills in the workplace, such as the Company's Monozukuri Gakuen program, are being set up and expanded.</li> </ul>
Compliance	<p><b>Threat</b> The Group could be subject to penalties and fines if it fails to fully comply with laws and environmental regulations.</p> <p><b>Threat</b> The Group could lose the trust of its stakeholders and face a public backlash if it fails to meet their expectations regarding human rights and other issues.</p> <p><b>Threat</b> Compliance with newly enacted or revised laws and regulations could incur costs.</p>	<ul style="list-style-type: none"> <li>• Safety and compliance have been designated as basic principles of the UACJ Way, which is an integral part of the Company's corporate philosophy.</li> <li>• The Group Code of Conduct is promoted on a Group-wide basis.</li> <li>• UACJ has specified materiality issues concerning human rights and created related action plans and key performance indicators.</li> <li>• The Company has begun examining the implementation of human rights due diligence.</li> <li>• Measures to strengthen internal controls in the Group are being led by committees in charge of health and safety, quality, the environment, and CSR.</li> <li>• Activities for ensuring compliance with all relevant laws and regulations are carried out on a regular basis.</li> <li>• Requests are made to suppliers based on the Group's CSR Procurement Guidelines.</li> </ul>
Returns on strategic investments	<p><b>Threat</b> <b>Opportunity</b> The achievement of the Group's business objectives depends on the returns on its investments in increased production capacity to meet rising demand from growing markets in Asia and North America, specifically for car stock and auto parts.</p> <p><b>Threat</b> Business objectives may not be achieved if market conditions change or the business environment worsens more than previously expected when investments were originally planned.</p>	<ul style="list-style-type: none"> <li>• The Group has been securing returns on investments ahead of schedule by capturing rising demand in Asia and North America, optimizing its product mix, and balancing regional customer structures.</li> <li>• The Company carefully examines its investments, has expanded the department that analyzes investments in the Finance Division, and closely monitors the outcomes of its investments made in Thailand, the US, and Japan.</li> </ul>
Group-wide corporate governance	<p><b>Threat</b> <b>Opportunity</b> The Group's collective capabilities are affected by its ability to integrally manage all of its workplaces around the world and fully execute policies and strategies on a Group-wide basis.</p>	<ul style="list-style-type: none"> <li>• The Group's corporate philosophy is made known to all employees.</li> <li>• Measures to strengthen internal controls in the Group are being led by committees in charge of health and safety, quality, the environment, and CSR.</li> <li>• UACJ's president holds meetings with group employees to discuss the corporate philosophy.</li> <li>• A department tasked with fostering a new corporate culture was set up in April 2020.</li> <li>• Internal control audits and operational audits are conducted on a routine basis.</li> </ul>
Information security	<p><b>Threat</b> The Group could be responsible for reparations and lose credibility and business opportunities if information in its possession is leaked or stolen, such as customer data, personal information, trade secrets, and technological information.</p> <p><b>Threat</b> A cyber attack on the Group could cause a suspension of operations due to a stoppage of information systems, and costs for restoring systems could be incurred.</p>	<ul style="list-style-type: none"> <li>• The Group strictly manages information based on its own information management rules and electronic information security rules.</li> <li>• The Group carries out assessments and measures for improving all aspects of security in accordance with cyber security management guidelines.</li> </ul>
Funds procurement	<p><b>Threat</b> Securing funds could be subject to constraints or higher costs due to changes in business and credit conditions.</p>	<ul style="list-style-type: none"> <li>• The Group has diversified its methods for procuring funds, including loans through committed credit lines with banks, direct procurement through the issuance of commercial paper, and asset finance.</li> <li>• Measures are taken to increase profitability and improve capital efficiency in order to boost cash flow.</li> <li>• Withdrawal from non-profitable and non-core businesses is regularly discussed and examined by management.</li> </ul>

## Risks related to accounting-based valuation and estimates

Risk	Risk details
Impairment of fixed assets	If market conditions or the Group's operating environment worsen significantly in the future, the market value of fixed assets it owns could decline markedly and the returns on those assets could decrease as a result. In such cases, the Company would have to record an impairment loss on the fixed assets in accordance with relevant accounting standards. Its consolidated financial results could be impacted if the impairment loss is substantial.
Recoverability of deferred tax assets	The Company calculates the amount of deferred tax assets it can presumably recover based on reasonable estimates of future taxable income. If market conditions or its operating environment worsen significantly in the future, however, its taxable income could not only differ substantially from such estimates but also result in a reversal to deferred tax liabilities. A substantial reversal could significantly impact the Company's consolidated financial results.



## Applying the benefits of aluminum to facilitate advances in recycling and substantially reduce CO<sub>2</sub> emissions

### Shinji Tanaka

Director, Member of the Board, and Executive Officer  
UACJ Corporation

As an executive vice president of UACJ (Thailand) Co., Ltd., Shinji Tanaka was involved in the operations of integrated production lines. In April 2021, he was appointed to leading positions in three divisions at UACJ's headquarters, and plays a central role in business execution.

### Reducing Scope 3 CO<sub>2</sub> emissions by making the most of aluminum's recyclability in the value chain

Reducing CO<sub>2</sub> emissions is recognized around the world today as an urgent challenge for combatting climate change. Many countries have accelerated their efforts to shift to a lower-carbon economy. In Japan, the government announced, in October 2020, its goal to make the country carbon neutral by 2050.

Against that backdrop, the wider use of aluminum in products is expected to contribute to reducing CO<sub>2</sub> emissions due to the metal's light weight and recyclability. As a world-leading aluminum products manufacturer, UACJ has included CO<sub>2</sub> emission reductions in its materiality issues as an important goal. Specifically, it set a reduction target of 22% by 2030 (compared with the fiscal 2019 level) along with new key performance indicators in its recently announced long-term management vision. To achieve this target, UACJ intends to apply innovative new technologies over the next decade in addition to its existing technologies. Moreover, the Company established its Climate Change Countermeasures Steering Committee, chaired by its president, to oversee the Group's efforts to address climate change. Under the committee's direction, three working groups were set up in April 2021 to formulate plans and strategies for achieving carbon neutrality, facilitating aluminum recycling, and promoting the shift to aluminum cans from containers made of plastic and other materials, respectively.

For many years, the UACJ Group has been reducing CO<sub>2</sub> emissions through measures to conserve energy and reduce its dependence on fuel. Consequently, it has already produced excellent results at the Scope 1 (direct emissions from its own sources) and Scope 2 (indirect emissions from purchased electricity) levels. At the Scope 3 (all other indirect emissions in the value chain) level, however, more measures will be needed

to further reduce emissions in the future. Among them, making greater use of recycled aluminum will be essential, since the production of aluminum from scrap emits 97% less CO<sub>2</sub> than the production of virgin aluminum from bauxite ore. To make the most of recycling, however, the Group must overcome certain technological challenges and establish aluminum recycling systems. These actions have been designated as important measures of its current mid-term management plan.

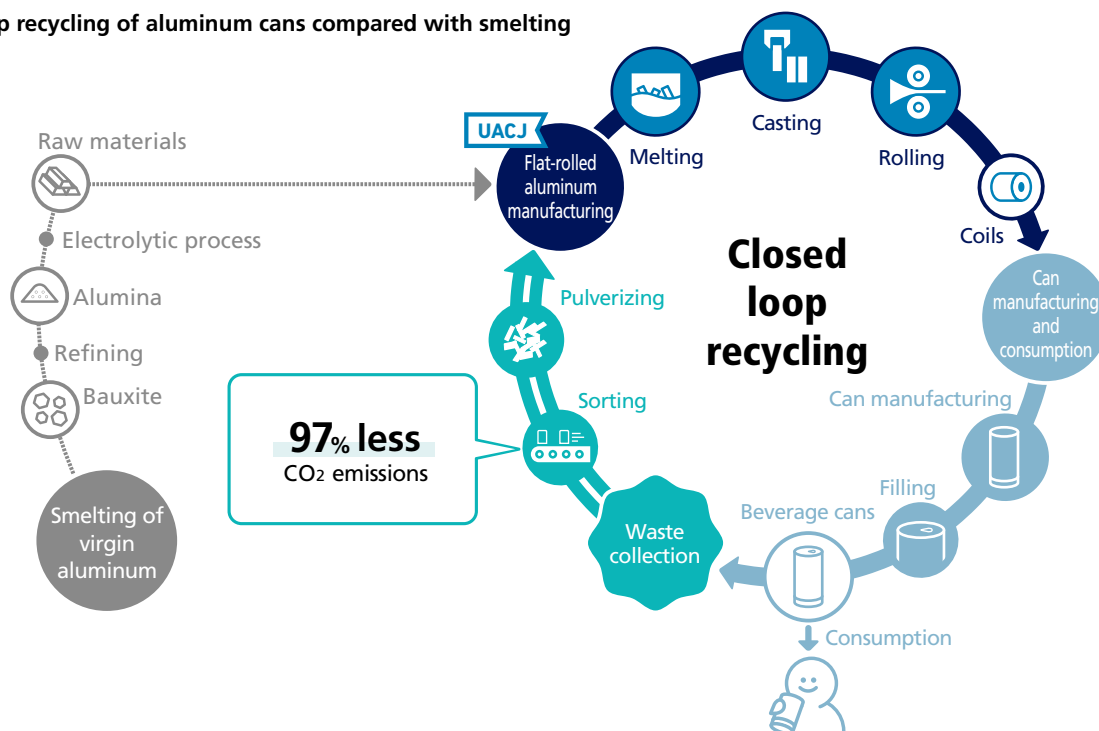
### Aiming to raise the rate of beverage can recycling by separating aluminum alloys to increase the purity of recycled aluminum

Many people associate aluminum recycling with beverage cans. In Japan, about 94% of aluminum is recycled\*, but of that amount, just 70% is recycled to produce aluminum cans. To further reduce waste after products are recycled, it is important to recycle used product materials into the same kind of product, an approach known as closed-loop recycling.

There are numerous types of aluminum alloys, ranging from the 1000 to 8000 series. The body and ends of a beverage can, for example, are usually made of different alloys. Since these cans are collected and recycled as single items, however, the purity of the recycled metal decreases after repeated recycling, reducing the quality compared with the original product. This process is known as downcycling.

Together with the New Energy and Industrial Technology Development Organization, UACJ has been conducting research on separating alloys as a means to raise the purity of such recycled aluminum to a level near the original material. By solving this technical problem, the Company hopes to facilitate closed-loop recycling as soon as possible to make progress towards a circular economy.

## Closed loop recycling of aluminum cans compared with smelting



\* The recycling rate of aluminum in Japan in fiscal 2020 (April 1, 2020, to March 31, 2021) according to a study by the Japan Aluminum Can Recycling Association

## Helping develop recycling systems across the global supply chain

The creation of aluminum recycling systems is another vital way to facilitate recycling. Systems that collect used products for recycling are essential because the more used aluminum that is recovered, the less newly smelted aluminum will be needed.

The UACJ Group cannot establish these systems independently, as they must span across the supply chain as a whole. In the case of beverage cans, for example, recovered aluminum should come not only from municipalities that collect cans discarded by consumers, but also from can manufacturers that produce scrap aluminum in their manufacturing processes. Different product lifecycles should also be taken into account. Products with a short lifecycle, like beverage cans, can be collected in a comparatively short amount of time, while those with a long lifecycle, such as auto parts, may require more than

a decade until they can be recycled.

By taking these factors into account, the UACJ Group is working to establish systems that effectively recover aluminum with the goal of raising the overall recycling rate. It also hopes to help establish such recycling systems in other countries. In Thailand, for example, the Group is actively promoting the development of a beverage can recycling system.

To encourage greater participation and cooperation among suppliers and consumers, the Company believes that in addition to the message, aluminum recycling is good for the environment, it is important to emphasize the fact that aluminum recycling can reduce CO<sub>2</sub> emissions by 97% compared with smelting. With this in mind, the Company launched UACJ Smart as a new brand of environmentally friendly products in June 2021.

Through these initiatives and efforts to help establish aluminum recycling systems, the UACJ Group is working to reduce the environmental impact of aluminum production while supplying products that benefit society.



## Responses to climate change

### Basic approach

Working from the premise that the global environment is essential to all life, the UACJ Group believes that addressing climate change proactively is an important responsibility for any member of society, and as such has designated this as one of the Group's management materialities. The UACJ Group deems both the promotion of closed-loop recycling—which it is hoped will be extremely beneficial with regard to efforts to achieve carbon neutrality by reducing emissions of greenhouse gases such as CO<sub>2</sub>—and the development of the aluminum products that are so useful in energy conservation as being important themes for management.

In September 2021, we declared our support for the proposals of the TCFD (the Task Force on Climate-related Financial Disclosure), and joined the TCFD Consortium, an organization of businesses that support the TCFD in Japan. Going forward, we will work to take our response to climate change even further through the analysis and assessment of risks and opportunities that climate change represents to the UACJ Group based on scenarios we have tailored to our business.



### Governance

On April 1, 2021, UACJ established a Climate Change Countermeasures Steering Committee chaired by the company president as an organization for initiatives to

address climate change. Through this committee, we have established working groups for carbon neutral measures, recycling promotion, and promotion of conversion to aluminum. The results of working group studies and activities are reported to the Management Committee and to the Board of Directors if necessary through the Climate Change Countermeasure Steering Committee for resolution, so that management is directly involved with governance.

### Strategy

UACJ is analyzing the risks and opportunities associated with medium- and long-term climate change when climate change scenarios for a target of 1.5°C are taken into consideration, and is creating a roadmap for the achievement of this target. Beginning in next fiscal year, we will disclose and report through media such as our corporate website and integrated report, and work to communicate with our stakeholders.

### Risk management

A TCFD Response Team that has been set up within the secretariat of the Climate Change Countermeasures Steering Committee is tasked with identifying risks and opportunities in line with the TCFD framework, and creating scenario road maps. As UACJ has a policy of addressing climate change as a unified Group, the TCFD Response Team includes members from broad cross-section of organizations within the Group, including sales, manufacturing, legal, risk management, public relations, sustainability promotion, and the finance division.

### The "UACJ SMART" environmentally friendly product brand

In June 2021, UACJ announced the release of the new "UACJ SMART" environmentally friendly product brand. UACJ SMART products are aluminum products for which raw materials have been obtained and manufacturing processes controlled with greater care than our traditional products. By using more raw materials from recycled sources we hope to commercialize aluminum products that are effective in reducing CO<sub>2</sub> emissions across the entire supply chain. We will actively promote the development of UACJ SMART brand products in a range of genres, including can stock, vehicles, and IT products.

#### Eco Friendly Product Brand

UACJ SMART

### The origins of UACJ SMART

An abbreviation for "Sustainable Materials with Aluminum R (Recycle/Reduce/Replace) Technology." We hope to help bring a sustainable society to reality by leveraging the characteristics of aluminum, such as its light weight and recyclability.

## Anticipated impact on UACJ Group business (risks and opportunities)

Risks/Opportunities (Type)		Content of risks and opportunities	
Risks	Transitional risks	Policies/Regulations	We are told that at present more than 90% of the carbon dioxide emissions associated with aluminum products made by the UACJ Group can be attributed to electricity generated through thermal power to produce the new ore that is one of the raw materials we use. Accordingly, any decision to institute carbon pricing systems associated with power generation by the countries from which we import new ore will lead directly to higher manufacturing costs.
		Market	We must hasten the creation of a system that will allow the collection and recirculation of recycled materials more effectively and in a broader capacity. Delaying the creation of this system will hinder the acceleration of closed-loop recycling, and may also increase costs unnecessarily as procurement of recycled materials becomes more difficult.
		Reputation	A large amount of electricity is consumed in the process of mining new aluminum ore, refining it to alumina, and then smelting the result into aluminum. Since most electricity is currently derived from thermal power sources, there is a trend towards negative campaigns being held against the use of aluminum due to it being environmentally unfriendly. This must be overcome through the promotion of closed-loop recycling.
	Physical risks	Acute, chronic	The increasing frequency with which natural disasters assail manufacturing facilities in Japan and overseas means that there is a greater risk to continued production, while recovery costs grow. Moreover, rising temperatures cause working conditions to deteriorate, and are increasingly likely to have a negative effect on the stable continuation of production (production volumes).
Opportunities	Recycling-related technologies		The UACJ Group will take the lead in constructing a system that allows closed-loop recycling—which is expected to reduce CO <sub>2</sub> emissions throughout the supply chain—of a broader range of products in a more efficient manner. This will give us an opportunity for differentiation from our competitors and competing materials.
	Introduction of carbon pricing		As the economic value of reducing CO <sub>2</sub> increases, we hope to be able to leverage the light weight and easy heat transfer characteristics of aluminum products to help reduce CO <sub>2</sub> emissions both by our direct customers and across the entire supply chain. We expect that this will lead to an increase in the sales of our products.
	Progress in market decarbonization		We anticipate that the demand for environmentally friendly aluminum products made using closed-loop recycling will grow in areas such as food and beverage containers and equipment used for transportation, as will opportunities for sales.
	Market		We anticipate an increase in the demand for aluminum products as materials suitable for the development of infrastructure. We also think there will be an increase in demand for aluminum as a material for beverage containers and air conditioners.
	Materials that can be recycled easily		Through closed-loop recycling we hope to present the market with the appeal of aluminum products as exemplified in the can-to-can concept. Products can be reborn over and over again in their original form, as environmentally friendly materials that reduce environmental impact and help to bring about the growth of a sustainable society.

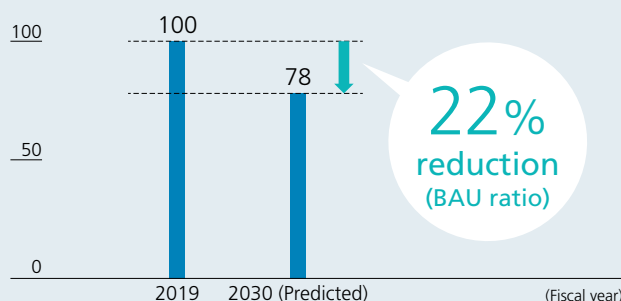
## Indices and targets

UACJ has designated “addressing climate change” as one of its materiality issues, and in UACJ Vision 2030 (released in May 2021) set a KPI for fiscal 2030 of reducing CO<sub>2</sub> emissions by 22% compared with fiscal 2019 under a BAU scenario<sup>1</sup>. From fiscal 2020, we have been calculating and publicizing emissions of greenhouse gases for scopes 1, 2, and 3<sup>2</sup>, and will promote efforts to cut emissions to reach our fiscal 2030 target.

<sup>1</sup> BAU (Business as usual): Maintaining the current circumstances (production amount, product makeup) without any countermeasures

<sup>2</sup> Scope 1: Emitted directly through in-house combustion of fuel  
 Scope 2: Emitted indirectly when generating electricity for use in-house  
 Scope 3: Upstream and downstream emissions throughout the entire supply chain

### Reduction targets for CO<sub>2</sub> emissions throughout the entire supply chain





## Maximizing the strengths of a diverse range of people to bring UACJ Vision 2030 to reality

### Akinori Yamaguchi

Managing Executive Officer

Appointed president of UATH in October 2013, taking a key role in launching the company. Thereafter, became senior general manager at Fukui Works, and from April 2020 worked to put human resources strategies and management into place as chief executive of the Business Support Division.

### Promoting job rotation and open recruitment to encourage the shared utilization of human resources across our entire organization

To link our human resources and management strategies, we at UACJ have prioritized improving engagement, promoting diversity, cultivating leaders, and training personnel in manufacturing. In order to propel these initiatives forward based on a company-wide system of control, we have established a new organization called the Business Partner Group, and assigned each of our sites a member of the Human Resources Division from company headquarters as a way to ensure consistency in decision making.

To allow us to bring UACJ Vision 2030—our long-term vision of management—to reality under this system, we need a diverse range of people to play an active role, and we must leverage the abilities and strengths of each person throughout the Group, regardless of their division or the site where they are located. This has prompted us to establish a system of open recruitment for new businesses at sites in Japan, and to formulate guidelines for job rotation as we work to put this human resources strategy into action as rapidly as possible.

Many applications from throughout the entire Group have been received through the open recruitment system. Specifically, we received applications from employees who expressed a need for a broader range of experiences because of their desire to be involved in the management of the company, and from those who wanted to gain a wider outlook on purchasing and procurement operations throughout the Group in order to improve their level of achievement at work. I was impressed by the number of people with the ambition to build on their potential and test their abilities; this is evidence that this initiative has also helped us to rediscover the people who are already working for us.

Actually, I believe that open recruitment will lead to a

solution to the difficulties we face in training our next generation of managers. Many of the people who work at UACJ—be it at our manufacturing facilities, research and development divisions, or sales divisions—are specialized in specific areas or tasks, and thus we intend to use job rotation and open recruitment to train managerial personnel and provide more opportunities for people of all ages to gain a wider range of experience.

In some cases filling departmental vacancies resulting from transfers due to open recruitment can be problematic, but we hope to hasten the establishment of a talent management system to assign the right people to the right positions as we address these issues. We anticipate that this system will allow us to identify and train potential managerial personnel while monitoring their career paths, and thus hope to develop this concept during our third medium-term business plan.

### Respecting and understanding our associates on a global scale to establish a model for utilizing personnel from local communities

Systematic investments made in advance have allowed us to augment the equipment at each of our facilities, and we have finally begun to operate our three-point global network in earnest. However, we know that globalization of our personnel and the systems used to manage them is essential if UACJ is to grow into a truly global enterprise.

UACJ (Thailand) Co., Ltd., one of our key locations, has the potential to serve as a symbol in making this a reality. I believe that at UATH we must register with the talent management system while working to break away from a reliance on Japanese personnel for management.



Eight years have passed since we established UATH, where I myself served as company president for three and a half years beginning in 2013. During this time we have been training people who have stayed with UATH for a long period despite the fact that task-based jobs are the norm in Thailand. These people understand the way that Japanese people manage an enterprise, which is why we would like to promote them to positions appropriate to their abilities, creating a management system that makes the most of the abilities of our Thai employees.

Another thing I would like to push forward with is a model for human resource utilization that is appropriate to our organization while still taking the characteristics of each region into account.

Assembly\*-focused companies have found success in Thailand due to the ubiquity of task-based jobs that limits the duties of employees. However, the aluminum industry requires people who can understand the connections between a variety of processes and make decisions appropriate to any given situation rather than specializing in a particular task. To cultivate personnel of this kind, we must combine the model that has been successful in Thailand with the one we utilize in Japan to create an optimal way of doing business.

This is the very embodiment of the globalization of personnel and management systems, and to bring it to fruition we must put into practice one of our values, "Respect and understand your associates." We recognize the diversities and values present in local communities and actively communicate with the people we find there, working to deepen mutual understanding and create new models rather than simply adopting local ones. If this process allows us to establish the optimal model for a particular region, going forward we will be able to operate manufacturing facilities that pay due respect to local employees and their cultures not only in Thailand but also in countries and regions around the world, which will be an advantage as we grow. As a first step, we would like to build UATH into a success story.

I believe that continuing with and strengthening initiatives such as these to leverage the abilities of a diverse range of people will allow the UACJ Group to become a truly global enterprise and bring us closer to achieving UACJ Vision 2030.

\* The final process of assembly in the manufacturing industry





## Developing new businesses through co-creation projects and initiating a digital transformation across all operations

### Seiichi Hirano

Director, Member of the Board, Managing Executive Officer  
UACJ Corporation

Seiichi Hirano was appointed as chief executive of the Research & Development Division in April 2020. He oversaw the automation of quality control operations following his appointment as general manager of the Quality Management Department in 2019. From 2021, he will lead UACJ's digitalization initiatives as the officer in charge of digital transformation.

### Aiming to develop new businesses and foster new markets through a broad range of co-creation projects with customers

Under the UACJ Vision 2030, announced in 2020, the UACJ Group is aiming to improve profitability by targeting growth markets and industries while broadening its business domains through new development. Toward this end, UACJ's Research and Development Division has been focusing on and becoming involved in further developing established businesses and fostering all-new businesses. For companies to survive today, pursuing new challenges is essential. From that standpoint, the division selects between 10 and 20 projects to work on from many important R&D topics identified each year. The projects include cutting-edge research with potential for international recognition if applications are eventually developed.

For UACJ, co-creation with customers will be increasingly important for R&D in the future. Many customers ask about whether aluminum can be used in certain applications. Making sure to capitalize on these new business opportunities, the Research and Development Division analyzes information and data provided by the Company's aluminum business departments, and assists those departments with the development of new applications in partnership with customers. Through this approach, UACJ has amassed experience in overcoming many technological challenges, enabling it to commercialize products and diversify businesses ahead of its competitors around the world. For instance, based on its track record in pharmaceutical packaging foil, which requires an extremely high level of reliability, UACJ was chosen as a partner in a project to jointly develop a foil that can detect whether a package has been opened, together with SAP Japan Co., Ltd., and Doctors, Inc.

Amid rising expectations for aluminum's environmental applications, opportunities for co-creation aimed at reducing

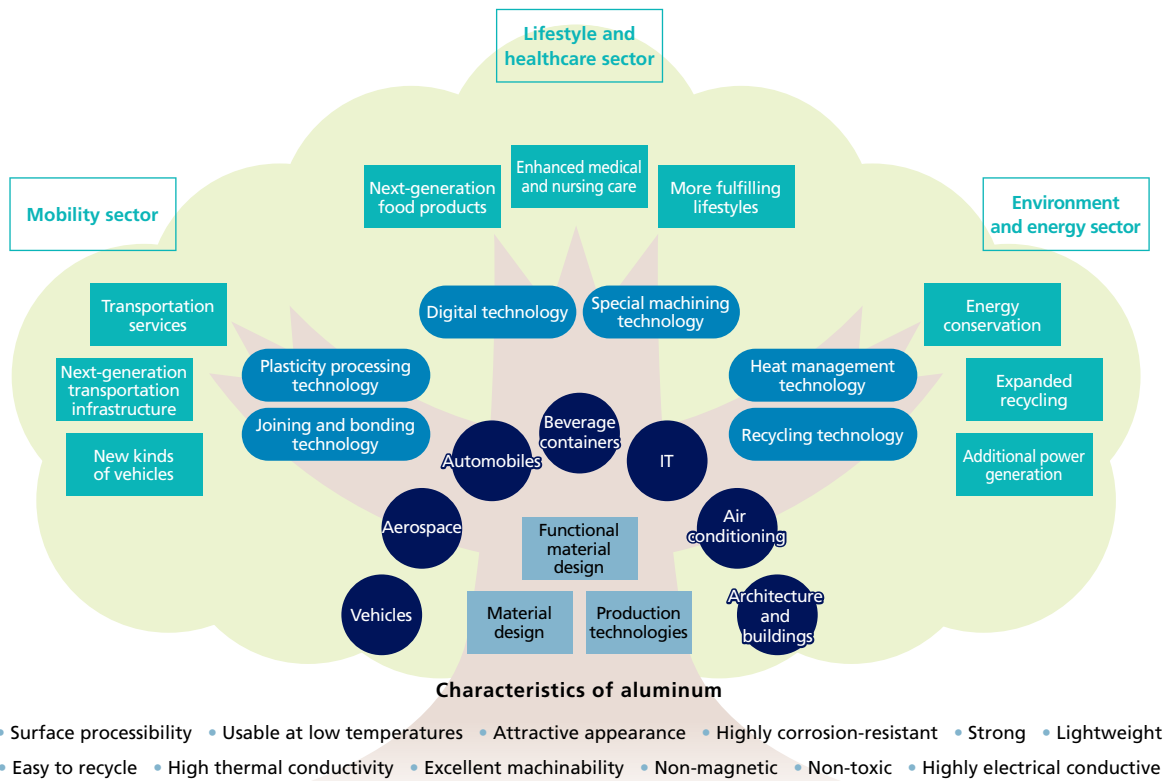
CO<sub>2</sub> emissions are also increasing. For example, UACJ is working together with Toyota Motor Corporation to develop automobile body panels made of recycled aluminum. Aluminum is highly recyclable, and since producing it from scrap emits only about 3% of the CO<sub>2</sub> emitted from the production of virgin aluminum, recycling aluminum is an extremely effective way of reducing CO<sub>2</sub> emissions. The aluminum panels developed with Toyota are made with scrap aluminum alloys of various types, and comprise about 50% of the finished materials. This will allow Toyota to decrease the new aluminum it has previously used by about 50%, thereby reducing CO<sub>2</sub> emissions from aluminum production by half. In addition to this project, UACJ is carrying out research on high-grade aluminum recycling, by which new aluminum is refined from low-grade alloys, together with Japan's New Energy and Industrial Technology Development Organization.

By building on such co-creation projects, UACJ aims to be a partner of choice and have aluminum chosen as a material for all kinds of applications. In this way, the Company will work to broaden its businesses and contribute to a more sustainable world in accordance with the UACJ Vision 2030.

### A highly skilled team assembled to drive UACJ's digital transformation

UACJ has initiated various measures to promote a digital transformation of its operations. In fiscal 2016, the Company set up a laboratory in its R&D Center to conduct leading-edge research on production technologies, particularly independent research on advanced digital technologies and AI applications for the Group's manufacturing divisions. In 2021, UACJ established its Digital Innovation Department and Information Systems Department to launch company-wide projects.

**Leveraging technological expertise to expand business areas**



The goals of this digital transformation are to spark innovations in business organizations and processes throughout all operations, and to gain a competitive edge in the market. In manufacturing, this transformation involves integrating all operations, from receiving orders to shipping finished products. In management, integrated business management systems will be used to centralize information, thereby realizing data-driven management. To carry out a digital transformation, a very diverse range of operations are necessary besides digitalization, starting from the organization of work procedures through to the development of solutions for output-oriented tasks. Therefore, the Company's management recognizes that setting and systematically implementing priorities based on the procedural flow as a whole is essential. Over the span of a year, it has been clarifying key performance indicators for assessing the status and progress of measures for realizing the digital transformation.

While the departments in charge of promoting this transformation are not particularly large organizations, they are teaming up with members of various other departments who are keen to actively realize it on an interdepartmental level. This framework was adopted as a means to organically entrench the transformation across the Company's operations.

A digital transformation will enable accumulated expertise to be applied more easily and increase the potential for new discoveries, thereby dramatically improving the speed and performance of manufacturing and R&D. It can also greatly contribute to new business creation and solutions for issues facing society, which can lead to innovations within the Company. UACJ intends to leverage these benefits as it makes progress towards realizing a digital transformation with a view to maximizing the potential of aluminum in the future.



## Contributing to the formation of a sustainable society through management that shows resolve and enthusiasm.

In the Company's Long-term Management Vision and Third Mid-term Management Plan, which were released in May 2021, strengthening sustainability efforts, including by reducing environmental impact and developing talent, have been positioned as essential for achieving the plan. Ryoko Sugiyama, an expert on environmental issues, and Takahiro Ikeda, who has participated in the management of a variety of manufacturing businesses, discussed the formulation of the vision, their assessment of the plan, and their views on future issues.

### Reflecting on the Second Mid-term Management Plan and thoughts on the long-term vision and new mid-term management plan

**Sugiyama:** The Second Mid-term Management Plan that began in fiscal 2018 showed a positive spirit of "what can we do?" across the board, but we did not see any streamlining that considered what should not be continued.

**Ikeda:** One more thing that should have been considered is meeting the market's expectations of UACJ by delivering high value-added products in markets such as mobility. However, we were unable to diverge from a strategy that was focused on expanding in scale based on the Company's aim to become a major global manufacturer. In the end, we did not achieve the plan's targets and although there were environmental factors, such as the spread of the novel coronavirus (COVID-19), I think the main reason was that we were unable to bridge the gap between expectation and delivery.

**Sugiyama:** I agree. I felt that there was no sense of speed during the execution of the plan. In the second half of 2018 in particular, I did not see any signs of movement, even though business performance was deteriorating. However, as the Company engaged in structural reforms amid difficult circumstances, it became very clear what should not be continued.

**Ikeda:** As the structural reforms became more and more necessary, it seemed to finally spark a sense of danger. I think this sense of danger is why the withdrawal from the automotive body sheet joint venture in the U.S. went so smoothly. I also think the share transfer of the copper tubing business, which was one of

the Company's long-standing businesses, shows a real resolve to carry out structural reforms.

**Sugiyama:** I think that sense of danger has been very influential on the long-term vision and new mid-term management plan, which represent a significant change in direction. They set out to complete structural reforms and also stipulate sustainability as a major policy, which includes identifying materialities.

**Ikeda:** Within this, I feel very positive about the direction suggested by "contribute to creating a lighter world" being included in the vision. This was a phrase that came up during the redefining of the structure of the Group Philosophy and I think that it connects strongly to streamlining and reducing waste, not only in terms of the environment, but also in regard to financial matters and operations.

## Ryoko Sugiyama

Director (outside, part-time)

As a former professor of Tokoha University's Faculty of Social and Environmental Studies, Ryoko Sugiyama is an expert in environmental and recycling engineering. She has also been active in industry, including as an outside director at Lecip Holdings Corporation and Kurita Water Industries Ltd. She is the Company's first female director.



## Expectations of UACJ in regard to achieving the Long-term Vision

**Sugiyama:** This time there is a clear direction so all that remains is to start taking specific action and work toward the goal. As outside directors, we also intend to carefully monitor these efforts. Currently, conditions in the aluminum industry are extremely favorable. In recent years in particular there has been growing expectation regarding aluminum as a useful material for carbon-free and plastic-free initiatives. This is truly a golden opportunity. One area in which the previous mid-term plan was lacking was that it failed to address recycling and the contribution aluminum can make to reducing environmental impact. However, the Long-term Management Vision and Third Mid-term Management Plan fully address recycling and I look forward to seeing proactive efforts in this area.

**Ikeda:** Building recycling systems is not just a technical challenge. We must also face the reality that it is a social issue. For example, among developing countries that have made the most progress in recycling aluminum cans, the issue remains that the people gathering the cans for collection are the most impoverished, and often children. This is also covered in the SDGs and as a global manufacturer of aluminum, it is an issue that we must address. I would like to see partnerships toward solving this issue that include both developed and developing countries.

**Sugiyama:** In regard to partnerships, we joined the ASI\* last year which I think will lead to some good opportunities. There seems to be movement toward taking a wider perspective and implementing initiatives across the entire supply chain. Another

area where I would like to see action is the recycling of things other than aluminum cans, such as automotive parts. Aluminum recycling makes a big contribution to reducing CO<sub>2</sub> emissions, so I want us to expand our efforts in this area. However, a significant barrier to overcome in order to recycle things other than aluminum cans is the difficulty of determining alloy content. Therefore, I've taken it upon myself to hope that the Company will play a central role in efforts such as developing a system that uses sensors to instantaneously determine alloy composition.

**Ikeda:** That would be a dream come true.

**Sugiyama:** If we know the composition of an alloy, we also know how to separate it, so recycling becomes easy. If we could realize such a system, we would be able to create a cycle in which scrap is returned to us as a valuable material, which could lead to new supply and value chains, particularly for materials manufacturers.

**Ikeda:** I think ideas like that, which incorporate a long-term vision, are extremely valuable. This kind of enthusiasm creates a sense of excitement and companies that do not possess it are not very appealing as investment destinations and tend not to gain in value. Most of all, employees become unable to talk about their dreams. In this regard, I think UACJ is a company that is able to visualize the future. We are blessed with an extremely diverse range of human resources which provides all kinds of potential.

**Sugiyama:** Speaking of diverse human resources, I would like to see female employees actively promoted. There are plenty of truly excellent candidates so I would like them to be given a chance based on assessments of their future potential.

**Ikeda:** We need to steadily advance discussions about utilizing personnel with various backgrounds and about the importance of resolve and enthusiasm, not only among management, but also among younger generations. If we can get this kind of discussion surging across the entire Company, I think we will have a greater chance of realizing the Long-term Vision.

\* The Aluminium Stewardship Initiative. A global aluminum industry organization that is engaged in promoting sustainability across entire supply chains.



## Takahiro Ikeda

### Director (outside, part-time)

Takahiro Ikeda has held positions including executive officer of Mitsubishi Chemical\*<sup>1</sup>, director and president of Dia Chemical Co., Ltd.\*<sup>1</sup>, and director and managing executive officer of Mitsubishi Rayon Co., Ltd.\*<sup>1</sup>. He is also thoroughly familiar with the business environment in Asia and the ASEAN region through experiences such as developing business in Indonesia for Mitsubishi Chemical.

\*<sup>1</sup> Currently Mitsubishi Chemical Corporation

## Advancing to the next stage of strategy and governance. Monitoring the Company from a social perspective.

What is important for UACJ in order to complete structural reforms and build a foundation for new growth? Two outside directors discussed topics including their assessments of the Long-term Management Vision and Third Mid-term Management Plan and strengthening governance to support the execution of the plan.

### Issues that were revealed during the previous mid-term management plan and assessments of new strategies

**Sakumiya:** During the Second Mid-term Management Plan, we were continuously unable to hit targets, including annual targets, so I think this has significantly damaged the trustworthiness of the Company's management plans in the eyes of shareholders. It is a fact that external factors, such as sudden changes in the market environment and the novel coronavirus (COVID-19) pandemic, played a part in these missed targets. However, there are also companies that managed to grow within the same environment. In this kind of environment, often referred to as a VUCA\*<sup>1</sup> environment, I think companies should aim for sustainable growth. Achieving such growth requires the ability to adapt as an organization in order to overcome changes in the business

environment. There also needs to be an unfailing commitment toward shareholders, even in circumstances like a change of president. I feel that the Company's corporate management ability is still lacking in these areas.

**Suzuki:** It has been pointed out that one of the reasons for not hitting the targets was large-scale investment, but I think we could have done more regarding the execution of this investment strategy. Even considering factors such as the withdrawal from Constellium-UACJ ABS\*<sup>2</sup> and delays to establishing production at UACJ (Thailand) Co. Ltd., it is a fact that we have had issues with the management of the overseas business. To get overseas production back on track, in addition to manufacturing technology we also need human resources and organizational capabilities on location that can handle the actual production. In this regard, I think we have lacked the ability to bring in and unify the diverse cultures and personnel found overseas.

**Sakumiya:** However, the Company continues to show its ability to improve by facing each issue one by one and implementing structural reforms. The Third Mid-term Management Plan contains a strong resolve to complete structural reforms and I was very impressed by this point. It also had other well-grounded policies, including controlling investment through financially based priorities and actively working to solve social issues such as climate change.

**Suzuki:** Efforts to tackle climate change as an important sustainability issue were discussed based on very detailed data. Also, digital transformation (DX) has been positioned as one of the foundations supporting the Long-term Vision, and this strengthening of DX is also linked to sustainability. Digitalizing production processes will make production more stable and lower defect rates, which will ultimately lead to a reduction in CO<sub>2</sub> emissions.

**Sakumiya:** Sustainability initiatives have been given concrete targets and attainment of these targets has been incorporated into performance-linked remuneration for officers (see p. 54). The details were also discussed at a meeting of the Nomination and Remuneration Advisory Committee, and I felt the Company's seriousness about addressing sustainability through ideas such as giving weight to non-financial targets in line with each officer's duties. My request to have mid-term management plan strategies correspond to materiality issues was taken up during the formulation of the plan and it is also firmly linked to the corporate philosophy.



### Akio Sakumiya

Director (outside, part-time)

Akio Sakumiya was formerly an executive vice president at Omron Corporation where he mainly supervised management as a non-executive director, serving as vice-chair of various committees, including the committee for nominating the president. He contributed to raising the corporate value of the company by advocating management that uses returns on invested capital as an indicator.



**Suzuki:** As you said, I think a lot more discussion has gone into the creation of this plan compared to the previous one, which has made it more refined. Next, it will be important that it is executed properly.

**Sakumiya:** The financial and non-financial targets in the Long-term Vision and Third Mid-term Management Plan represent a commitment to stakeholders, including shareholders, so this time they must be achieved. As an outside director, I will be strictly monitoring the progress made on each measure.

\*1. An abbreviation of Volatility, Uncertainty, Complexity, and Ambiguity. It refers to times in which the social and economic environment is extremely difficult to predict.

\*2. An automotive body sheet joint venture in the U.S. that the Company withdrew from in 2018.

## Assessment of governance reforms

**Sakumiya:** As a result of small improvements built up each year, the Company is steadily levelling up. An example of this is how the directors and executive officers first discussed the optimum number of officers and then made significant cuts. We were also able to have serious discussions about the number of representative directors and how we should approach having advisors. Although there are still issues to be addressed, I think we have reached a commendable level.

**Suzuki:** I think that management is more separated from execution than before, and roles have been made clearer. This has changed the nature of discussions at meetings of the Board of Directors. There is no longer any perfunctory decision-making regarding matters that are already mostly resolved, which has created a lot more time for more substantial discussion about each agenda item. Also, I feel that the strengthening of oversight functions has resulted in the executive side submitting more carefully planned agenda items.

**Sakumiya:** At the end of fiscal 2020, we used third party interviews to evaluate the effectiveness of the Board of Directors for the first time. The outside directors, including myself, and outside Audit & Supervisory Board members are regularly severely critical regarding the Company, but reading the report, I understood that the inside officers are accepting this criticism sincerely and are using it to make improvements. I really feel that all directors and Audit & Supervisory Board members are sharing issues and each individual officer is taking ownership of each issue in order to solve it.

**Suzuki:** Another topic that was covered in discussions by the Nomination and Remuneration Advisory Committee in fiscal 2020 was standards for reappointing and not reappointing representative directors.

**Sakumiya:** Standards for keeping or removing the president is an extremely difficult topic to discuss at any company but it is a key part of corporate governance, so it not only has to be discussed within a company, but it also has to be presented in a way that is open and accessible from a social perspective. For this reason, I think that having discussions that last an appropriate amount of time by a committee of which more than half the members are outside officers is extremely meaningful, including in regard to



## Toshio Suzuki

Director (outside, part-time)

As a professor emeritus at the University of Tokyo, Toshio Suzuki is an expert in metallurgical and manufacturing engineering. He also has a broad personal network that includes graduates from top universities in Thailand. He leverages his extensive academic experience to oversee management and provide executives with advice.

future strengthening of management oversight.

**Suzuki:** While these discussions have been very heated with a variety of opinions flying around, I think that they have been a big step toward creating committees that will be able to actually take advice on board and then reach a consensus in the future.

**Sakumiya:** One request I made on this theme was to revise scheduling. I think that rather than having a schedule that assumes the president will be reappointed from the start, we need a schedule that provides enough time to assemble a new management team in the event that the president is replaced.

**Suzuki:** The schedules for nominations from this year onward will actually reflect your suggestion, with the timeframe moved forward significantly.

**Sakumiya:** Companies are social institutions. I want the management team to take this to heart and do everything they can to raise corporate value. As outside directors, we should oversee and support management by taking a social perspective and thinking what can be done to make the Company better. I think that the foundation of governance is each side properly fulfilling their role in a way that complements the other side's efforts.

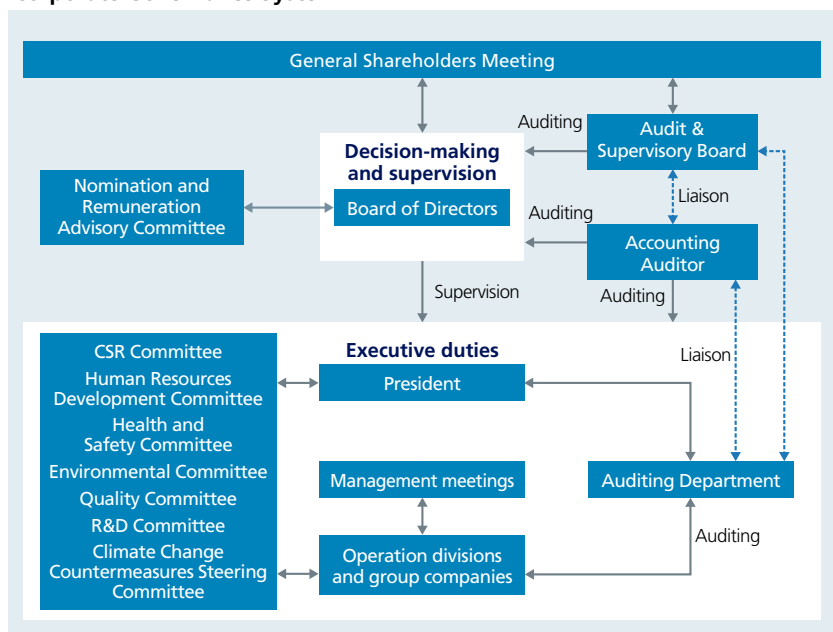
**Suzuki:** I think that strengthening corporate governance will be key to achieving the targets in the Long-term Management Vision and Third Mid-term Management Plan. We will work to raise the Company's corporate value and contribute to realizing the sustainable society advocated in the Long-term Vision by thoroughly monitoring the execution of the plan.

## Steps to strengthen corporate governance since UACJ's establishment

Year	UACJ's plans and goals	Measures to enhance governance						
2013		Appointed the Company's first outside director						
2014		Promoted the Company's first non-Japanese nationals to executive officer positions						
2015	<b>First mid-term management plan from fiscal 2015 to 2017</b> <b>Major policies</b> <ul style="list-style-type: none"> <li>Expand into the growing automotive, transport, and energy industries while bolstering operations in Asia and other growth regions</li> </ul>	Appointed the Company's first female outside director						
2016	<ul style="list-style-type: none"> <li>Organize optimized manufacturing operations in each business and facilitate technological integration</li> </ul>	Commenced evaluation of the effectiveness of the Board of Directors						
2017	<ul style="list-style-type: none"> <li>Develop new technologies and products</li> </ul>	Established Nomination and Remuneration Advisory Committee						
2018	<b>Second mid-term management plan from fiscal 2018 to 2020</b> <b>Major policies</b> <ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>	Appointed people with experience in business management as outside directors Implemented a system of performance-linked remuneration for full-time directors (page 54)						
2019	<b>Implementation of structural reforms from fiscal 2019 to 2022</b> <b>Major objectives</b> <ul style="list-style-type: none"> <li>Increase earnings capacity</li> <li>Reform financial structure</li> <li>Increase the speed and efficiency of management decision-making</li> </ul>	<b>Changes in fiscal 2019</b> <ul style="list-style-type: none"> <li>Reduced the number of directors and executive officers</li> </ul> <table border="1"> <thead> <tr> <th>Full-time Directors also serving as executive officers</th> <th>Outside directors</th> <th>Executive officers</th> </tr> </thead> <tbody> <tr> <td>8 → 6</td> <td>4 → 4</td> <td>27 → 14</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Reorganized corporate divisions</li> <li>Revised the remuneration system</li> </ul>	Full-time Directors also serving as executive officers	Outside directors	Executive officers	8 → 6	4 → 4	27 → 14
Full-time Directors also serving as executive officers	Outside directors	Executive officers						
8 → 6	4 → 4	27 → 14						
2020		Full operation of a succession plan begins						
2021	<b>Third mid-term management plan from fiscal 2021 to 2023</b> <ul style="list-style-type: none"> <li>Complete structural reforms</li> <li>Strengthen foundations for growth</li> <li>Contribute to achieving a better world (promote sustainability)</li> </ul> <b>UACJ Vision 2030</b> <ul style="list-style-type: none"> <li>Capturing demand in growth sectors and growth markets</li> <li>Utilize enhanced aluminum materials to contribute to greater social and economic value</li> <li>Tap into new business domains</li> <li>Cut CO<sub>2</sub> across product lifecycles</li> </ul>	<p>Independent outside directors comprise two-fifths of the Board of Directors (as of June 2021)</p> <p><b>Composition of the Board of Directors</b></p> <p>Outside members comprise two-thirds of the Audit &amp; Supervisory Board (as of June 2021)</p> <p><b>Composition of the Audit &amp; Supervisory Board</b></p> <p>More than half of the committee are independent outside directors (as of June 2021)</p> <p><b>Nomination and Remuneration Advisory Committee</b></p>						

# Roles of directors, executive officers, and Audit & Supervisory Board members

## Corporate Governance System



## Overview of Corporate Governance Structure

Form of institutional design	Company with an Audit & Supervisory Board
Total number of directors	10 (of whom 4 are outside directors)
Total number of Audit & Supervisory Board members	6 (of whom 4 are outside members)
Ratio of female directors	10%
Directors' term of office	1 year
Adoption of an executive officer system	Yes
Voluntary advisory body to the Board of Directors	Nomination and Remuneration Advisory Committee
Accounting auditors	Deloitte Touche Tohmatsu LLC

## Board of Directors

The Company utilizes an Audit & Supervisory Board member system. We have introduced an executive officer system for business execution, separating managerial decision-making and supervisory functions from those of business execution, thus strengthening the functions of the Board of Directors and accelerating the speed of business execution. The Board of Directors deliberates and decides on important matters related to management. In fiscal 2020, the Board primarily oversaw the progress of structural reform, while deliberating on the long-term management vision and the third mid-term management plan, which were announced in May 2021. It also deliberated on sustainability activities such as the identification of materiality issues and identification of non-financial targets, and confirmed areas to target for the expansion of business value.

## Audit & Supervisory Board

As an independent body tasked with playing a role in corporate governance, the Audit & Supervisory Board audits board members' execution of their duties. To improve the quality of auditing, a three-way audit system has been adopted in which audits by Audit & Supervisory Board members, internal audits, and audits by accounting auditors are conducted in mutual cooperation. Following the auditing policies and plans set out by the Audit & Supervisory Board, these audits focus primarily on whether board managers are executing their duties appropriately, including the development and operation of internal control systems, prevention of risks, and the status of initiatives to address managerial issues.

## Main agenda of the Board of Directors

Category	Main discussions and agenda items
Management	<ul style="list-style-type: none"> <li>Streamlining of management (including share transfers, acquisitions, and sales of businesses)</li> <li>Medium- and long-term strategies</li> <li>Third mid-term management plan</li> <li>Budget/Income and Expenditure/Borrowing plan</li> <li>Compliance with the corporate governance code</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Sustainability vision</li> <li>Establishment of materiality issues measures and targets</li> <li>CSR Committee report</li> <li>Environmental Committee report</li> </ul>
Board of Directors/ Officers	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness</li> <li>Selection of representative directors</li> <li>Assignment and responsibilities of directors and executive officers</li> <li>Remuneration of officers</li> <li>Nomination of Nomination and Remuneration Advisory Committee members</li> <li>Criteria for non-reappointment of directors</li> </ul>
Stocks/ Shareholders' Meeting/ Investors	<ul style="list-style-type: none"> <li>Sale of strategic shareholdings</li> <li>Revision of share ownership rules</li> <li>Holding of the annual general meeting of shareholders</li> </ul>

## Nomination and Remuneration Advisory Committee

The Company established its Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of increasing the impartiality and transparency of the decision-making process used for nominating and remunerating directors, executive officers, and Audit & Supervisory Board members.

With regard to the composition of the committee, due to the importance of independence, the chairperson is appointed from among the independent outside Audit & Supervisory Board members, and five of the seven committee members are chosen from the independent outside directors and independent outside auditors. Recently, the committee has led the way in strengthening governance through discussions on matters such as the criteria for reappointing the president and CEO.



## Evaluation of the Effectiveness of the Board of Directors

At UACJ, the effectiveness of the Board of Directors is evaluated annually in order to improve its operations. For the previous five years, we have set questions and conducted evaluation in-house. In fiscal 2020, we utilized the support of a third-party evaluation agency for analysis and evaluation,

ensuring the neutrality and objectivity of these evaluations and deepening initiatives aimed at improving the effectiveness of the Board of Directors. Going forward, this third-party evaluation will be performed at appropriate intervals.

### Processes and initiatives for evaluating effectiveness

#### Flow

- (1) A third-party evaluation agency is given access to the documentation and minutes of the Board of Directors and the Nomination and Remuneration Advisory Committee
- (2) Based on (1), the chairperson and the secretariat of the Board of Directors hold advance discussions and then observe meetings of the Board of Directors, following which they create a questionnaire
- (3) Directors and Audit & Supervisory Board members respond to the questionnaire in writing. Based on those answers, the third-party evaluation agency holds individual interviews with directors and Audit & Supervisory Board members

#### Major items for evaluation

- Roles and responsibilities of the Board of Directors
- Decision making by the Board of Directors
- Supervisory functions of the Board of Directors
- Composition of the Board of Directors
- Operation of the Board of Directors
- Role of the Nomination and Remuneration Advisory Committee

#### Results of evaluation in fiscal 2020

- The scope and composition of the Board of Directors is appropriate
- Operation of the Board of Directors is appropriate with regard to the frequency of meetings and the deliberation time, content, and number of discussions
- Active discussions were held at the Board meetings, with efforts made to further discussion on the major directions that were at issue in the previous fiscal year, and appropriate action taken with regard to improving documentation
- Sufficient deliberation was also undertaken in the Nomination and Remuneration Advisory Committee

#### Future themes and measures

- Continuing and enhancing discussion concerning the direction of the Company in the medium to long term at Board of Directors meetings
- Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors
- Furthering discussions on succession plans for directors

### Status of improvements through effectiveness evaluation

The results of evaluation in fiscal 2020 confirmed that the outcomes of the measures the Company has taken based on effectiveness evaluations over the past few years have been successful in their goals of identifying major directions for corporate strategy and achieving highly effective supervision, which is the role and responsibility of the Board of Directors.

The Board of Directors conducted sufficient discussion to proactively address the above issues identified in this fiscal year.

The Company is continuing to work to improve the effectiveness of the Board of Directors in order to achieve sustainable growth and improve medium- to long-term business value.

#### History of improvements to the effectiveness of the Board of Directors

FY	Major items for improvement	Initiatives implemented in response to evaluations received
2017	<ul style="list-style-type: none"> <li>• Improvement of materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of proposal and reporting standards to strengthen supervisory functions</li> <li>• Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Ensuring the diversity of the Board of Directors</li> <li>• Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members, and ensuring that documents are sent at least three days prior to meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of documentation guidelines for the Board of Directors</li> <li>• Improvements to the content of reports made to the Board of Directors</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Introduction of important materials at appropriate times</li> <li>• Improvements to discussion of management strategy</li> </ul>	<ul style="list-style-type: none"> <li>• New addition of "deliberation" to the agenda categories</li> <li>• Implementation of policy reports to each division</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Enhance discussion on major directions for the Company</li> <li>• Improvement of reports and explanatory materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>• Selection of major themes for the medium to long term</li> <li>• Improved support for outside directors and Audit &amp; Supervisory Board members</li> <li>• Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors</li> </ul>

## Remuneration of officers

UACJ's officer remuneration system is intended to continue to generate the profits needed to contribute to society through the steady, sound business development and respond to the expectations of a variety of stakeholders. It is also designed to share the benefits and risks of stock price fluctuations with shareholders and increase their desire to help increase share prices, raise business value, and improve our performance in the medium to long term. To ensure that it functions appropriately and effectively in that context, we have reviewed the system consistently. Every year the Nomination and Remuneration Advisory Committee monitors the remuneration system and assesses the need for revisions going forward based on changes in the business environment and how the system is actually operating.

### Initiatives to date

2018	Reviewed the remuneration system and implemented short-term performance-linked remuneration <sup>1</sup> and medium-to long-term performance-linked remuneration (PSU)
2020	As the Company worked towards structural reform, increased the short-term performance-linked remuneration ratio, and introduced total shareholder return to the system of medium-to long-term performance-linked remuneration
2021	<p>Introduced SDGs evaluation to short-term performance-linked remuneration, and restricted stock units (RSU) to medium-to long-term performance-linked remuneration</p> <ul style="list-style-type: none"> <li>Recognizing that initiatives related to contributing to achieving a better world (promoting sustainability)—one of the three major objectives in the third mid-term management plan—are indispensable to corporate growth and an important factor in share evaluation, we integrated non-financial indicators into the remuneration system, improved incentives to engage in sustainability-related activities, and implemented SDGs evaluation into short-term performance-linked remuneration with an eye to future business growth and improving share value.</li> <li>We introduced restricted stock units alongside the existing performance share units in order for the remuneration system to reflect medium- and long-term contributions more appropriately, and instituted Shareholding Guidelines that encourage those in management to hold a certain amount of company shares.</li> <li>To strengthen risk management in the context of the officer remuneration system, so-called malus and clawback clauses were established.</li> </ul>

<sup>1</sup> Outside directors are not subject to the performance-linked remuneration system, as their primary duty is to provide supervision from an independent, objective standpoint.

### Total remuneration of directors and Audit & Supervisory Board members in fiscal 2020

Positions	Number of members	Total amount by type of remuneration			Total remuneration
		Base salary	Short-term performance-linked remuneration	Medium-to long-term performance-linked remuneration	
All directors (Outside directors)	14 (4)	¥298 million (¥53 million)	¥74 million (-)	- (-)	¥373 million (¥53 million)
All Audit & Supervisory Board members (Outside members)	7 (4)	¥91 million (¥40 million)	- (-)	- (-)	¥91 million (¥40 million)
Total (Outside directors and Audit Supervisory Board members)	21 (8)	¥389 million (¥92 million)	¥74 million (-)	- (-)	¥464 million (¥92 million)

Note: The above table includes four directors who retired at the conclusion of the seventh Ordinary General Shareholders Meeting, as well as one Audit & Supervisory Board members who resigned.

### Composition of the performance-linked remuneration system from fiscal 2021

#### ■ Short-term performance-linked remuneration system

Evaluation factors	Company-wide performance	Consolidated net income, consolidated ROE, consolidated ROIC, consolidated ordinary income before inventory valuation
	Divisional performance	Divisional ordinary income, divisional ROIC, divisional ordinary income before inventory valuation
	SDGs	Evaluation of the level to which activity targets in the six materiality issues set out in our long-term management vision were achieved (weighting is approximately 10% of total short-term performance-linked remuneration)
	Individual performance	Mainly qualitative evaluation of important initiatives, etc., not reflected in company-wide or divisional performances for a single fiscal year (weighting is approximately 10% of total short-term performance-linked remuneration)
Evaluation period		Single fiscal year
Range of variation in performance-based remuneration		Changes within a range of 0 to 200% in accordance with the level of achievement, based on a payment ratio of 100% for 100% achievement of the goal
Content of remuneration		Paid in cash

#### ■ Medium-to long-term performance-linked remuneration system

##### Restricted stock units (a system of providing shares and cash payments conditional on continuing service for three further years)

Evaluation factors	Conditional on continuing service
Evaluation timing	Three fiscal years
Range of variation in performance-linked remuneration	No change due to performance
Content of remuneration	Half of the assigned units with vested rights are provided as shares, with the remainder paid in cash

##### Performance share units (a system of providing shares and cash payments in accordance with the level of achievement of medium- and long-term performance goals for the entire Company)

Evaluation factors	Company-wide performance	Consolidated ROIC, consolidated adjusted EBITDA, consolidated D/E ratio
	Total shareholder return	Evaluation based on the growth rate of the Company's total shareholder return divided by the TOPIX (Tokyo Stock Price Index) during the evaluation period
Evaluation period		Three fiscal years
Range of variation in performance-linked remuneration		Changes within a range of 0 to 200% in accordance with the level of achievement, based on a payment ratio of 100% for 100% achievement of the goal
Content of remuneration		Half of the assigned units with vested rights are provided as shares, with the remainder paid in cash

### Breakdown of remuneration (when 100% of short- and medium-term goals are achieved)



## Selection and nomination of officers

The Nomination and Remuneration Advisory Committee evaluates candidates based on their respective career backgrounds, former positions, qualifications and capabilities. Candidates recommended by the Nomination and Remuneration Advisory Committee are then selected by the Board of Directors. Candidates for Audit & Supervisory Board members positions must also be approved by the Audit & Supervisory Board.

When selecting independent outside directors, the Company evaluates candidates who can be expected to take

part in frank, active, and constructive dialogs in Board of Directors meetings, first considering any interests they may have in the Company. Currently one of the four independent outside directors is a woman, and three of these directors have experience in corporate management.

Going forward, UACJ will focus on achieving a balance in the overall knowledge, experience, and abilities of the Board of Directors as whole, and in developing systems that take diversity and scale into account.

### Composition and specializations of the Board of Directors

	Name	Full-time/ Outside	Business Management/ Strategy	Finance/ Accounting	Sales/ Marketing	International/ Business	Development/ Manufacturing	Law/ Governance	IT/Digital	CSR/ Sustainability	Knowledge of other Industries/ Academic Experience
Director	Miyuki Ishihara	Full-time	●				●	●		●	
	Hironori Tsuchiya	Full-time	●			●	●				
	Katsuyasu Niibori	Full-time	●		●	●					
	Teruo Kawashima	Full-time	●	●		●					
	Seiichi Hirano	Full-time	●			●	●		●		
	Shinji Tanaka	Full-time				●	●		●		
	Toshio Suzuki	Outside					●		●		●
	Ryoko Sugiyama	Outside	●					●		●	●
	Takahiro Ikeda	Outside	●			●					●
	Akio Sakumiya	Outside	●					●			●
Audit & Supervisory Board members	Kiyoshi Tanaka	Full-time	●		●						
	Atsushi Sakaue	Full-time		●							
	Akari Asano	Outside	●					●		●	●
	Yuki Iriyama	Outside	●			●		●			●
	Hiroyuki Yamasaki	Outside	●	●				●			●
	Yoshiro Motoyama	Outside	●			●	●				●

Note: The list above is not a representation of the total knowledge and experience possessed by each person listed.

## Succession plans

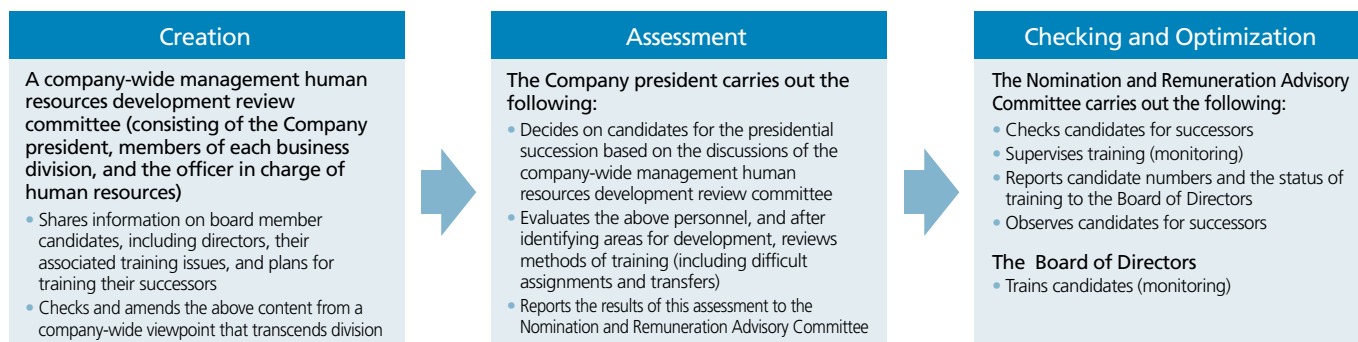
The Company has succession plans in place for our president and senior management. We have established an internal process for the selection of candidates that takes multiple viewpoints into account while leveraging a range of human resource data, with the goal of identifying candidates with a variety of points of view. Additionally, we clarify any issues associated with each candidate and train them through difficult assignments, transfers, and education, so that they possess the skills and experience required of senior management. The Nomination and Remuneration Advisory Committee (including

five independent outside directors and Audit & Supervisory Board members) monitors operation of this process to ensure objectivity, while the Board of Directors checks and supervises it.

To nurture successors over the medium and long-term, we will put in place a succession plan for department managers as well as for senior management, and also intend to implement a succession plan for section managers. By operating these in concert with the succession plan for senior management, we will endeavor to achieve systematic human resource development throughout the entire Company.



## Succession plan for the Company president



## Compliance

Aiming to maintain the public's trust in the UACJ Group, UACJ created the Group Code of Conduct for all employees and officers to follow, drawing from its Corporate Philosophy and a set of shared principles called the UACJ Way. To ensure that all members fully understand the code and put it into practice, regular training sessions are held in workplaces throughout the entire Group, which raises awareness of compliance and educates employees about pertinent laws and regulations.

To prevent, quickly identify, and resolve compliance-related problems, UACJ has put a whistleblower system in place. In fiscal 2019, UACJ established a common desk for all Group companies, as recommended in the guidelines for private business issued by the Consumer Affairs Agency, which is intended for use by executives at group companies in Japan and overseas. Moreover, in fiscal 2021, this initiative was expanded to include former employees who have been retired from employment at the Company for a year or more.

### Compliance with competition laws and prevention of bribery

Based on the results of risk surveys and surveys on the actual situation performed to prevent corruption and comply with competition law throughout the Group that had been conducted by UACJ in the past, the Company instituted basic policies and regulations in 2018, implementing global guidelines and country-specific guidelines in line with the laws and regulations of each country. Furthermore, the Company performs self-assessments every year based on these guidelines.

"Prohibition of bribery" and "Prohibition of excessive business entertainment" are stipulated in the Company Code of Conduct. Employees are made aware of these through activities such as training on the Code of Conduct and rank-based training. In fiscal 2020, seminars targeting department managers and newly appointed managers were held as in previous years.

Note that in fiscal 2020 there were no infringements of antitrust laws, foreign competition laws, or anti-bribery laws.

## Promoting dialogue with shareholders and investors

In order to update shareholders and investors about the Company's activities and earn their trust over the long term, UACJ promotes interaction with them and ensures timely and appropriate information disclosure. In addition to communicating information through a range of investor relations, tools such as the Company website, which is available in English and Chinese as well as in Japanese, we actively offer opportunities for direct dialogs. Note that voting rights at the General Shareholders' Meeting can be exercised through electronic means such as over the internet.

### Activities in fiscal 2020

Although the spread of COVID19 made face-to-face dialogs difficult, UACJ focused on face-to-face dialog with our shareholders and investors.

As in fiscal 2019, the financial results briefing was streamed online. This year the Company's first investor relations day was also held online, with the Company president and officers speaking about prospects for the third mid-term management plan. Furthermore, one-on-one meetings with the officer in charge of investor relations and shareholders and investors were held in Japan and overseas (in six countries) both online and in face-to-face settings. Although the factory tours held every year for individual shareholders were canceled, UACJ worked to enrich its shareholder newsletters and websites with content that would deepen understanding of the Company and of aluminum as a material.

UACJ was selected as a "Company that has made remarkable improvements in disclosure" in the fiscal 2020 "Companies Chosen by Security Analysts for Excellent Disclosure" for initiatives such as those mentioned above to improve disclosure of information on its website, and for investigating the needs of shareholders and investors and then reflecting the results in its quarterly financial results briefing materials. Going forward, UACJ will continue to work to disclose information to deepen shareholders' and investors' understanding of the Company.

The UACJ Group practices risk management on a Group-wide basis, and regards all situations that could interfere with the realization of its corporate philosophy as risks (see p. 37). In fiscal 2020, we implemented activities based on a major policy of the Group, “Improving risk management—building and

constructing systems for risk management together,” with the goal of strengthening and utilizing risk management in our daily operations. Reports on risk management activities at the Group are reported regularly to the Board of Directors.

## Risk Management Systems

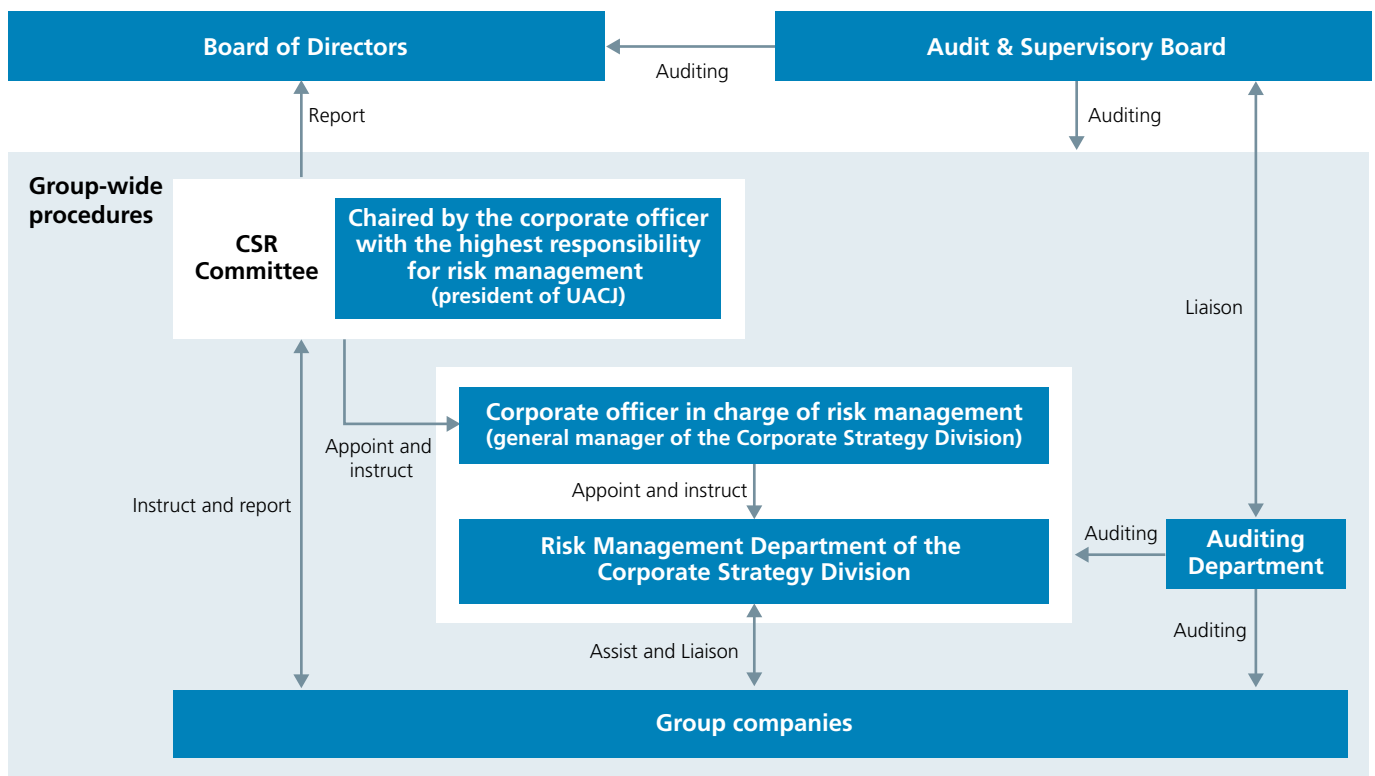
At the UACJ Group, the risk management activities of each Group company are checked by the CSR Committee, which is headed by the company president. Thereafter, issues with risk management activities and the PDCA cycle throughout the Group are discussed, risks for the entire group assessed, and decisions made to address them.

In fiscal 2020, a Risk Management Department was established as an administrative department tasked with

risk management.

Additionally, staff members responsible for promoting the strengthening of risk management in everyday operations have been assigned to each business division and relevant department, where they promote the implementation of risk management across the entire Group in coordination with these organizations.

### Risk Management System



## Establishment of Group-wide rules on risk management

The UACJ Group reviewed its existing risk management initiatives, and on July 1, 2021, enacted the Group Basic Risk Management Policy, Risk Management Rules, Crisis Management Guidelines, and BCM Management Guidelines as Group-wide rules. This has clearly defined the systems used for administration of risk management throughout the Group in both emergencies and under normal circumstances. These rules are already in place at all Group companies in Japan, and we plan to extend them to cover

Group companies overseas in future.

The Basic Policy stipulates, for the UACJ Group, (1) the purpose of risk management, (2) a definition of risk, (3) a code of conduct intended to provide a visual representation of risk and make risk a personal issue during normal times, and in emergencies to provide an end solution based on defined priorities, and (4) defines a system of management with the company president as the chief executive.

## Identifying and addressing key risks

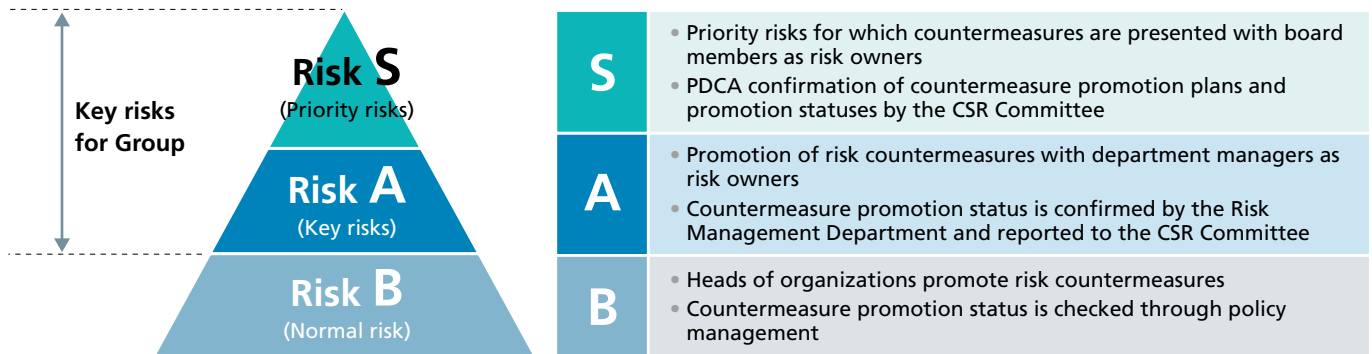
The UACJ Group redefined its risk categories in fiscal 2020 to allow it to be more effective in taking the actions needed to address key risks to the Group. Executive officers, full-time Audit and Supervisory Board members, and board members also performed risk assessment for risks identified in the risk management activities within the Group in fiscal 2020. Intrinsic risk<sup>1</sup> and residual risk<sup>2</sup> levels were scored for each risk

item and the selected items classified into three levels of risk based on their score: "Risk S," "Risk A," and "Risk B." Of these, "Risk S," and "Risk A," the key risks for the Group, were assigned respective risk owners, who are promoting the responses needed to control risk.

<sup>1</sup> Risk when no action was taken to address risk

<sup>2</sup> Risk remaining after action was taken to reduce risk

### UACJ risk categories



## BCM (Business Continuity Management) activities

In fiscal 2020, we formed an information exchange committee comprising the staff responsible for promoting BCM promotion at each business to ensure the thorough implementation of BCP<sup>3</sup> throughout Group companies in Japan. Using UACJ's preparations for natural disasters and measures against COVID19 as examples, we have created BCP templates for use in major earthquakes and to address the spread of infectious diseases, and are utilizing them at all of

our businesses, in an initiative intended to improve BCM throughout the Group.

We have also conducted surveys on the current state of BCM and awareness of major crises at Group companies overseas. In fiscal 2021, we will work to strengthen BCM in Japan and overseas.

<sup>3</sup> Business Continuity Plan

### Permeation of risk management within the company

In fiscal 2020, we promoted workshops as part of our efforts to improve our adoption of risk management as a key policy of the Group.

From September 2020 to March 2021, with the personnel tasked with promoting risk management acting as a secretariat, we held workshops for executives from each business division and relevant department. We formulated risk countermeasures based on the issues identified in these workshops, and in fiscal 2021, incorporated them into the policies of each division. By treating risks



Workshop at UACJ trading

as a personal matter for each person, we created a foundation for risk management in our daily work.

We are also hoping to ingrain risk management into our daily tasks, inviting nominations of people who have taken the initiative in involving adjacent departments from the standpoint of risk management, and presenting them with a Risk Management MVP award.

We publish "RISK MANAGEMENT PRESS," an in-house PR publication that summarizes the status of the activities and initiatives described above, analyzes risk, and introduces decisions made regarding risk management, and also release information on risk management through the corporate intranet. Both of these are efforts to further encourage employees to embrace risk management.



The RISK MANAGEMENT PRESS



## Directors



**Miyuki Ishihara**  
Representative Director & President

Attended 18 of 18 Board of Directors meetings

Apr. 1981 Joined Sumitomo Light Metal Industries, Ltd.  
Oct. 2012 Executive Officer  
Oct. 2013 Executive Officer, UACJ Corporation  
Jun. 2015 Director, Member of the Board, Executive Officer  
Apr. 2017 Director, Member of the Board, Managing Executive Officer  
Apr. 2018 Director, Member of the Board  
Jun. 2018 Representative Director & President (Current)



**Hironori Tsuchiya**  
Director, Member of the Board, and Executive Vice President  
President, UACJ (Thailand) Co., Ltd.

Attended 15 of 15 Board of Directors meetings (following his appointment as a director)

Apr. 1980 Joined Furukawa Electric Co., Ltd.  
Jun. 2011 Director, Furukawa-Sky Aluminum Corp.  
Jun. 2013 Director and Managing Executive Officer  
Oct. 2013 General Manager, Production Division Director, Member of the Board Managing Executive Officer, UACJ Corporation  
Apr. 2017 Director, Member of the Board Senior Managing Executive Officer President, UACJ (Thailand) Co., Ltd. (Current)  
Jun. 2017 Senior Managing Executive Officer  
Apr. 2020 Executive Vice President  
Jun. 2020 Director, Member of the Board, Executive Vice President (Current)



**Katsuyasu Niibori**

Director, Member of the Board, Senior Managing Executive Officer in charge of operating subsidiaries, President of UACJ Extrusion Corporation

Attended 18 of 18 Board of Directors meetings

Apr. 1982 Joined Furukawa Electric Co., Ltd.  
Jun. 2012 Director, Furukawa-Sky Aluminum Corporation  
Jun. 2013 Executive Officer  
Oct. 2013 Executive Officer, UACJ Corporation  
Apr. 2015 Executive Officer, UACJ Corporation Advisor, UACJ Foil Corporation  
Jun. 2015 Executive Officer, UACJ Corporation Member of the Board, President & CEO, UACJ Foil Corporation  
Apr. 2017 Managing Executive Officer, UACJ Corporation  
Jun. 2018 Director, Member of the Board, Managing Executive Officer, UACJ Corporation  
Apr. 2021 Director, Member of the Board, Senior Managing Executive Officer (Current); President and Director, UACJ Extrusion Corporation (Current)



**Teruo Kawashima**

Director, Member of the Board, Managing Executive Officer Chief Executive, Finance and Accounting Division

Attended 18 of 18 Board of Directors meetings (following his appointment as a director)

Apr. 1982 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2013 Deputy General Manager, Administrative Division  
Oct. 2013 Executive Officer, UACJ Corporation  
Apr. 2016 Executive Officer, UACJ Corporation; CEO, UACJ North America Inc. (Current)  
Apr. 2019 Managing Executive Officer  
Jun. 2019 Director, Member of the Board, Managing Executive Officer (Current)



**Seiichi Hirano**

Director, Member of the Board, Managing Executive Officer Chief Executive, Research & Development Division, officer in charge of digital transformation

Attended 15 of 15 Board of Directors meetings (following his appointment as a director)

Apr. 1984 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2019 Executive Officer, UACJ Corporation Chief Executive, Research & Development Division  
Jun. 2020 Chief Executive, Research & Development Division Director, Member of the Board, Executive Officer  
Apr. 2021 Director, Member of the Board, Managing Executive Officer (Current)



**Shinji Tanaka**

Director, Member of the Board, Executive Officer Chief Executive, Corporate Strategic Restructuring Office Vice Chief Executive, Business Support Division; Vice Chief Executive, Finance and Accounting Division

Newly appointed in June 2021

Apr. 1987 Joined Sumitomo Light Metal Industries Co., Ltd.  
Jan. 2016 Director, Member of the Board, UACJ (Thailand) Co., Ltd.  
Apr. 2018 Executive Officer, Executive Vice President, UACJ (Thailand) Co., Ltd.  
Apr. 2021 Executive Officer, Chief Executive of the Corporate Strategic Restructuring Office; Vice Chief Executive, Business Support Division; Vice Chief Executive, Finance and Accounting Division (Current)  
Jun. 2021 Director, Member of the Board, Executive Officer (Current)

## Outside Members of the Board



**Toshio Suzuki**

Director, Member of the Board (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

Apr. 1988 Assistant Professor, University of Tokyo  
Jun. 1994 Professor  
Apr. 1995 Professor of Graduate School  
Mar. 2012 Retirement  
Jun. 2012 Professor Emeritus, University of Tokyo (Current)  
Oct. 2013 Director, Member of the Board (outside and part-time), UACJ Corporation (Current)

Rationale for selection: Toshio Suzuki was invited to serve to utilize his objective viewpoints given his extensive academic background as a university professor emeritus.



**Ryoko Sugiyama**

Director, Member of the Board (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

May 1996 Representative Director, Sugiyama & Kurihara Environmental Consultants, Inc.  
Dec. 1997 Director, Gifu Shimbun  
Dec. 1999 Director, Gifu Broadcasting System, Inc.  
Apr. 2010 Professor, Fuji Tokoha University (currently Tokoha University) Faculty of Social and Environmental Studies  
Jun. 2010 Outside Director, Lecip Holdings Corporation  
Jun. 2015 Director, Member of the Board (outside and part-time), UACJ Corporation (Current)  
Jan. 2016 Representative Director of non-government incorporated foundation (currently public interest incorporated foundation) Gifu Sugiyama Memorial Foundation (Current)  
Jun. 2016 Outside Director and Audit & Supervisory Committee member of Lecip Holdings Corporation (Current)  
Jun. 2017 Outside Director, Kurita Water Industries Ltd. (Current)  
Dec. 2018 Owner and Representative Director, Gifu Shimbun (Current)  
Dec. 2019 Director and Chairperson, Gifu Broadcasting System, Inc. (Current)

Rationale for selection: Ryoko Sugiyama was invited to serve to utilize her extensive background as a university professor and management experience as a company director.



**Takahiro Ikeda**

Director, Member of the Board (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

Apr. 1975 Joined Mitsubishi Kasei Kogyo (now Mitsubishi Chemical Corporation)  
Apr. 2006 Executive Officer, Mitsubishi Chemical Corporation Deputy General Manager, Polymers Division  
Apr. 2007 Executive Officer, General Manager, Chemicals Division  
Jul. 2008 Dia Chemical Co. Ltd., President  
Jun. 2010 Managing Executive Officer, Mitsubishi Rayon Co., Ltd. (now Mitsubishi Chemical Corporation)  
Apr. 2013 Director and Managing Executive Officer  
Apr. 2015 Advisor  
Apr. 2016 Itochu Chemical Frontier Corporation, Executive Advisor  
May 2016 T.I. Associates, Representative Director (Current)  
Jun. 2018 Director, Member of the Board (outside and part-time), UACJ Corporation (Current)

Rationale for selection: Takahiro Ikeda was invited to serve to utilize his experience as a director at a major chemical manufacturer and long career in corporate management.



**Akio Sakumiya**

Director, Member of the Board (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

Apr. 1975 Joined Tateisi Electric Manufacturing Co. (now OMRON Corporation)  
Jun. 2003 Executive Officer, General Manager of Amusement Equipment Business, OMRON Corporation; President and CEO of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)  
Apr. 2009 Executive Officer, OMRON Corporation; President, Electronic and Mechanical Components Business Company  
Jun. 2010 Managing Executive Officer, OMRON Corporation; President, Electronic and Mechanical Components Business Company  
Jun. 2011 Senior Managing Director  
Jun. 2014 Executive Vice President  
Mar. 2018 Outside Audit & Supervisory Board Member, Asahi Glass Co., Ltd. (now AGC Inc.) (Current)  
Jun. 2018 Director, Member of the Board (outside and part-time), UACJ Corporation (Current)

Rationale for selection: Akio Sakumiya was invited to serve to utilize his corporate management experience as an executive vice president of a major electrical appliance manufacturer and extensive background in corporate governance, including positions of vice-chairperson of several committees involved in the remuneration and affairs of company directors and other personnel.

## Audit & Supervisory Board Members



### Kiyoshi Tanaka

Audit & Supervisory Board Member

Attended 18 of 18 Board of Directors meetings

Apr. 1981 Joined Furukawa Electric Co., Ltd.  
 Jun. 2010 Director, Furukawa-Sky Aluminum Corp.  
 Jun. 2013 Director and Managing Executive Officer  
 Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation  
 Jun. 2017 Director, Member of the Board Managing Executive Officer, UACJ Corporation Member of the Board, President, UACJ Extrusion Corporation  
 Apr. 2020 Director, Member of the Board  
 Jun. 2020 Audit & Supervisory Board Member, UACJ Corporation (Current)



### Atsushi Sakaue

Audit & Supervisory Board Member

Newly appointed in June 2021

Apr. 1985 Joined Sumitomo Light Metal Industries Co., Ltd.  
 Apr. 2018 Executive Officer, UACJ Corporation  
 Apr. 2020 Vice Chief Executive, Finance and Accounting Division  
 Jun. 2021 Audit & Supervisory Board Member (Current)

## Outside Members of the Audit & Supervisory Board



### Akari Asano

Audit & Supervisory Board Member (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

Apr. 1970 Joined Mitsubishi Rayon Co., Ltd. (now Mitsubishi Chemical Corporation)  
 Jun. 2003 General Manager, General Affairs Department  
 Jun. 2004 Senior Director  
 Jun. 2008 Resigned from Mitsubishi Rayon Co., Ltd.  
 Jun. 2009 Statutory Auditor (outside and part-time) of Sumitomo Light Metal Industries, Ltd.  
 Jun. 2013 Statutory Auditor (outside and part-time) of Sumitomo Light Metal Industries, Ltd.; Statutory Auditor (outside and part-time), Furukawa-Sky Aluminum Corp.  
 Oct. 2013 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)

Rationale for selection: Akari Asano was invited to serve to utilize his expertise and experience in executive corporate management and as a general manager of a company division.



### Yuki Iriyama

Audit & Supervisory Board Member (outside, part-time)

Attended 16 of 18 Board of Directors meetings

Apr. 1970 Joined Nippon Steel Corporation  
 Jun. 2002 Director, Manager of the Board and General Manager of Overseas Business Development Division Nippon Steel Corporation  
 Apr. 2006 Managing Executive Officer  
 Jun. 2009 Executive Advisor  
 Oct. 2012 Standing Advisor, Nippon Steel Corporation  
 Jun. 2014 Advisor of Nippon Steel Corporation (part-time)  
 Mar. 2015 Counsel of Kajitani Law Offices (Current)  
 Jun. 2015 Stepped down as advisor (part-time) of Nippon Steel Corporation  
 May 2017 Director of Vallourec S.A. (France) (Current)  
 Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)

Rationale for selection: Yuki Iriyama was invited to serve to utilize his advanced legal expertise as a lawyer specializing in corporate law, and given his extensive experience in corporate management, including a position of managing director at a major steel manufacturer.



### Hiroyuki Yamasaki

Audit & Supervisory Board Member (outside, part-time)\*

Attended 17 of 18 Board of Directors meetings

Oct. 1982 Joined Chuo Accounting Corporation  
 Oct. 2005 Director, Chuo Aoyama Audit Corporation  
 May 2006 Acting Chairman  
 Nov. 2007 Senior Partner of ShinNihon Audit Corporation (now Ernst & Young ShinNihon LLC)  
 Aug. 2008 Managing Director of Ernst & Young ShinNihon LLC  
 Jul. 2013 Auditor of Japan Venture Capital Association  
 Jul. 2017 President of Hiroyuki Yamasaki CPA Office (Current)  
 Dec. 2017 Director, Land Business Co., Ltd.  
 Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)  
 Jun. 2018 Outside Director, Sankyo Co., Ltd. (Current)

Rationale for selection: Hiroyuki Yamasaki was invited to serve to utilize his extensive background in finance and accounting as a certified public accountant specializing in corporate accounting.



### Yoshiro Motoyama

Audit & Supervisory Board Member (outside, part-time)\*

Attended 18 of 18 Board of Directors meetings

Apr. 1980 Joined Mitsubishi Motors  
 Mar. 2014 Director, Vice President, General Manager, Production Division, Mitsubishi Fuso Truck and Bus Corporation  
 Aug. 2017 Takenaka Co. Ltd., Director & CTO  
 Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)  
 Aug. 2019 Director, Takenaka Co., Ltd.  
 Aug. 2021 Executive Advisor, Takenaka Co., Ltd. (Current)

Rationale for selection: Yoshiro Motoyama was invited to serve to utilize the broad outlook he has gained over his career and given his extensive experience in corporate management, including a position of executive vice-president of a major automobile manufacturer.

## Executive Officers

**Masataka Taguchi** Senior Managing Executive Officer

**Akinori Yamaguchi** Managing Executive Officer

**Teiichi Abe** Managing Executive Officer

**Yasuhiro Hosomi** Managing Executive Officer

**Akito Imaizumi** Executive Officer

**Satoshi Sugama** Executive Officer

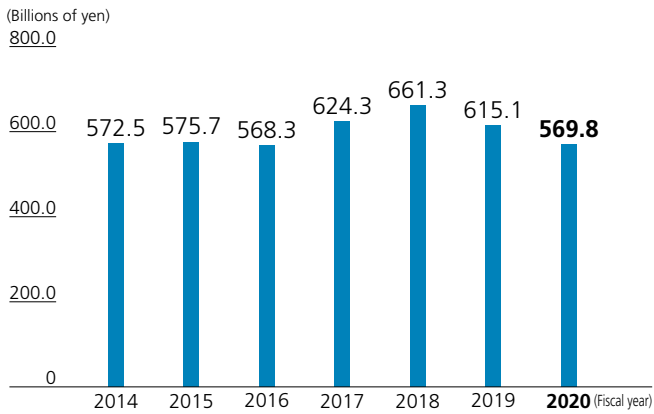
**Keizo Hashimoto** Executive Officer

**Henry Gordinier** Executive Officer

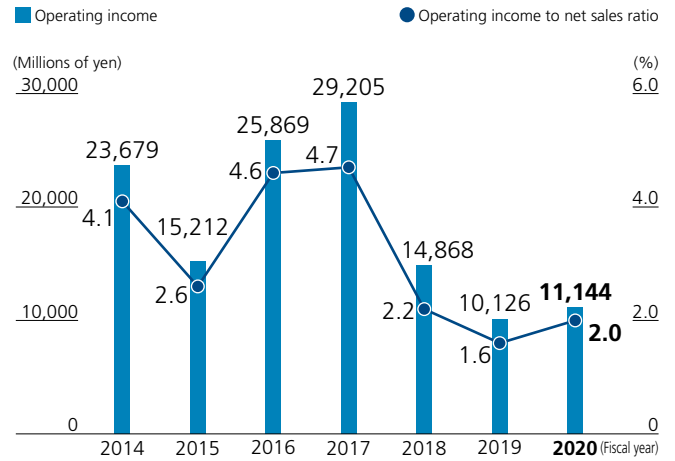
\* Appointed as an independent officer after being deemed to have no conflict of interests with the Company's ordinary shareholders

## Consolidated financial results

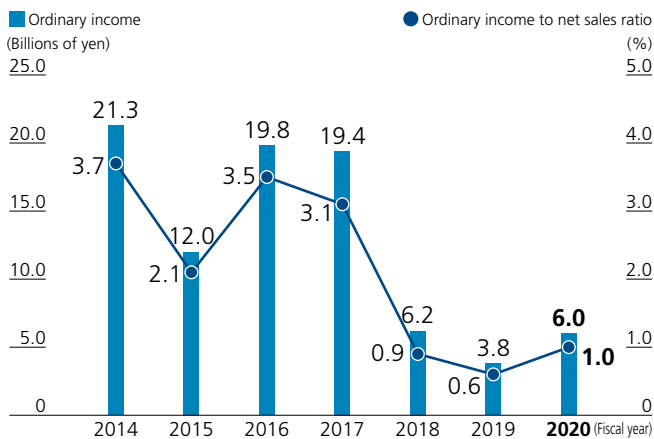
### Net sales



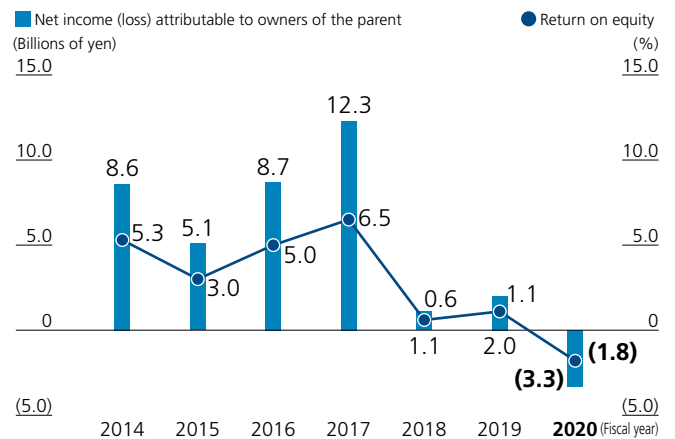
### Operating income and operating income to net sales ratio



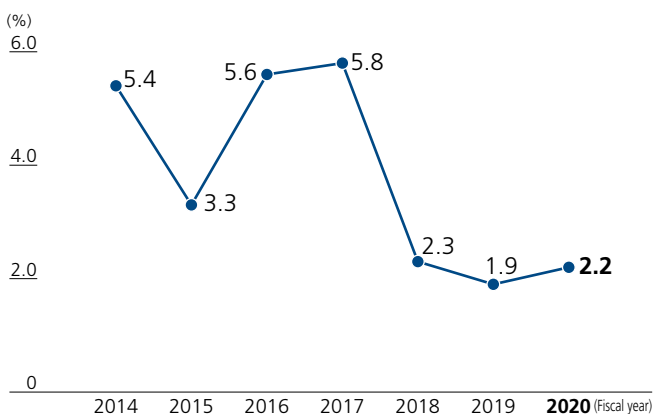
### Ordinary income and ordinary income to net sales ratio



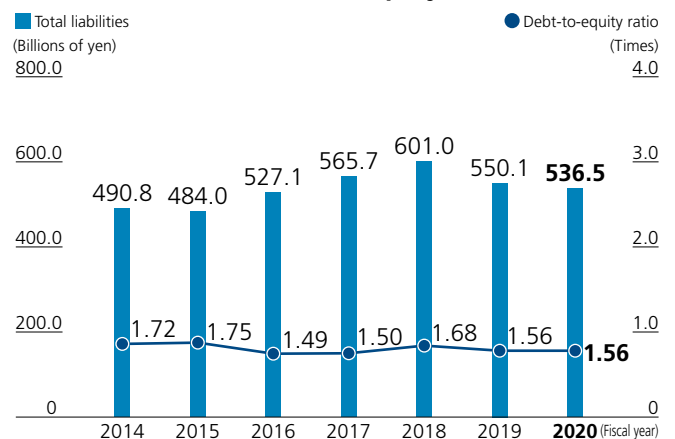
### Net income and return on equity



### Return on invested capital



### Total liabilities and debt-to-equity ratio



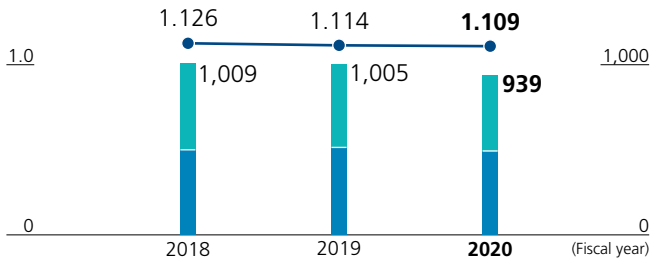
Note: Subordinated loans were excluded from calculations of the debt-to-equity ratio from fiscal 2016

## Non-financial results

### CO<sub>2</sub> emissions

● CO<sub>2</sub> emissions per ton of products manufactured  
(Tons of CO<sub>2</sub> per ton of products) 2.0

■ Emissions from burning fuel (Scope 1)  
■ Emissions from power generation (Scope 2)  
(Thousands of tons of CO<sub>2</sub> per year) 2,000

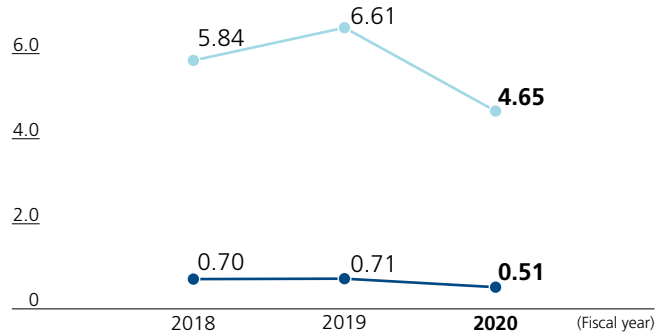


Note: Results for the past three years only are shown because data collection procedures were changed

### Workplace accidents in Japan

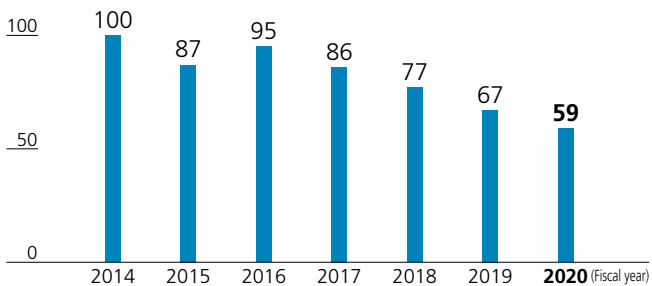
● Workplace accidents requiring employees to take time off work  
(Frequency per million work hours) 8.0

● Workplace accidents resulting in injury or death  
(Frequency per million work hours) 8.0



### Customer complaints

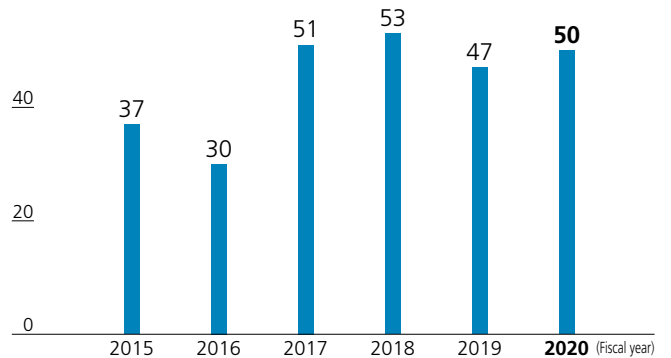
(%)  
150



Note: The figures show the percentage of customer complaints compared with the base year of fiscal 2014

### Number of group companies formally pledging to uphold the Group Code of Conduct

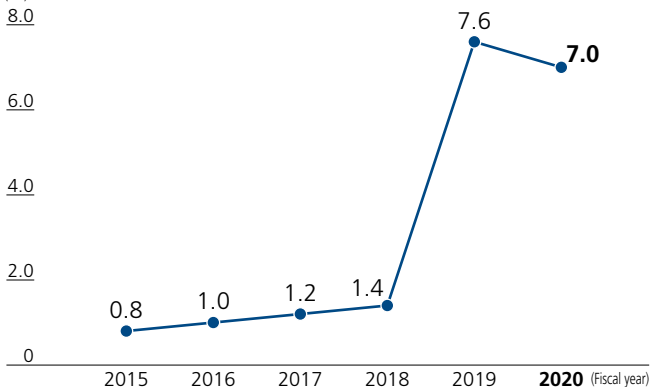
(Companies)  
60



Note: In fiscal 2019, the total number of group companies decreased from 73 to 65 due to the sell-off of businesses

### Ratio of female managers

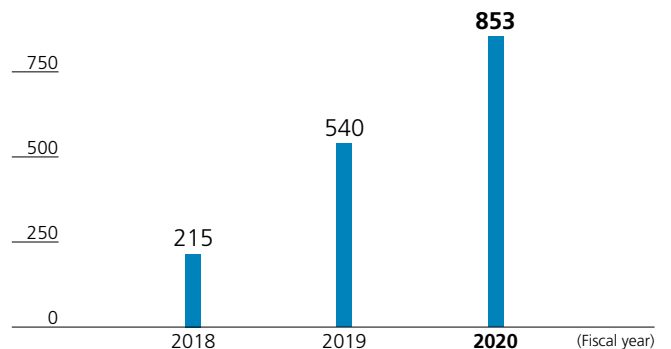
(%)  
8.0



Note: Figures between fiscal 2015 and 2018 are for companies in Japan; figures from fiscal 2019 are for group companies worldwide

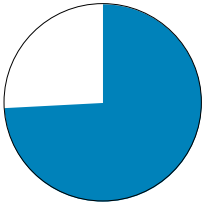
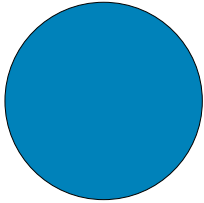


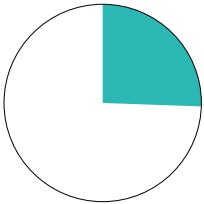
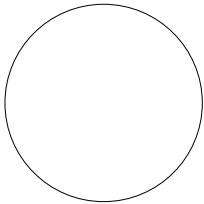




### Number of people receiving support for education

1,000




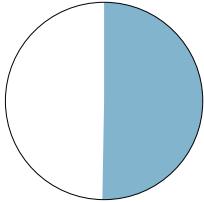
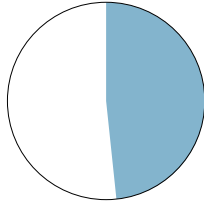

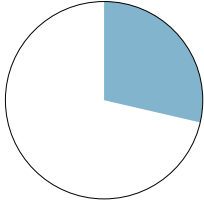
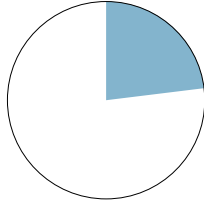

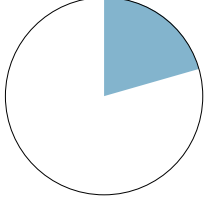
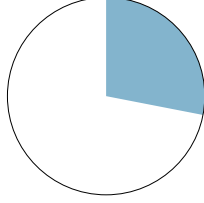


## Overview of Results by Business Segment

Segment	FY2020 segment sales and percent of net sales	FY2020 segment income (loss) and percent of operating income	Products	
<p><b>Rolled Aluminum Products Business Segment</b></p> <ul style="list-style-type: none"> <li>■ Flat-rolled aluminum business</li> <li>■ Extrusion business</li> <li>■ Aluminum foil business</li> <li>■ Casting and forging business</li> </ul>	 <p><b>74.3%</b> ¥477.8 billion</p>	 <p><b>104%</b> ¥17.2 billion</p>	 <p>Automotive body sheet</p>	 <p>Cans and bottle caps</p>
<p><b>Precision-machined Components and Related Businesses Segment</b></p> <ul style="list-style-type: none"> <li>■ Automotive Parts Business</li> <li>■ Precision-machined components business</li> </ul>	 <p><b>25.7%</b> ¥165.1 billion</p>	 <p><b>(4%)</b> (¥0.6 billion)</p>	 <p>Automobile bumper assemblies</p>	 <p>Parabolic antenna materials</p>
			 <p>Honeycomb panels</p>	 <p>Large aluminum tank panels</p>

Note: Segment sales totals include inter-segment sales and transfers. Segment income totals are before inter-segment adjustments.

## Overview of Results by Geographical Segment

Segment	Production capacity of main plants and operators	FY2020 segment sales and percent of net sales	Property, plant and equipment and percent of the consolidated total as of March 31, 2021
 <p>Japan</p>	<ul style="list-style-type: none"> <li>• <b>Nagoya Works</b> Annual production capacity 290,000 tons</li> <li>• <b>Fukui Works</b> Annual production capacity 300,000 tons</li> <li>• <b>Fukaya Works</b> Annual production capacity 50,000 tons</li> </ul>	 <p><b>50.4%</b> ¥287.3 billion</p>	 <p><b>48.5%</b> ¥172.5 billion</p>
 <p>USA</p>	<ul style="list-style-type: none"> <li>• <b>Tri-Arrows Aluminum Inc.</b> Annual production capacity 450,000 tons</li> <li>• <b>UACJ Automotive Whitehall Industries, Inc.</b></li> </ul>	 <p><b>28.7%</b> ¥163.6 billion</p>	 <p><b>23.2%</b> ¥82.6 billion</p>
 <p>Asia and Other Regions</p>	<ul style="list-style-type: none"> <li>• <b>UACJ (Thailand) Co., Ltd.</b> Annual production capacity 320,000 tons</li> </ul>	 <p><b>20.8%</b> ¥118.7 billion</p>	 <p><b>28.3%</b> ¥100.5 billion</p>

## Fiscal 2020 Financial Report 10-Year Financial Highlights

		Fiscal 2011	Fiscal 2012	Fiscal 2013
<b>Consolidated sales and income</b>				
Net sales	Total	452,898	436,485	364,107
Operating income	Total	18,709	15,069	17,772
Ordinary income	Total	16,595	14,606	16,798
Income (loss) before income taxes	Total	10,098	9,743	15,523
Net income (loss) attributable to owners of the parent	Total	11,838	4,656	9,946
Operating margin	Total	4.1%	3.5%	4.9%
Net income (loss) to net sales ratio	Total	2.6%	1.1%	2.7%
<b>Consolidated financial condition</b>				
Total assets <sup>1</sup>	Total	535,148	536,200	608,490
Net assets	Total	124,440	138,166	168,140
Shareholders' equity	Total	122,985	136,387	155,515
Interest-bearing debt	Total	225,324	215,318	256,309
Current assets <sup>1</sup>	Total	204,890	191,653	236,638
Non-current assets <sup>1</sup>	Total	330,257	344,547	371,852
Current liabilities <sup>1</sup>	Total	263,221	251,858	236,387
Non-current liabilities <sup>1</sup>	Total	147,487	146,175	203,963
Shareholders' equity ratio <sup>1</sup>	Total	23.0%	25.4%	25.6%
Return on equity	Former Furukawa-Sky until FY2012	5.1%	4.3%	8.6%
	Former Sumitomo Light Metal	19.1%	2.7%	—
<b>Consolidated cash flows</b>				
Cash flows from operating activities	Total	36,239	29,032	14,233
Cash flows from investing activities	Total	(38,120)	(21,520)	(25,452)
Free cash flow	Total	(1,881)	7,512	(11,219)
Cash flows from financing activities	Total	(8,034)	(12,887)	14,067
<b>Per share information</b>				
Net income (loss) per share (yen) <sup>2</sup>	Former Furukawa-Sky until FY2012	15.59	13.85	30.36
	Former Sumitomo Light Metal	14.95	2.59	—
Annual dividend per share (yen) <sup>2</sup>	Former Furukawa-Sky until FY2012	6.0	6.0	9.0
	Former Sumitomo Light Metal	1.5	3.5	—
<b>Main consolidated expenses</b>				
Capital investment	Total	13,351	25,554	27,104
Depreciation and amortization	Total	22,821	20,121	17,165
Research and development expenses	Total	5,111	5,031	3,688

Notes: All yen figures in this table has been rounded. Figures for fiscal 2011 and 2012 are combined results of UACJ's predecessors, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. Figures for 2013 are comprised of the combined results of those two companies in the first half of the fiscal year and UACJ's results in the second half. Effective from fiscal 2013, certain accounting principles were changed, including those for treating notes matured at the fiscal year-end; however, results in the prior fiscal years have not been adjusted to reflect the change.

(Millions of yen)

Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
572,541	575,735	568,316	624,270	661,330	615,150	<b>569,756</b>
23,679	15,212	25,869	29,205	14,868	10,126	<b>11,144</b>
21,337	12,010	19,819	19,408	6,201	3,788	<b>5,958</b>
18,856	13,976	18,281	19,692	10,041	(1,622)	<b>3,473</b>
8,649	5,105	8,715	12,253	1,116	2,038	<b>(3,269)</b>
4.1%	2.6%	4.6%	4.7%	2.2%	1.6%	<b>2.0%</b>
1.5%	0.9%	1.5%	2.0%	0.2%	0.3%	<b>(0.6%)</b>
677,952	662,543	725,443	774,071	807,224	752,785	<b>732,960</b>
187,136	178,582	198,360	208,396	206,204	202,716	<b>196,445</b>
172,305	165,030	184,090	194,235	190,998	188,363	<b>183,063</b>
295,953	289,006	323,825	342,336	375,080	344,011	<b>335,789</b>
269,889	263,409	305,563	322,461	348,291	288,919	<b>294,502</b>
408,063	399,135	419,880	451,610	458,933	463,866	<b>438,457</b>
287,884	249,784	237,650	273,148	273,269	264,434	<b>251,150</b>
202,932	234,177	289,433	292,527	327,751	285,635	<b>285,365</b>
25.4%	24.9%	25.4%	25.1%	23.7%	25.0%	<b>25.0%</b>
5.3%	3.0%	5.0%	6.5%	0.6%	1.1%	<b>(1.8%)</b>
—	—	—	—	—	—	<b>—</b>
26,777	22,511	28,393	17,381	10,651	58,115	<b>38,623</b>
(49,668)	(34,759)	(55,456)	(51,853)	(34,947)	(30,021)	<b>(20,950)</b>
(22,891)	(12,248)	(27,063)	(34,472)	(24,296)	28,094	<b>17,673</b>
25,694	11,176	49,478	13,543	28,971	(25,852)	<b>(17,008)</b>
20.21	11.94	201.63	253.96	23.14	42.26	<b>(67.79)</b>
—	—	—	—	—	—	<b>—</b>
6.0	6.0	60.0	60.0	60.0	20.0	<b>0.00</b>
—	—	—	—	—	—	<b>—</b>
46,539	30,489	31,556	51,195	52,544	48,947	<b>18,090</b>
22,636	22,893	23,508	25,686	27,215	27,748	<b>30,010</b>
4,619	4,630	4,412	4,409	4,529	4,305	<b>4,452</b>

<sup>1</sup> The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Statement No. 28), issued by the Accounting Standards Board of Japan on February 16, 2018. Accordingly, amounts for total assets, current assets, non-current assets, current liabilities, non-current liabilities, and shareholders' equity ratio were calculated to reflect this application retroactively from fiscal 2017.

<sup>2</sup> In fiscal 2017, UACJ conducted a 1-for-10 reverse stock split of common stock on October 1, 2017. Figures for net income per share and annual dividend per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016.



## Operating Environment

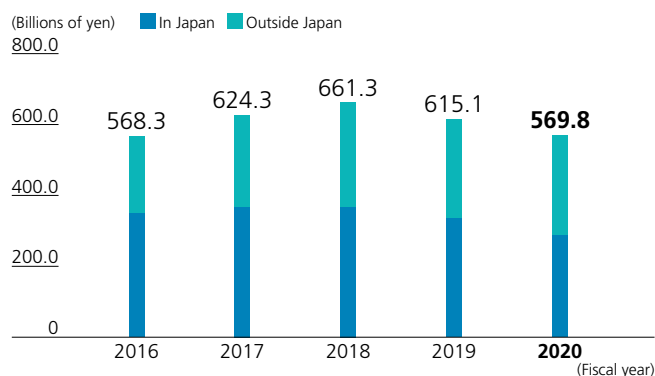
During fiscal 2020, the Company's fiscal year ended March 31, 2021, the global economy remained unstable due to the impact of the worldwide COVID-19 pandemic; however, signs of recovery were seen in some countries, particularly China. In Japan, while the economy had been picking up, the government repeatedly implemented restrictions on economic activities in response to outbreaks of new variants of COVID-19. Consequently, the Company's operating environment remained uncertain.

In Japan, overall demand for flat-rolled aluminum products declined compared with the previous fiscal year, although demand from the beverage can and construction industries was down only slightly. Likewise, demand for extruded aluminum products decreased on the whole, including parts and materials for buses and trucks, automotive heat exchangers, and industrial machinery. Outside Japan, however, demand for aluminum can stock was brisk, especially in the United States.

## Consolidated Earnings Results

In fiscal 2020, the Company posted net sales of ¥569.8 billion, down 7.4% year on year. Among the main factors underlying this decrease, the Rolled Aluminum Products business segment posted a decline in sales volume in Japan, and the average

### Net sales in and outside Japan



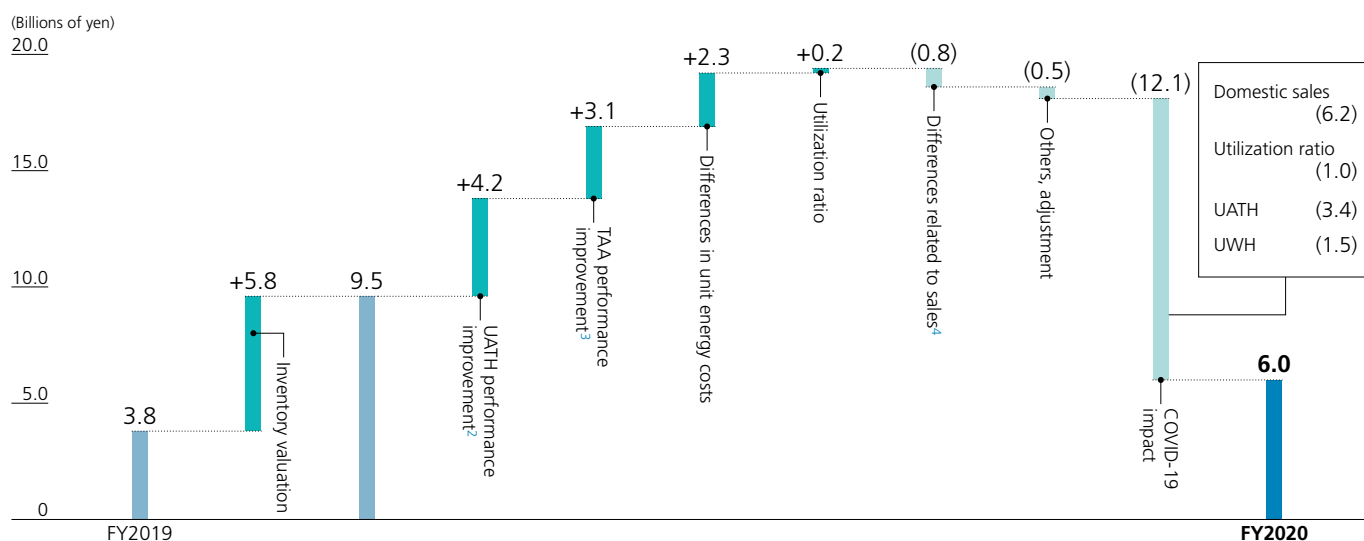
### Consolidated earnings results and targets

(Billions of yen)

	FY2018	FY2019	FY2020	FY2020 Targets of the mid-term management plan
Net sales	661.3	615.1	<b>569.8</b>	805.0
Operating income	14.9	10.1	<b>11.1</b>	37.0
Ordinary income before inventory valuation impact	3.0	9.8	<b>6.2</b>	–
Ordinary income	6.2	3.8	<b>6.0</b>	30.0
Net income (loss) attributable to owners of the parent	1.1	2.0	<b>(3.3)</b>	–
Adjusted EBITDA <sup>1</sup>	42.6	47.3	<b>44.7</b>	77.0

<sup>1</sup> Adjusted EBITDA = operating income + depreciation and amortization + amortization of goodwill – inventory valuation

### Analysis of Consolidated Ordinary income between Fiscal 2019 and 2020



<sup>2</sup> Excluding impact of inventory valuation and COVID-19 <sup>3</sup> Excluding impact of inventory valuation

<sup>4</sup> Difference in income from increase in domestic sales volume and improvement in product mix

market price of aluminum ingots was down in the first half of the fiscal year. Despite this result, however, UACJ (Thailand) Co., Ltd., and Tri-Arrows Aluminum Inc. both recorded increased sales volume, indicating the success of the Company's focus on the growing can stock and automotive industries, and growth markets in Southeast Asia and North America. This was a major policy of the Company's second mid-term management plan spanning from fiscal 2018 to 2020.

On the profit front, despite the serious impact of the COVID-19 pandemic, operating income increased by 10.1% to

¥11.1 billion, and ordinary income jumped 57.3% to ¥6.0 billion. Main factors underlying these results included a favorable valuation of inventory assets, which reflected the higher average market price of aluminum ingots, and the improved performance of UACJ (Thailand) and Tri-Arrows Aluminum. On the other hand, the Company posted a net loss attributable to owners of the parent of ¥3.3 billion, compared with net income of ¥2.0 billion in the previous fiscal year. This was mainly due to a structural reform loss and tax expenses.

## Assumptions and Sensitivities

	Average during FY2019	Average during FY2020	Forecast for FY2021	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	245	243	288	¥10/kg rise → +¥2.0-¥3.0 billion/year
LME (\$)	1,749	1,802	2,100	\$100/t rise → +¥2.2-¥3.5 billion/year
Foreign exchange (¥/\$)	109	106	108	Almost no impact • Fuel and additional metal cost: become positive by stronger yen • Rolling margin, forex conversion: become positive by weaker yen
Foreign exchange (¥/Thai baht)	3.5	3.4	3.5	
Crude oil (Dubai: \$)	60	45	63	\$10 increase → Approx. ¥(1.0)-¥(1.5) billion/year

## About Adjusted EBITDA

The price of aluminum ingots, the UACJ Group's main raw material, fluctuates according to market transactions on the London Metal Exchange<sup>5</sup>. This has no substantial impact on the Group's income, however, because changing market prices of aluminum are passed onto customers. Specifically, the Group concludes agreements with customers specifying that the selling prices of its mainstay flat-rolled and extruded products are set by combining the aluminum ingot price and the costs associated with machining and processing the

ingots into finished products. Nevertheless, depending on the valuation of its inventory assets<sup>6</sup> over a fiscal year, the Company will post either a gain or loss. For that reason, the Company adjusts its earnings before interest, taxes, depreciation and amortization (EBITDA) by excluding inventory valuation\*, thereby eliminating the effect of changes in the aluminum market price. Accordingly, adjusted EBITDA can be regarded as the most accurate indicator of the Company's profitability. It totaled ¥44.7 billion in fiscal 2020.

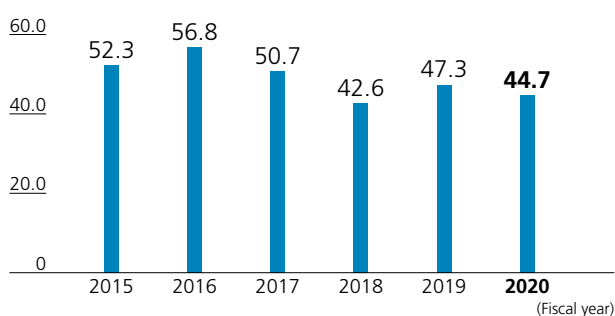
### Notes:

<sup>5</sup> Based in London, England, the London Metal Exchange is the world's largest exchange dealing in non-ferrous metals, and its prices are used as a benchmark for global market prices of non-ferrous metals.

<sup>6</sup> Inventory valuation represents the gain or loss generated by the difference between the market price of aluminum at the times when the Group sold an aluminum product and when it purchased aluminum ingots as raw materials for the product, or between the market price of aluminum when it purchased aluminum ingots and the average price of inventories in stock. Accordingly, if aluminum ingots were purchased at a high price and the market price subsequently decreased, the Company would post a loss on inventory evaluation. Conversely, if aluminum ingots were purchased at a low price and the market price subsequently increased, the Company would post a gain on inventory evaluation.

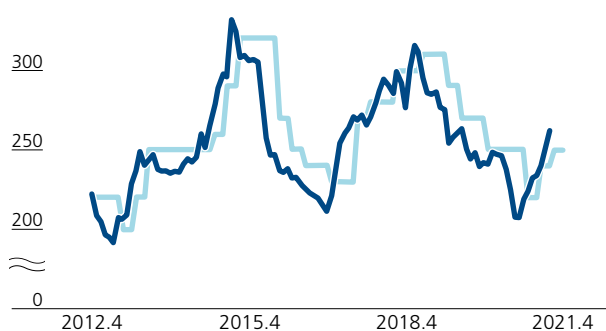
### Adjusted EBITDA

(Billions of yen)  
80.0



### Market prices of primary aluminum ingots

(Yen per kilogram) ● Nikkei average price ● Average global market price  
350



## Consolidated Financial Results by Business Segment

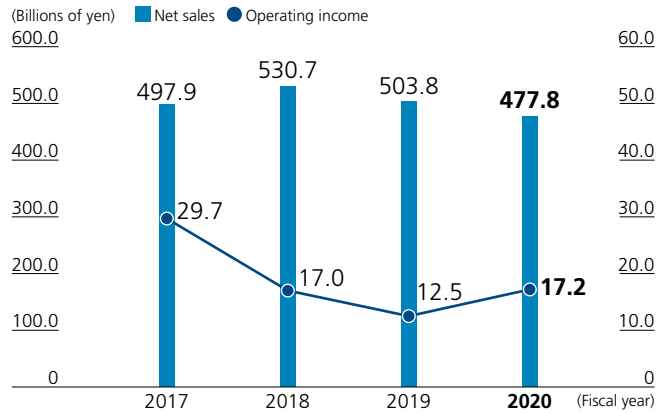
### Rolled Aluminum Products Business Segment

In fiscal 2020, total sales volume for this business segment edged up 3 thousand tons to 1,113 thousand tons, staying on par with the previous fiscal year and surpassing the million-ton mark for the fifth consecutive year. In Japan, although demand for aluminum components for computers was brisk as telecommuting was widely adopted, the segment recorded declining sales volume of flat-rolled aluminum for can stock, automobile parts, electrical machinery, and precision instruments. As a result, the volume of products sold to the Japanese market decreased by 43 thousand tons year on year. In contrast, the sales volume of products for markets outside Japan increased by 46 thousand tons, as both UACJ (Thailand) and Tri-Arrows Aluminum boosted their sales volume of flat-rolled aluminum for can stock despite being impacted by the COVID-19 pandemic.

Net sales in this segment decreased by 5.2% to ¥477.8

billion, mainly due to the lower sales volume in Japan and to a decrease in the market price of aluminum ingots in the first half of the fiscal year. Operating income, however, rose by 36.7% to ¥17.2 billion, largely as a result of favorable Inventory valuation.

#### Net sales and operating income



Note: Figures in the graph exclude intersegment sales and transfers.

#### Sales volume of flat-rolled aluminum by product usage and geographical region

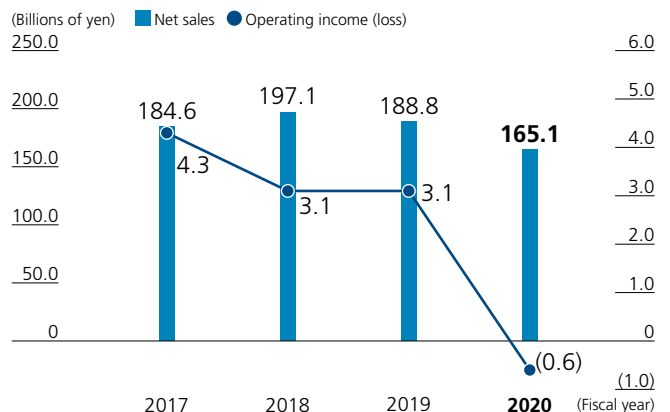
Product usage	Fiscal 2020 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock	693	62.3%	Can manufacturers	Beverage and food product manufacturers
Foil stock	52	4.7%	Foil manufacturers	Pharmaceutical and food product manufacturers, Battery manufacturers
Casings and substrates <sup>7</sup>	25	2.2%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	123	11.1%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	42	3.8%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	180	16.2%	Building material manufacturers and metal trading companies	Large construction general contractors
<b>Total</b>	<b>1,113</b>	<b>100%</b>		
Sold to the Japanese market	441	39.6%		
Sold to markets outside Japan	673	60.5%		

<sup>7</sup> PC and smart device casings; electronic equipment substrates

### Precision-Machined Components and Related Businesses Segment

In fiscal 2020, net sales in this segment amounted to ¥165.1 billion, a decrease of 12.5% compared with the previous fiscal year. This decrease was mainly due to the substantial impact of the COVID-19 pandemic, particularly on the automobile industry. Furthermore, the segment posted an operating loss of ¥0.6 billion, compared with operating income of ¥3.1 billion in the previous fiscal year.

#### Net sales and operating income



Note: Figures in the graph exclude intersegment sales and transfers

# Consolidated Financial Results by Geographical Segment

## North America

### Business conditions

#### Market opportunities

- Demand for aluminum can stock is growing more than 5% annually
- Shift away from plastic is driving up demand for can stock
- Rapidly growing market offers potential for pricing power and wider product applications

#### Tri-Arrows Aluminum's competitive advantages

- Operate a factory that achieves high productivity
- Long-term relationships with can manufacturers and brands
- Very cost competitive due to world-leading productivity
- Rapidly progressing sustainability management driven by the application of scrap recycling technologies

#### Challenges and tasks

- Expand sources of raw materials
- Step up cooperation with UACJ (Thailand) and the Group's companies in Japan
- Increase production capacity through strategic investments

### Market overview, fiscal 2020 results, and goals

In North America, demand for aluminum can stock, the UACJ Group's mainstay product, has remained solid despite the COVID-19 pandemic. Meanwhile, as automakers increasingly adopt aluminum as a means to reduce vehicle weight, aluminum product manufacturers have begun making these products in response, resulting in a tight balance of supply and demand.

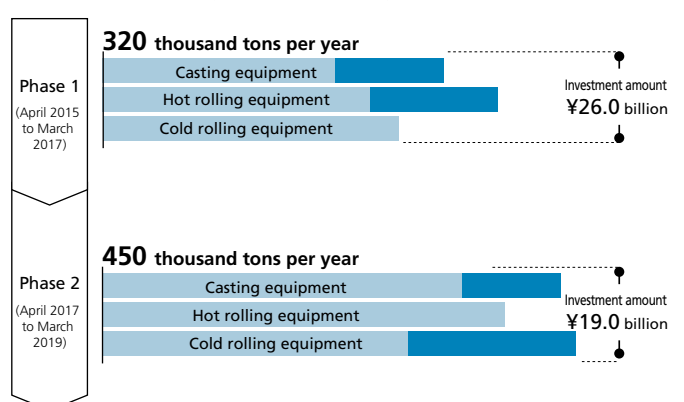
In this market environment, Tri-Arrows Aluminum, operator of the Group's main manufacturing plants in the United States, has increased its production capacity to 450 thousand tons. The company expanded casting and hot rolling facilities between 2015 and 2017, and installed more casting equipment, including a scrap recycling furnace, and new cold rolling machines between 2017 and 2019.

By leveraging this expanded production capacity, the company tapped brisk demand and maintained a high level of sales in fiscal 2020. As a result, the North America segment posted net sales of ¥163.7 billion, an increase of ¥10.1 billion year on year.

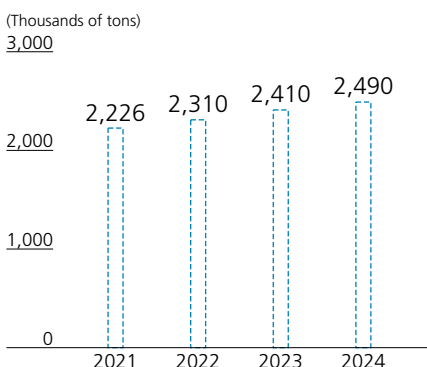
Looking ahead, Tri-Arrows Aluminum is aiming to boost sales volume by operating at full capacity, and to increase profits by renewing long-term contracts to secure orders while

raising product prices. UACJ Automotive Whitehall Industries will work to regain orders from new electric vehicle manufacturers, following a decline in orders due to the COVID-19 pandemic, and take steps to tap demand for aluminum automotive parts when mass production of new vehicle models begins in 2022.

### Breakdown of investment in Tri-Arrows Aluminum's production capacity

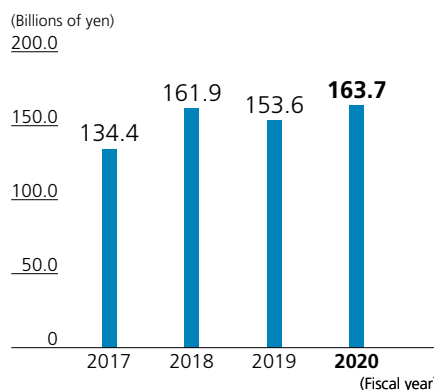


### Projected can stock consumption in the US

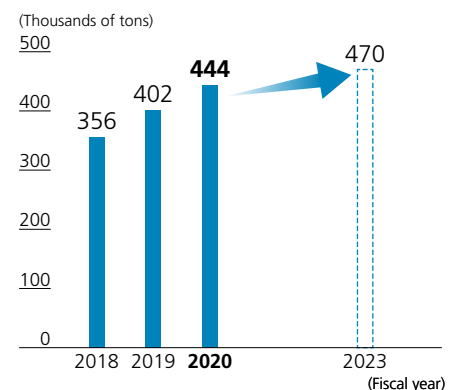


Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

### North America segment sales



### Tri-Arrows Aluminum's sales volume results and forecast





Asia and other Regions

Business conditions

Market opportunities

- Steeply rising demand in the Asia-Pacific region backed by economic growth
- Increasing exports to countries shifting away from plastic containers

UACJ (Thailand)'s competitive advantages

- Operating Southeast Asia's only state-of-the-art aluminum rolling mill
- Excellent access to other Asian countries where demand is projected to grow
- Solid relations with beverage can manufacturers from Japan and other countries

Challenges and tasks

- Increase production capacity beyond 320 thousand tons
- Continue securing and training local workers to independently operate manufacturing facilities
- Boost earnings by cutting costs and diversifying products, sales regions, and customers
- Strengthen ties with international customers
- Deploy recycling technologies and establish recycling systems

Market overview, fiscal 2020 results, and goals

In Southeast Asia, a greenfield market for flat-rolled aluminum, UACJ (Thailand) has the largest production capacity by far. Economic growth in the region has been driving up demand for aluminum products. In response, UACJ has carried out three phases of investment in UACJ (Thailand), boosting its annual production capacity to 320 thousand tons.

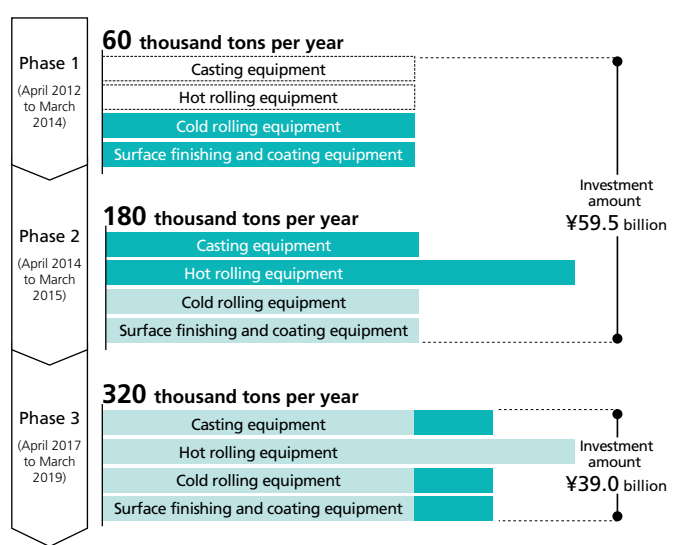
In fiscal 2020, UACJ (Thailand) was heavily impacted by the COVID-19 pandemic. Nevertheless, after its sales volume bottomed out between July and September 2020, global demand for can stock picked up from October to December, and the company was able to bring operations back up to full capacity. The company also made progress in its shift to independent operations by filling plant operator and management positions with Thai nationals.

Despite the market's recovery, net sales posted by the Asia and other Regions segment decreased by ¥7.5 billion year on year to ¥118.7 billion in fiscal 2020, mainly due to the pandemic's impact. In fiscal 2021, however, orders have been exceeding production plans, and the outlook for fiscal 2022 and after looks highly favorable.

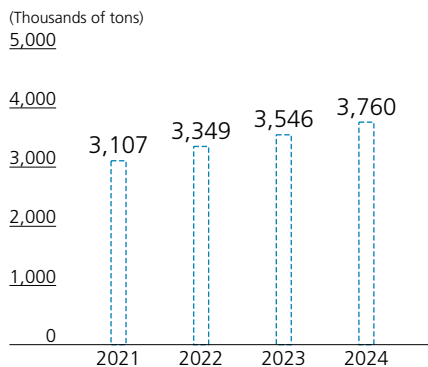
Against that backdrop, UACJ (Thailand) will work to enhance its operational capacity, continue cutting costs,

improve its product mix and raise selling prices, while aiming to accelerate the returns on investments in its production facilities.

Breakdown of investment in UACJ (Thailand)'s production capacity

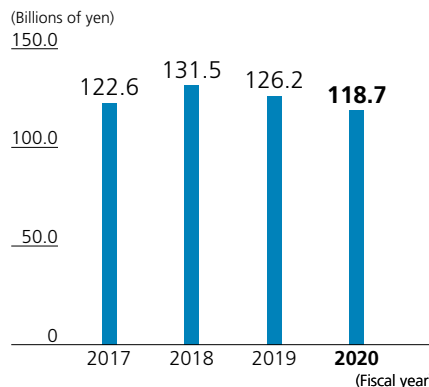


Projected can stock consumption in countries supplied by this segment

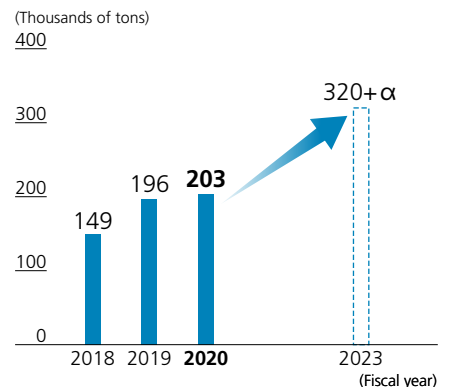


Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

Asia and Other Regions segment sales



UACJ (Thailand)'s sales volume results and forecast



## Japan

### Business conditions

#### Market opportunities

- Adoption of aluminum by automakers amid growing need to reduce environmental impacts
- Advances in digital technologies are driving up demand for aluminum materials used in IT-related devices and semiconductors
- The packaging and container industries are under increasing pressure to supply recyclable products

#### UACJ's competitive advantages

- Overwhelming market share in Japan
- Manufacturing diverse types of products
- Market-specific strategies
- Long history of excellent relations with customers
- Ability to flexibly meet customers' needs

#### Challenges and tasks

- Promote aluminum can recycling in partnership with customers
- Increase customers in the automobile industry and have Fukui Works boost cost competitiveness
- Acquire new customers of thick plates in the hydrogen industry

### Market overview, fiscal 2020 results, and goals

UACJ has already secured a dominant position in Japan's flat-rolled aluminum market, with a market share of about 50%. This market, however, is expected to shrink as the country's population continues to decline. Therefore, in preparation for falling demand, the Company recognized the need to boost profitability by reorganizing its manufacturing network. In fiscal 2019, it launched a series of structural reforms to consolidate production into a smaller number of manufacturing facilities and raise overall productivity.

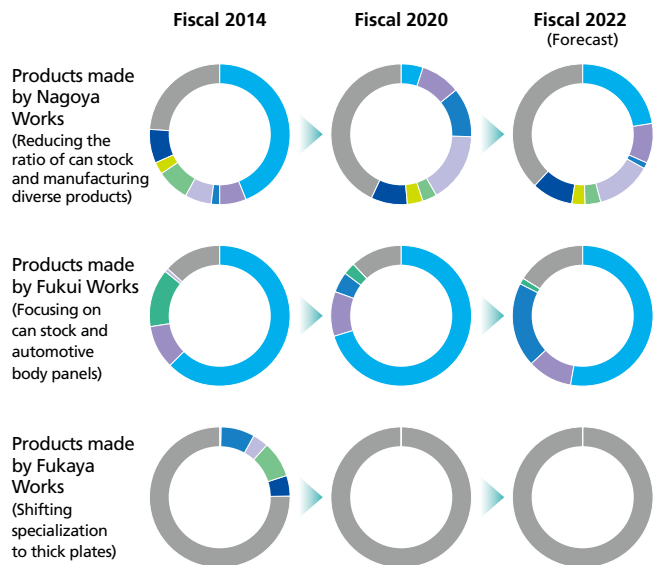
In fiscal 2020, the Japan segment benefited from solid demand for aluminum components used in IT-related devices and equipment, as workplaces across the country adopted telecommuting practices in response to the COVID-19 pandemic. On the other hand, demand for aluminum automotive parts, which the Company regards as a growth market, was sluggish in the first half of fiscal 2020. Although demand recovered in the second half, the overall impact was substantial, resulting in year-on-year decreases in both sales volume and sales. The segment's net sales amounted to ¥287.3 billion, down ¥48.0 billion year on year.

Looking ahead, UACJ will aim for sales growth by reforming the segment's earnings structure and stepping up sales promotions of aluminum automotive parts, for which demand is expected to rise, and thick plates for semiconductor

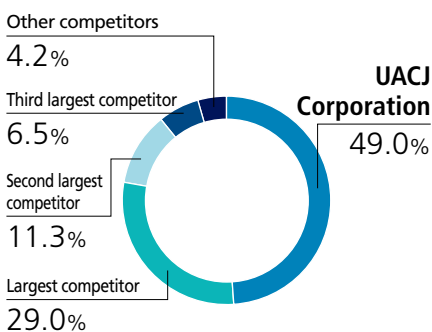
manufacturing equipment, which will be increasingly needed in the future with the widespread adoption of 5G, IoT, AI, and other advanced technologies.

### Changes in the product mix of production plants in Japan

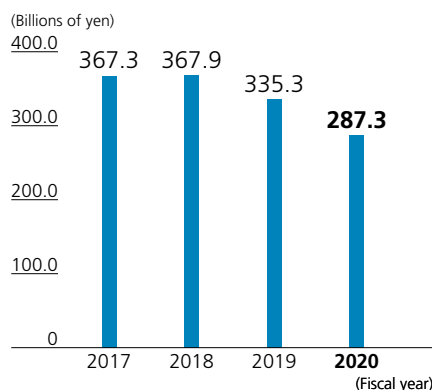
- Can stock
- Foil stock
- Automotive body panels
- LNG tanker thick plates
- Heat exchanger materials
- Printing plates
- Beverage container caps
- Compressor fin materials
- Other



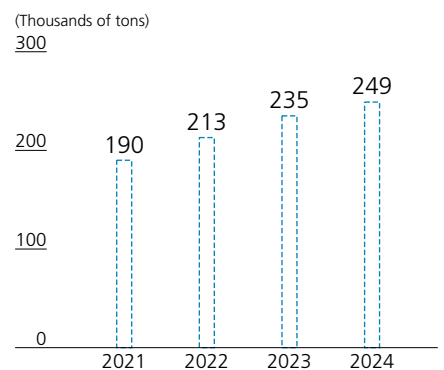
### Share of flat-rolled aluminum produced in Japan in FY2020



### Japan segment sales



### Projected flat-rolled aluminum consumption for vehicles<sup>8</sup> in Japan



Source: Alutopia magazine, September 2021, Kallos Publishing Co., Ltd.

<sup>8</sup> Includes automobiles, aircraft, and ships  
Source: Estimates based on the Aluminium Rolled Products Market Outlook published in May 2020 by CRU International Limited

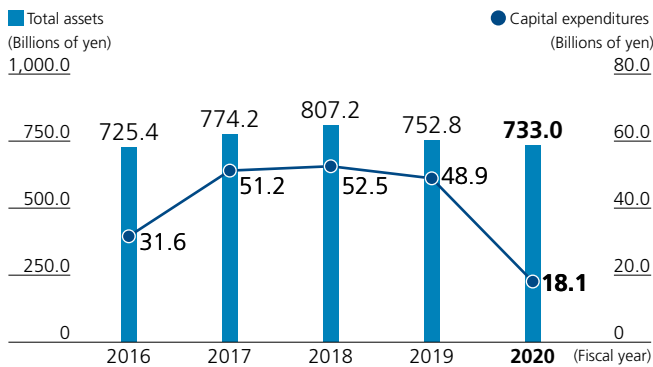
## Financial Position

### Assets

As of March 31, 2021, total assets stood at ¥733.0 billion, a decrease of 2.6% compared with a year earlier. This was mainly attributable to the completion of large capital investments in production facilities, a reduction in inventory assets, and progress made with structural reforms.

Capital expenditures amounted to ¥18.1 billion in fiscal 2020. Under the Company's new mid-term management plan spanning from fiscal 2021 to 2023, capital expenditures are expected to total ¥78.0 billion, equivalent to about 70% of the ¥107.8 billion in depreciation and amortization forecast over the same three-year period. The capital expenditures will be used to further expand production capacity, and by maximizing that capacity, the Company expects to raise asset efficiency going forward.

#### Total assets and capital expenditures

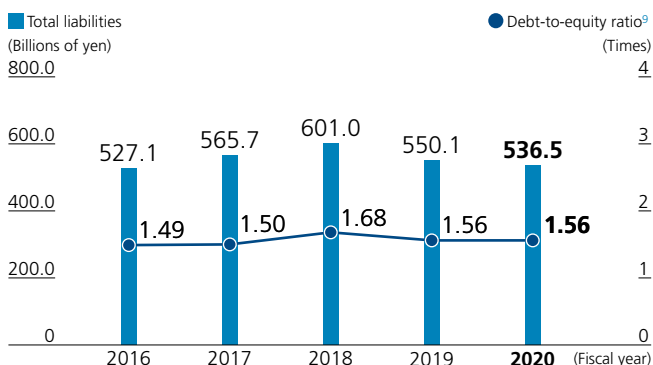


### Liabilities and Net Assets

As of March 31, 2021, total liabilities amounted to ¥536.5 billion, a decrease of 2.6% compared with a year earlier. This was mainly attributable to a decrease in interest-bearing debt, repayment of which was made possible by improved cash flow.

Net assets came to ¥196.4 billion, a decrease of 3.1% compared with a year earlier. Among the factors underlying this result, foreign currency translation adjustment decreased year on year, and retained earnings declined because the Company posted a net loss attributable to owners of the parent.

#### Total liabilities and debt-to-equity ratio



<sup>9</sup> Subordinated loans are included in debt-to-equity ratio calculations.

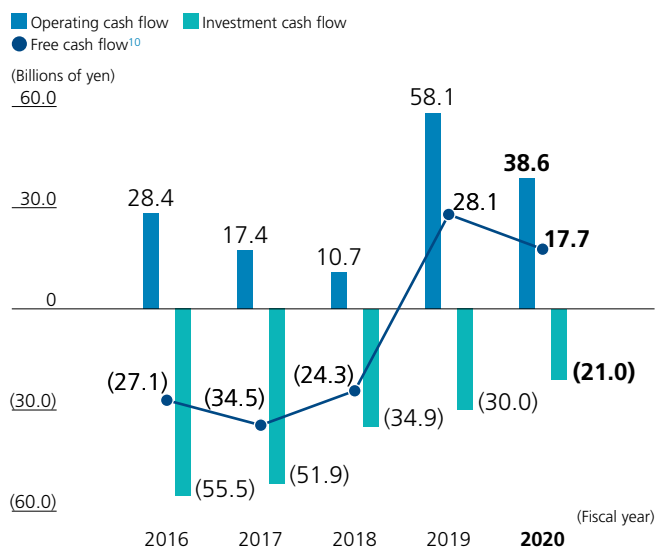
## Cash Flows

In fiscal 2020, net cash provided by operating activities fell by 33.5% year on year to ¥38.6 billion. This was mainly due to an increase in notes and accounts receivable—trade, which more than offset an increase in income before income taxes.

Net cash used in investing activities amounted to ¥21.0 billion, down 30.2% year on year, mainly attributable to lower expenditures for large-scale capital investments in Tri-Arrows Aluminum and UACJ (Thailand). To fund its cash requirements, the Company allocated its own funds along with loans and other sources. It deployed financing methods suited to how the funds were spent, while distinguishing between long-term funds, such as capital investment, and working capital (short-term funds). Concerned that financing conditions could worsen due to the impact of the COVID-19 pandemic, the Company borrowed funds for its pandemic countermeasures and established committed credit lines as a means to manage financing risks.

Based on the results, above, free cash flow came to ¥17.7 billion. Despite the impact of the COVID-19 pandemic, the Company achieved positive free cash flow for the second consecutive year, largely due to returns on major investments in production capacity expansion, which has enabled the Group to capture robust demand for aluminum can stock in North America. In addition, the Company reduced interest-bearing debt by about ¥40 billion over the three-year period from fiscal 2018 to 2020.

#### Cash flows



<sup>10</sup> Free cash flow = operating cash flow + investment cash flow

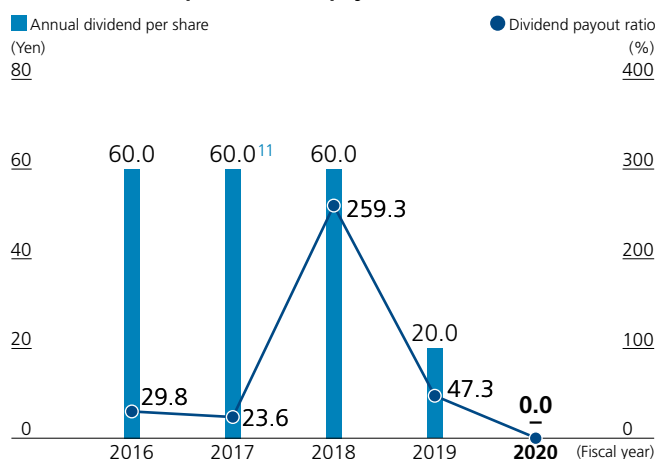
## Dividends

The Company's management regards dividends as the principle means of returning profits to shareholders. While following the Company's basic policy of continuously paying stable dividends, management decides on the dividend amount based on a

comprehensive assessment of various factors, including recent financial results, allocation of funds for investment aimed at raising corporate value and R&D needed for bolstering competitiveness, and measures for strengthening the Company's financial structure. As a means to more flexibly return profits to shareholders based on full fiscal year profits, the Company pays a single annual dividend at the fiscal year-end as a matter of policy. Given the strength of financial results in recent years, management will aim for a total return ratio of 30% over the long term in order to share profits commensurately. During the period of its current mid-term management plan, however, management is targeting a consolidated dividend payout ratio within the range of 20 to 30%, based on the amount of profit in the full fiscal year.

Regrettably, the Company did not pay a dividend for fiscal 2020 after a broad range of factors were considered, particularly financial results. The Company plans to resume the payment of a dividend for fiscal 2021, however, since its financial structure is expected to improve following increases in sales and income. The amount has been set at ¥40 per share.

#### Annual dividend per share and payout ratio



<sup>11</sup> The Company conducted a 1-for-10 reverse stock split of common shares effective from October 1, 2017. The annual dividend per share amounts for fiscal 2016 and 2017 were calculated to take the reverse stock split into account.

## Forecast for Fiscal 2021

In Japan, the Company expects an increase in sales volume of aluminum thick plates and automotive parts, which have been sluggish due to the COVID-19 pandemic. The higher rate of operations needed to boost this sales volume combined with cost cuts are expected to improve income results. Outside Japan, UACJ (Thailand), which has been seriously impacted by the pandemic, expects to post substantially higher sales and income.

The Company's management considered all of these factors when forecasting consolidated financial results for fiscal 2021, ending March 31, 2022. The forecast includes net sales of ¥700 billion, operating income of ¥33 billion, ordinary income of ¥25 billion, and net income attributable to owners of the parent of ¥12 billion. Anticipating this income growth in fiscal 2021 along with the completion of large investments, management intends to continue making further progress by limiting cash flow used in investment activities.

#### Forecast of consolidated financial results

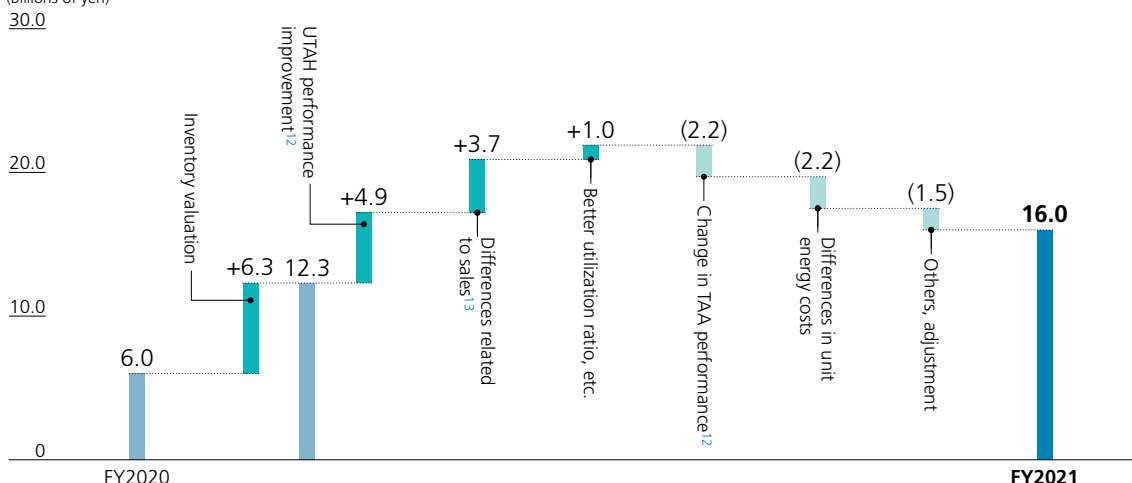
(Billions of yen)

	FY2020 results (A)	FY2021 forecast (B)	Difference (B)-(A)
Net sales	569.8	<b>700.0</b>	130.2
Operating income	11.1	<b>33.0</b>	21.9
Ordinary income before inventory valuation impact	6.2	<b>13.4</b>	7.2
inventory valuation impact	(0.2)	<b>11.6</b>	11.8
Ordinary income	6.0	<b>25.0</b>	19.0
Net income (loss) attributable to owners of the parent	(3.3)	<b>12.0</b>	15.3
Adjusted EBITDA	44.7	<b>54.9</b>	10.2
Annual dividend	—	<b>¥40 per share</b>	—

Note: The forecast for fiscal 2021 was revised in August 2021.

#### Assumed factors underlying the change between the ordinary income result in fiscal 2020 and forecast for fiscal 2021

(Billions of yen)



<sup>12</sup> Excluding impact of inventory valuation <sup>13</sup> Difference between ingot prices at time of purchase and product sale



(Millions of yen)

	Fiscal 2019 (as of March 31, 2020)	Fiscal 2020 (as of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	28,741	<b>28,085</b>
Notes and accounts receivable-trade	100,913	<b>119,967</b>
Merchandise and finished goods	45,608	<b>39,810</b>
Work in process	50,153	<b>45,535</b>
Raw materials and supplies	40,158	<b>46,354</b>
Other	23,444	<b>14,967</b>
Allowance for doubtful accounts	(98)	<b>(215)</b>
Total current assets	288,919	<b>294,502</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,353	<b>79,542</b>
Machinery, equipment and vehicles, net	137,232	<b>149,057</b>
Land	104,957	<b>103,754</b>
Construction in progress	50,657	<b>13,178</b>
Other, net	10,168	<b>10,277</b>
Total property, plant and equipment	375,366	<b>355,809</b>
Intangible assets		
Goodwill	39,148	<b>35,162</b>
Other	10,968	<b>9,356</b>
Total intangible assets	50,116	<b>44,518</b>
Investments and other assets		
Investment securities	13,036	<b>14,325</b>
Retirement benefit assets	432	<b>569</b>
Deferred tax assets	9,340	<b>8,481</b>
Other	15,652	<b>14,808</b>
Allowance for doubtful accounts	(75)	<b>(53)</b>
Total investments and other assets	38,384	<b>38,130</b>
Total non-current assets	463,866	<b>438,457</b>
Total assets	752,785	<b>732,960</b>

(Millions of yen)

	Fiscal 2019 (as of March 31, 2020)	Fiscal 2020 (as of March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	96,023	<b>101,090</b>
Short-term loans payable	54,298	<b>72,682</b>
Current portion of long-term loans payable	53,494	<b>37,358</b>
Other	60,619	<b>40,019</b>
Total current liabilities	264,434	<b>251,150</b>
Non-current liabilities		
Long-term loans payable	236,218	<b>225,748</b>
Lease obligations	5,031	<b>25,778</b>
Deferred tax liabilities	5,039	<b>9,838</b>
Retirement benefit obligations	18,182	<b>16,527</b>
Other	21,165	<b>7,474</b>
Total noncurrent liabilities	285,635	<b>285,365</b>
Total liabilities	550,069	<b>536,514</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	52,277	<b>52,277</b>
Capital surplus	80,318	<b>79,295</b>
Retained earnings	50,481	<b>46,247</b>
Treasury stock	(319)	<b>(329)</b>
Total shareholders' equity	182,756	<b>177,490</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	<b>937</b>
Deferred gains or losses on hedges	(2,042)	<b>(1,489)</b>
Foreign currency translation adjustment	10,079	<b>4,768</b>
Cumulative adjustments related to retirement benefits	(2,501)	<b>1,357</b>
Total accumulated other comprehensive income	5,607	<b>5,574</b>
Non-controlling interests	14,353	<b>13,382</b>
Total net assets	202,716	<b>196,445</b>
Total liabilities and net assets	752,785	<b>732,960</b>

## Consolidated Statements of Income

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
Net sales	615,150	<b>569,756</b>
Cost of sales	549,026	<b>504,183</b>
Gross profit	66,124	<b>65,574</b>
Selling, general and administrative expenses	55,997	<b>54,429</b>
Operating income	10,126	<b>11,144</b>
Non-operating income		
Employment adjustment subsidy	—	<b>801</b>
Foreign exchange gains	—	<b>385</b>
Other	2,779	<b>1,865</b>
Total non-operating income	2,779	<b>3,051</b>
Non-operating expenses		
Interest expenses	6,921	<b>6,352</b>
Other	2,197	<b>1,886</b>
Total non-operating expenses	9,118	<b>8,238</b>
Ordinary income	3,788	<b>5,958</b>
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	<b>1,941</b>
Other	2,057	<b>170</b>
Total extraordinary income	2,057	<b>2,112</b>
Extraordinary loss		
Loss on valuation of shares of subsidiaries and associates	5,330	<b>—</b>
Structural reform loss	986	<b>3,766</b>
Impairment loss	113	<b>193</b>
Loss on retirement of non-current assets	874	<b>463</b>
Other	164	<b>175</b>
Total extraordinary losses	7,467	<b>4,596</b>
Income or loss before income taxes	(1,622)	<b>3,473</b>
Income taxes-current	409	<b>1,475</b>
Income taxes-deferred	(4,958)	<b>3,141</b>
Total income taxes	(4,550)	<b>4,616</b>
Net income	2,927	<b>(1,144)</b>
Net income attributable to non-controlling interests	889	<b>2,125</b>
Net income attributable to owners of the parent	2,038	<b>(3,269)</b>

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
Net income	2,927	<b>(1,144)</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,599)	<b>866</b>
Deferred gains (losses) on hedges	(1,318)	<b>705</b>
Foreign currency translation adjustment	3,094	<b>(5,290)</b>
Adjustments to retirement benefits	(1,185)	<b>904</b>
Share of other comprehensive income of entities accounted for using equity method	(1,819)	<b>3,805</b>
Total other comprehensive income	(2,827)	<b>990</b>
Comprehensive income	101	<b>(153)</b>
(Attributable to)		
Owners of the parent	272	<b>(3,303)</b>
Non-controlling interests	(171)	<b>3,149</b>

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
<b>Net cash provided by (used in) operating activities</b>		
Income or loss before income taxes	(1,622)	3,473
Depreciation and amortization	27,748	30,007
Impairment loss	113	3,091
Amortization of goodwill	3,455	3,389
Interest and dividends income	(970)	(321)
Interest expenses	6,921	6,352
Decrease (increase) in notes and accounts receivable-trade	42,113	(20,359)
Decrease (increase) in inventories	7,936	2,977
Increase (decrease) in notes and accounts payable-trade	(23,077)	6,848
Other	3,746	7,566
Subtotal	66,364	43,024
Interest and dividends income received	1,070	477
Interest expenses paid	(7,046)	(6,363)
Income taxes (paid)	(2,274)	1,485
Net cash provided by (used in) operating activities	58,115	38,623
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(52,851)	(22,898)
Purchase of intangible assets	(516)	(919)
Proceeds from sale of shares of subsidiary due to change in scope of consolidation	21,341	2,208
Other	2,005	660
Net cash provided by (used in) investing activities	(30,021)	(20,950)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(7,441)	17,153
Proceeds from long-term loans payable	24,023	27,993
Repayment of long-term loans payable	(47,459)	(53,758)
Cash dividends paid	(2,894)	(965)
Dividends paid to non-controlling interests	(682)	(730)
Sale-and-leaseback revenues	3,521	24,896
Proceeds from sale and installment back	12,808	301
Payments of sale and installment back payable	(5,415)	(12,497)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,361)	(16,084)
Other	—	(3,735)
Net cash provided by (used in) financing activities	49	418
Effect of exchange rate change on cash and cash equivalents	(25,852)	(17,008)
Net increase (decrease) in cash and cash equivalents	349	(361)
Cash and cash equivalents at beginning of period	2,591	304
Cash and cash equivalents at end of period	25,190	27,781
	27,781	28,085



### Company Overview (as of October 1, 2021)

Corporate name	UACJ Corporation
Headquarters	Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo 100-0004 Japan
Representative Director & President	Miyuki Ishihara
Principal business	Manufacture and sales of flat rolled aluminum and casting, forged, and precision-machined products made of aluminum, aluminum alloys, and other nonferrous metals
Capital	¥52.277 billion
Number of employees (consolidated)	9,722 (As of March 31, 2021)
Fiscal year end	March 31
URL	<a href="https://www.uacj.co.jp/english/">https://www.uacj.co.jp/english/</a>

### Locations

Nagoya Works	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Works	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Works	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
Chubu Office	Kanayama Place, Kanayama 1-13-13, Naka-ku, Nagoya-shi, Aichi 460-0022, Japan
Kansai Office	Nakanoshima Mitsui Building, Nakanoshima 3-3-3, Kita-ku, Osaka-shi, Osaka 530-0005, Japan
Kyushu Branch	Hakata Gion M-SQUARE, 2-1 Reisen-machi, Hakata-ku, Fukuoka 812-0039, Japan
Research & Development Division	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Development Office	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Development Office	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
R&D Center (North America)	200 West Madison Street Suite 2150, Chicago, IL 60606, U.S.A.
R&D Center (Thailand)	INC2D-1122, 141 Thailand Science Park, Phahonyothin Road, Khlong Nueng, Khlong Luang, Pathum Thani, Thailand

### Group Companies in Japan

#### Flat Rolled Products Business

UACJ Fukaya Service Corporation  
UACJ Nagoya Alupack Corporation  
Sansen Co., Ltd.  
Furukawa UACJ Memory Disk Co., Ltd.

#### Extrusion Business

UACJ Extrusion Corporation  
UACJ Extrusion Oyama Corporation  
UACJ Extrusion Nagoya Corporation  
UACJ Extrusion Gunma Corporation  
UACJ Extrusion Shiga Corporation  
Light Metals Extrusion Development Co., Ltd.  
Nihon Cooler Co., Ltd.

#### Foil Business

UACJ Foil Corporation  
Nikken Co., Ltd.  
UACJ Foil Sangyo Corporation  
UACJ Foil Service Corporation

#### Casting and Forging Business

UACJ Foundry & Forging Corporation  
Higashi Nihon Tanzo Co., Ltd.

#### Precision-machined Components Business

UACJ Metal Components Corporation  
Nalco Koriyama Co., Ltd.

#### Others

UACJ Trading Corporation  
Izumi Metal Corporation  
Kamakura Industry Co., Ltd.  
UACJ Marketing & Processing Corporation  
UACJ Aluminum Center Corporation  
UACJ Logistics Corporation<sup>1</sup>  
UACJ Green-net Corporation

## Group Companies outside Japan

### Flat Rolled Products Business

UACJ (Thailand) Co., Ltd. (Thailand)  
 Tri-Arrows Aluminum Holding Inc. (USA)  
 Tri-Arrows Aluminum Inc. (USA)  
 Logan Aluminum Inc. (USA)<sup>1</sup>  
 Bridgnorth Aluminium Ltd. (UK)<sup>1</sup>  
 Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd. (China)<sup>1</sup>  
 UPIA Co., Ltd. (South Korea)

### Automotive Parts Business

UACJ Automotive Whitehall Industries, Inc. (USA)  
 Dicastal UACJ Bolv Automotive Components Co., Ltd. (China)<sup>1</sup>

### Extrusion Business

UACJ Extrusion (Tianjin) Corporation (China)  
 UACJ Extrusion (Thailand) Co., Ltd. (Thailand)  
 UACJ Extrusion Czech s.r.o. (Czech Republic)

### Foil Business

UACJ Foil Malaysia Sdn. Bhd. (Malaysia)

### Casting and Forging Business

UACJ Foundry & Forging (Vietnam) Co., Ltd. (Vietnam)

### Precision-machined Components Business

UACJ Metal Components North America, Inc. (USA)  
 UACJ Metal Components Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components Central Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components (Thailand) Co., Ltd. (Thailand)  
 P.T. Yan Jin Indonesia (Indonesia)  
 UACJ (Wuxi) Aluminum Products Corporation (China)

### Others

UACJ North America, Inc. (USA)  
 Shanghai UACJ Dongyangguang Aluminum Sales Corporation (China)  
 Shaoguan UACJ Dongyangguang Aluminum Sales Corporation (China)  
 UACJ MH (Thailand) Co., Ltd. (Thailand)  
 UACJ (Shanghai) Aluminum Corporation (China)  
 UACJ Elval Heat Exchanger Materials GmbH (Germany)  
 UACJ Trading (Thailand) Co., Ltd. (Thailand)  
 Siam UACJ Trading Co., Ltd. (Thailand)  
 UACJ Trading (Shanghai) Co., Ltd. (China)  
 UACJ Trading (Kunshan) Metal Products Co., Ltd. (China)  
 UACJ Trading (HongKong) Co., Ltd. (China)  
 UACJ Trading (Dalian.F.T.Z.) Co., Ltd. (China)  
 UACJ Trading Czech s.r.o. (Czech Republic)  
 UACJ Trading (America) Co., Ltd. (USA)  
 UACJ Marketing & Processing America, Inc. (USA)  
 UACJ Marketing & Processing Mexico, S.A. de C.V. (Mexico)  
 UACJ Australia Pty. Ltd. (Australia)  
 Boyne Smelters Ltd. (Australia)<sup>1</sup>

## Stock Overview (as of March 31, 2021)

Total number of shares issuable	170,000,000 shares <sup>2</sup>
Total number of shares issued and outstanding	48,328,193 shares <sup>3</sup> (Including 102,305 shares of treasury stock)
Number of shareholders	26,317

<sup>2</sup> The number of shares issuable was revised to 170,000,000 due to a reverse stock split on October 1, 2017.

<sup>3</sup> The number of shares became 48,328,193 due to a reverse stock split on October 1, 2017.

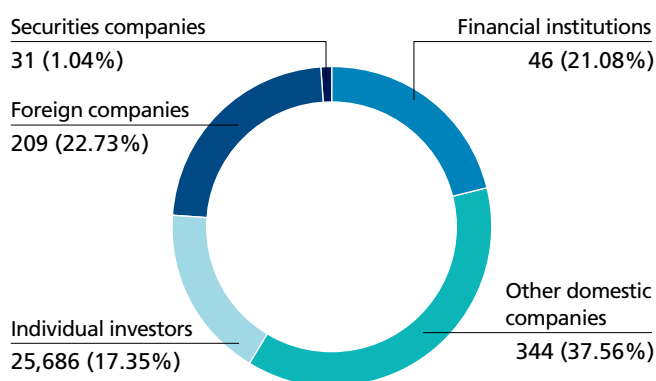
### Major Shareholders

Shareholder name	Shareholdings Number of shares held (hundreds) <sup>4</sup>	Percent of total <sup>5</sup>
Furukawa Electric Co., Ltd.	120,365	24.95
NIPPON STEEL CORPORATION	37,446	7.76
The Master Trust Bank of Japan, Ltd. (investment trust account)	26,617	5.51
GOLDMAN SACHS INTERNATIONAL	18,194	3.77
Custody Bank of Japan, Ltd. (Securities Trust Account)	15,465	3.20
ECM MF	14,500	3.00
Custody Bank of Japan, Ltd. (Securities Trust Account No. 9)	10,571	2.19
Merrill Lynch International (non-collateral prime brokerage account agreement for clients) MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	10,090	2.09
DFA INTL SMALL CAP VALUE PORTFOLIO	8,579	1.77
The UACJ Group Employee Stock Ownership Plan	8,227	1.69

<sup>4</sup> The number of shares is shown after rounding off figures of less than 100 shares.

<sup>5</sup> Calculations of equity position exclude treasury stock (102,305 shares), and figures have been rounded off below the second decimal place.

### Ownership Ratio by Type of Investor<sup>6</sup>



<sup>6</sup> Calculations of equity position are rounded down to the second decimal point.

<sup>1</sup> Equity-method affiliate

# Answers to shareholder and investor questions about UACJ's business and operating environment.

## Q What business areas does UACJ engage in?

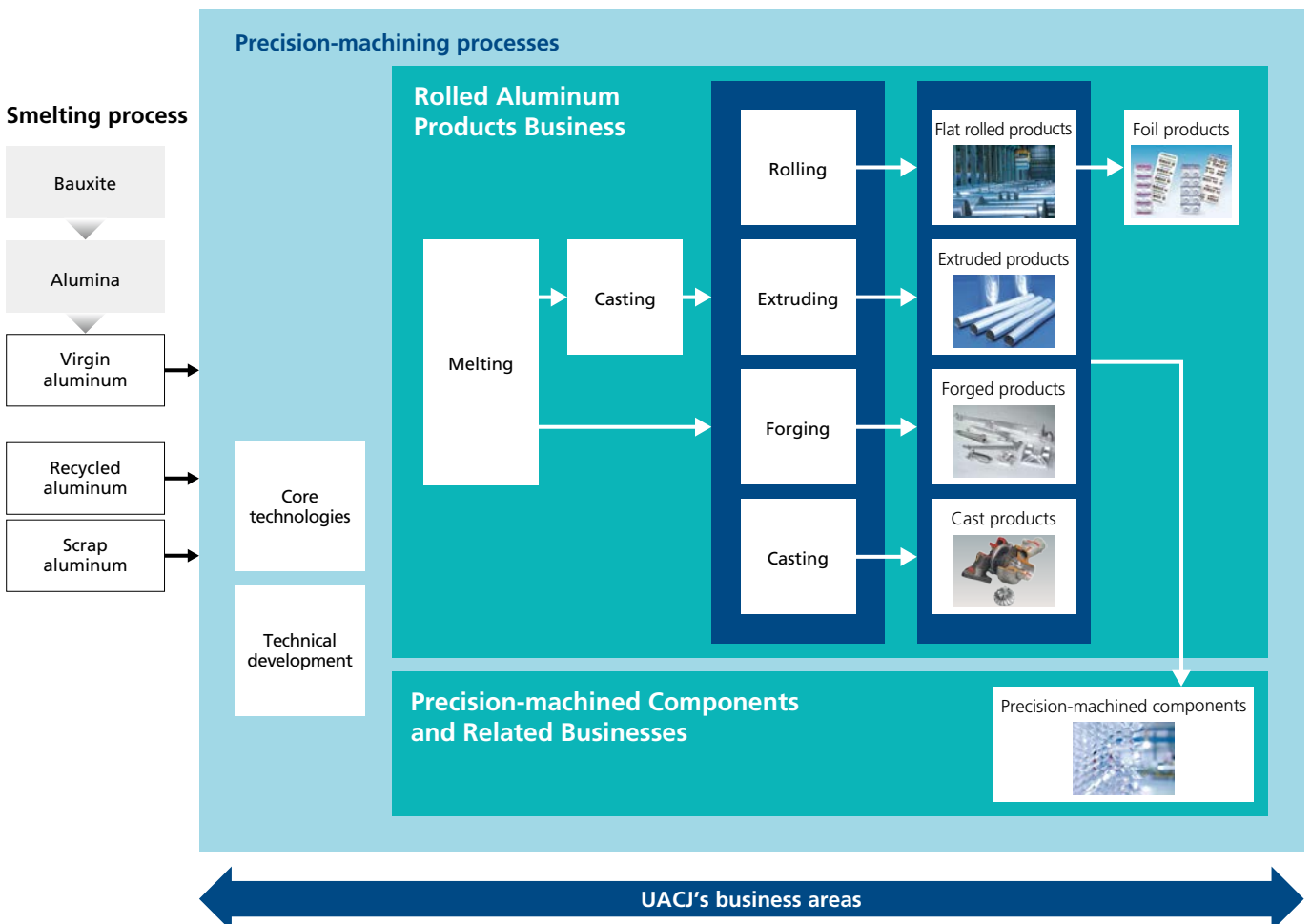
A Aluminum is produced by smelting bauxite into alumina which is then used to form virgin aluminum. This virgin aluminum is then melted down and turned into materials for use in a variety of products through processes such as rolling.

UACJ does not engage in the smelting process. We purchase aluminum ingots and then use processes such as rolling to create a wide range of aluminum products. One of our standout characteristics is that we can carry out every process used in the aluminum rolling industry, including rolling for creating flat rolled and foil products, extruding to form shapes such as rods and pipes, casting, forging, as even processes for creating complex structures such as honeycombs. We then supply these materials for various uses in industry, as well as to create a range of familiar products in our daily lives.

Also, while the aluminum industry is known for producing

large amounts of CO<sub>2</sub> emissions, the majority of these emissions are produced during the smelting process. As we do not engage in smelting, our business activities do not produce an excessive amount of emissions. We are also working to curb overall CO<sub>2</sub> emissions by recycling aluminum products and using the recycled aluminum as a raw material.

The amount of emissions generated in the production of recycled aluminum is 97% lower than the amount generated in the production of new aluminum from bauxite. Therefore, using recycled aluminum in business activities will realize the biggest possible CO<sub>2</sub> emissions reductions for the aluminum industry. We have made promoting aluminum recycling into one of the major policies of our Third Mid-term Management Plan and we are actively advancing initiatives in this area.



**Q How do you produce flat rolled products?**

**A** The manufacturing process begins by melting an aluminum ingot, then removing impurities and forming the liquefied aluminum into a large cuboid slab. The Fukui Works produces slabs that can be as large as 2.3 meters wide and 10 meters long, and weigh up to 32 tons. The surfaces are scraped and the slab is treated by heating to a uniform temperature up to 600°C throughout the slab. The slab is then sent to a hot rolling line where a hot-rolling machine presses it into sheets as thin as 3mm. The

sheets are then wound into a coil. The sheets are then passed through a cold-rolling machine that rolls the aluminum to the specific thickness, flatness, and strength needed for its intended use. The final process is the finishing, where the surface is treated and coated for the final product, such as cans, before being delivered to the customer.

The UACJ website has a video explaining the full manufacturing process. <https://www.uacj.co.jp/english/ir/other/movie/index.htm>



**Flat Rolled Product Production Process**



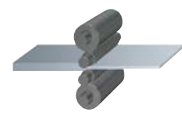
**Melting**



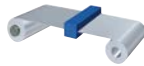
**Casting**



**Hot mill rough rolling**



**Finishing inspection/packaging**



**Cold mill rolling**



**Hot mill finish rolling**



**Q How is aluminum important for reducing the weight of automobiles, and which automobile parts are made of aluminum?**

**A** Aluminum is lighter than steel—about one-third the weight of steel—as well as strong, easy to process, resistant to corrosion, thermally conductive, and recyclable. Due to those excellent properties, it has been adopted for major automobile parts such as engines, transmissions, and wheels. Automakers have been increasingly using aluminum in recent years for body sheet and frames in preparation for stricter fuel efficiency standards that will

be go into effect in many countries in 2020. Our mid-term management plan that began in fiscal 2018 positioned supplying a diverse range of automotive aluminum parts and components and contributing to becoming a solutions provider for reducing the weight of automobiles as key measures. We are continuously working toward these goals on a Group-wide basis.

**Casting and Forging Business**

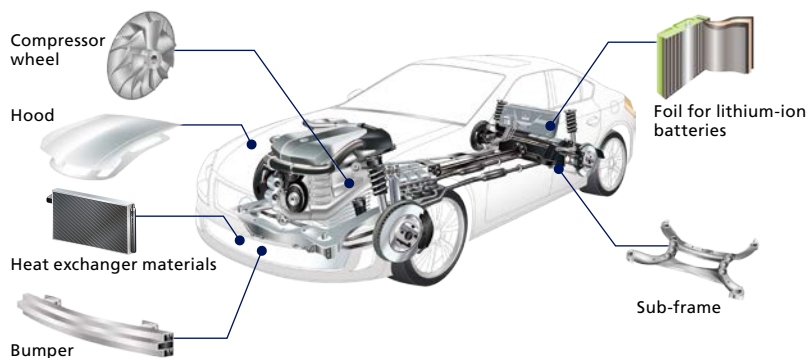
Vehicle wheels and turbocharger compressors

**Flat Rolled Products Business**

Doors, hoods, roofs, and other exterior parts; heat exchanger materials

**Precision-machined Components Business**

Bumpers, bus bars, other components



**Foil Business**

Aluminum and copper foil for lithium-ion battery positive/negative electrodes

**Extrusion Business**

Heat exchanger materials and structural components, such as sub-frames



# UACJ Corporation

## IR Department

Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo,  
100-0004 Japan  
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**<https://www.uacj.co.jp/english/>**

For comments or suggestions regarding this report,  
please use the inquiry form provided (page linked to  
the above URL) or contact UACJ via telephone or  
facsimile using one of the numbers provided above.

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