

Contributing to a better world and healthier environment by helping build a circular economy and broadening applications for aluminum



Miyuki Ishihara

Representative Director & President

Record-high sales and profits posted on the back of growing global demand

In fiscal 2021, ended March 31, 2022, the UACJ Group leveraged its three-country supply network to capture growing global demand for flat-rolled aluminum products, laying a path for medium- to long-term growth in the first fiscal year of its current mid-term management plan, ending in fiscal 2023. Demand for flat-rolled aluminum for can stock, especially, continued to rise as the shift away from plastic gained momentum amid growing environmental awareness. To meet robust demand for aluminum can stock in the North American market, Tri-Arrows Aluminum continued to operate at full-capacity, but with orders already filled through to 2025, the Group's manufacturing plants in Japan and Thailand are supplying products to keep up with demand growth. Meanwhile, backed by solid demand for aluminum automotive parts and structural materials as automakers shift to electric vehicles (EVs), the Group increased its sales of these products to emerging EV manufacturers in the United States during the fiscal year.

Against this backdrop, UACJ has been generating returns on the large investments it made in the United States and Thailand to expand production capacity, thereby boosting its earnings power. The Company has also enhanced its ability to respond to changes in the operating environment by implementing structural reforms, such as rationalizing production in Japan and improving

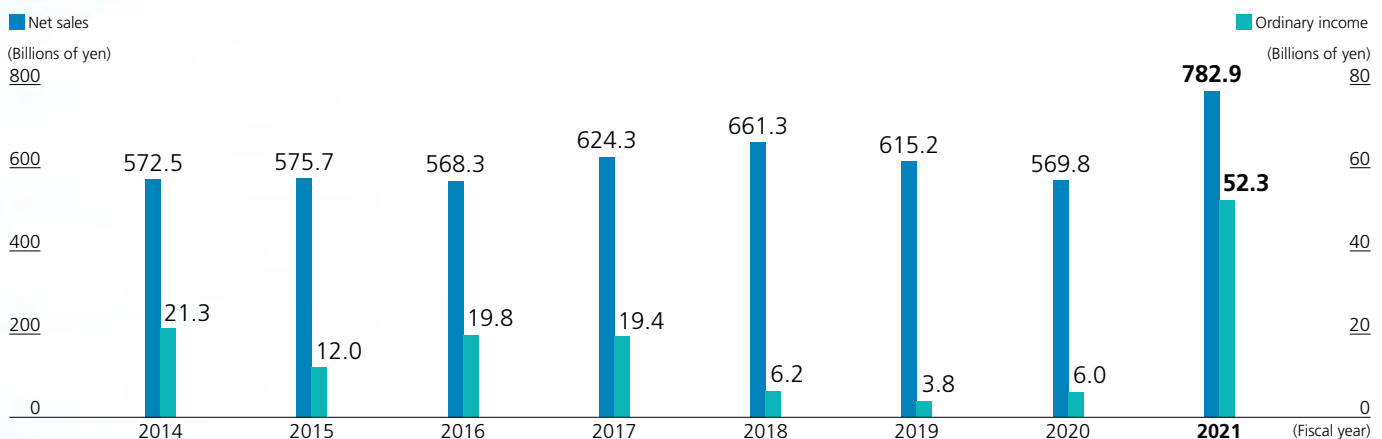
management systems. As a result of these factors along with various headwinds, including higher market prices of aluminum, the Company posted the highest consolidated sales and profits since its establishment through merger in 2013. Net sales came in at ¥782.9 billion, operating income totaled ¥59.5 billion, ordinary income amounted to ¥52.3 billion, and net income attributable to owners of the parent totaled ¥32.1 billion. We also expect to achieve our targets in fiscal 2022.

Uniting the Group's members under a common purpose to complete structural reforms

UACJ made large investments from the time it was established through to 2019, and entered the final phase of those investments after I was appointed as president in June 2018. Around that time, China's economy slowed down dramatically following its trade war with the United States, and the global aluminum market rapidly deteriorated. The Group was also affected by a number of internal issues, such as UACJ (Thailand)'s prolonged unprofitability, which forced us to make major changes to our growth strategies. To overcome these difficulties, we launched drastic structural reforms throughout the entire Group in October 2019.

In order to execute those reforms, however, I believed it was necessary to unite the Group's diverse members under a common purpose, because many employees from around the world had newly joined after UACJ acquired

Consolidated net sales and ordinary income



subsidiaries and built production facilities in the United States and Thailand. Therefore, I initiated a review of the UACJ's fundamental purpose, and started a project to redefine the Group's management principles. In February 2020, we announced that our purpose was to "contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability," and created a set of guidelines for all employees to follow called The UACJ Way.

Unfortunately, COVID-19 began spreading around the world in early 2020, resulting in serious restrictions on international movement and interaction by employees. Nevertheless, we quickly deployed tools to facilitate communication between members of the Group's companies worldwide, such as holding online meetings.

For a very long time, I have believed that hard work leads to success, and have always told my colleagues that results will come if we just keep at it and persevere to the end. Since becoming president, I have used the example of team sports with employees to encourage them to work towards the same goal as a team, play their respective positions and roles, and battle on until the final whistle. When pushing through with the structural reforms, in video messages and meetings with all group companies, I have been emphasizing the importance of having all members of the Group independently play active roles in accordance with our new purpose and guidelines. This has gradually led to a shared understanding of the purpose and guidelines as well as

greater cohesiveness among our members, setting a new stage for the Group's corporate culture.

I have no doubt that the achievement of record-high earnings in fiscal 2021 despite a challenging operating environment was the outcome of steadfast efforts by all of the Group's members to carry out the reforms with a common purpose. Therefore, this success should motivate employees individually and boost morale on an organizational level. We have continued to face difficulties over the past nine years since UACJ's establishment, especially since 2018, but those difficulties were overcome through the collective efforts of all employees. I believe this indicates how the Group has evolved into one big team, and I am confident that it will continue making progress as an even stronger team in the future.

Building a responsible supply network to meet the demands of the times

Amid increasingly serious ocean pollution and problems caused by climate change, the shift away from plastic and the widespread adoption of EVs are irreversible trends that will accelerate in the future. Therefore, demand for flat-rolled aluminum products, which are useful for a variety of environmental solutions, should continue to grow over the medium and long terms. Aluminum product manufacturers, however, must improve their performance with respect to environmental, social and governance (ESG) criteria since ESG investing has attracted more and more attention in recent years.

Aiming to raise the Group's performance in this way, UACJ joined the Aluminium Stewardship Initiative (ASI) in July 2020, becoming Japan's first flat-rolled aluminum manufacturer to gain membership in this international organization, which certifies companies for responsible aluminum production, procurement, and management. Fukui Works in Japan and Rayong Works in Thailand both acquired ASI certification in March 2022, and manufacturing plants operated by Tri-Arrows Aluminum in the United States expect to be certified in the fiscal year underway. Having ASI certification has already become a condition for concluding contracts with beverage manufacturers and global automakers, which place high



importance on environmental responsibility. Accordingly, acquiring ASI certification will be essential for increasing business opportunities in the future, so we plan to steadily increase the number of certified manufacturing plants.

The Group is maximizing the potential of its three-country supply network to fulfill its important responsibility as a global manufacturer to meet strong demand for aluminum products around the world. In fiscal 2021, UACJ (Thailand) reached full capacity—over 320 thousand tons annually—of flat-rolled aluminum for can stock, demand for which continues to rise in Asia and North America, especially. It is now operating the same type of production lines as our lines in Japan, which I was involved in designing as an engineer. Tri-Arrows Aluminum boosted production capacity by expanding the aluminum recycling line it installed in 2020, allowing it to increase output while also reducing CO₂ emissions and costs. It is currently planning to install new facilities to keep up with robust demand. The balance of supply and demand in the North American market will continue to be tight, so the Group's manufacturing plants in Japan, the U.S., and Thailand will further coordinate output to supply can stock there in the years ahead. In the Group's automotive parts business, we boosted production capacity through investment in facilities operated by UACJ Automotive

Whitehall Industries. We look forward to increasing capacity further when a new plant in Arizona starts operating in the future. We are focusing on expanding the automotive parts business across the Group's international operations by leveraging its competitive advantages, particularly its ability to apply technologies to promptly meet customers' requirements.

Looking ahead, we intend to capture rising demand for aluminum products by effectively coordinating the Group's supply of can stock from Japan, the U.S., and Thailand, and by taking advantage of our solid customer base of major Japanese and American automakers to supply aluminum parts under a business model of local production for local consumption.

Accelerating expansion into new business sectors over the next decade

To help make the world more sustainable, we believe aluminum should be used in a wider range of industries. Therefore, in our long-term roadmap, UACJ Vision 2030, we specified three new sectors to focus on: mobility, lifestyles and healthcare, and environment and energy. Although just over a year has passed since we created this vision, new business seeds have already begun to sprout.

The UACJ Group's operating environment and direction

Main trends and challenges in fiscal 2021

Growth in global demand for flat-rolled products

1. Rising global demand for can stock amid growing environmental awareness
2. Rising demand for aluminum auto parts, air conditioning components, and thick plates

Rising prices and supply bottlenecks

1. Sudden fluctuations of aluminum market prices
2. Steeply rising energy prices
3. Soaring prices of alloy additives
4. Rising logistics costs
5. Reduced automobile production due to semiconductor shortages

The UACJ Group's key initiatives

Made progress in completing structural reforms and positioning the Group for future growth and the success of UACJ Vision 2030

- ✓ Promptly responded to changes in the operating environment
- ✓ Implemented additional measures to complete structural reforms
- ✓ Leveraged the three-country supply network to increase can stock sales
- ✓ Moved forward with plans to expand production capacity in the U.S.
- ✓ Improved UACJ Automotive Whitehall's production and sales systems
- ✓ Implemented sustainability management
- ✓ Took steps to create new businesses
- ✓ Strengthened the financial structure

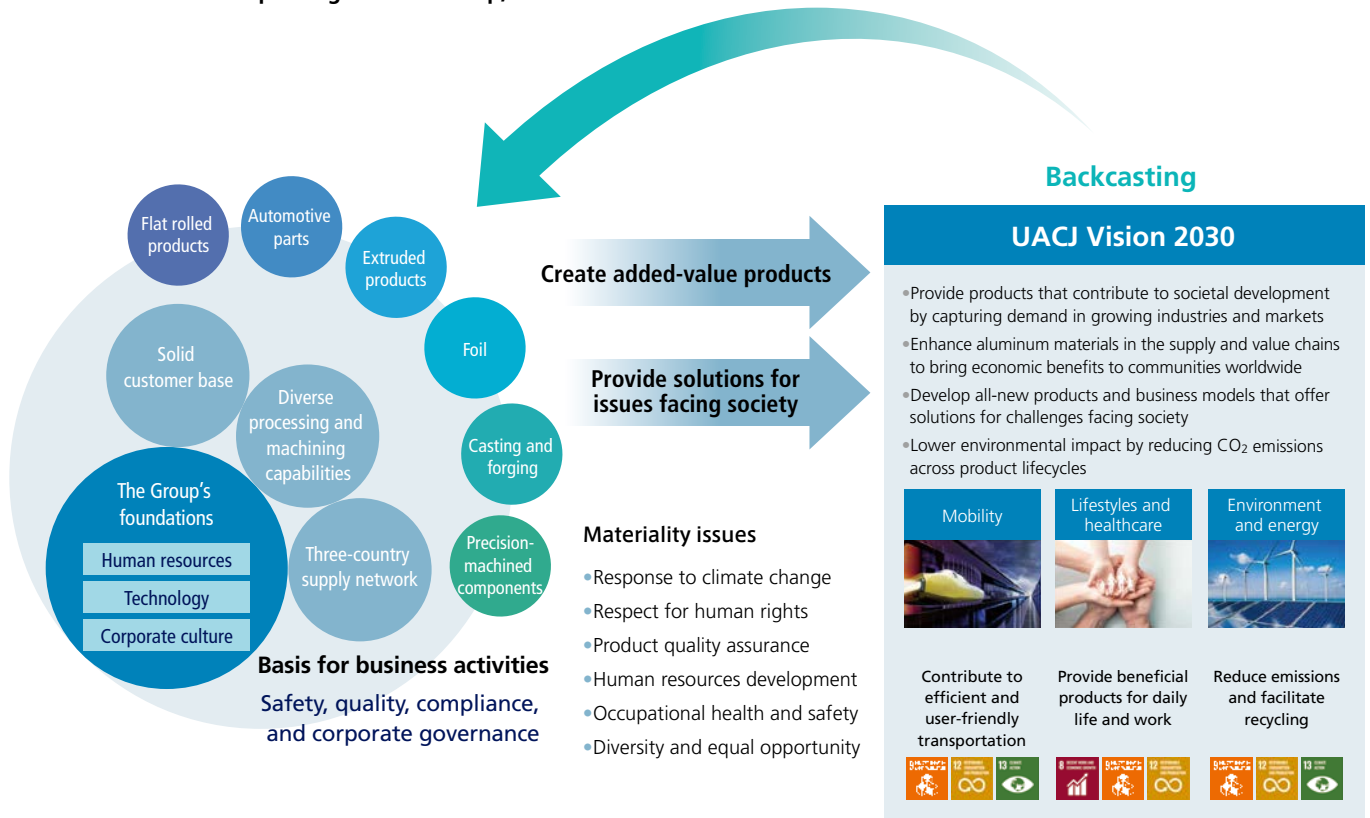
For example, in the mobility sector, UACJ's aluminum automotive parts are now being used for EVs at the verification stage of a smart city being built by a major automaker in Japan. In the environment and energy sector, UACJ has been participating in a project to manufacture and supply thick plates for tanks used in ships that can transport hydrogen and ammonia, which are expected to be used as alternatives to fossil fuels. In the lifestyles and healthcare sector, the Company has developed lightweight and highly effective flood barriers made from extruded aluminum materials, and is verifying regional emergency water supply operations using aluminum bottles that can store drinking water for long periods of time. These two new businesses can contribute to community disaster preparedness, and were developed as business plans based on ideas submitted by employees through the Company's in-house venture system. I hope even more employees will be "curious and challenging," one of the values of our management philosophy, and continue creating such

forward-looking businesses to open up new possibilities for aluminum in the future.

Building a sustainable world with aluminum at the heart of the circular economy

Aluminum will be an essential metal for the world's sustainability in the future. Therefore, I believe aluminum product suppliers must also be sustainable. Recognizing sustainability as fundamental for management from that standpoint, we designated six materiality issues to address on a priority basis, which are related to four of the UN's Sustainable Development Goals, and created the UACJ Group Sustainability Policy, entitled "Passing down a better world over the next century." In line with this policy, UACJ became a signatory to the UN Global Compact, the world's largest corporate sustainability initiative, in April 2021. We also positioned sustainability as the most important issue of our UACJ Vision 2030 and current

Framework of the Group's long-term roadmap, UACJ Vision 2030



mid-term management plan. Furthermore, we specified key performance indicators and carried out various activities related to each of the six materiality issues.

For example, with respect to the materiality issue, occupational health and safety, we revised our targets for the number and seriousness of workplace accidents. We also issued our Health First Management Declaration, and are promoting employee health management while raising awareness of health issues among employees and their family members. For our materiality issue, respect for human rights, we carried out human rights due diligence at two of the Group's main manufacturing plants, and created the UACJ Group Human Rights Policy. As part of our response to climate change, we declared our intention to become carbon neutral by 2050, and to achieve that, set the goal of minimizing CO₂ emissions from the Group and its entire supply chain. As a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), UACJ joined the TCFD Consortium in 2021, and conducted an analysis and assessment of climate-related risks and opportunities with support from Japan's Ministry of Environment. Projecting a major shift to renewable energy and material recycling based on a scenario of a 1.5° Celsius rise in temperature, the analysis concluded that the Group can contribute to building a low-carbon economy and recycling-based society by utilizing the beneficial properties of aluminum.

I believe the results of the analysis show that the biggest contribution the UACJ Group can make to pass down a better world over the next century is to build a circular economy with aluminum products. As many people know today, aluminum is very easy to recycle and used aluminum products can be recycled into the same kinds of products, a process called closed-loop recycling. Moreover, producing aluminum by recycling scrap emits 97% less CO₂ than by producing virgin aluminum from raw materials in the smelting process. Accordingly, the more aluminum is recycled and used across a wider range of applications, the more CO₂ emissions will be reduced over product life cycles. I believe a system should be established to reflect these reduced emissions in the value of aluminum. The UACJ Group can substantially contribute to these reductions as a world-leading supplier of

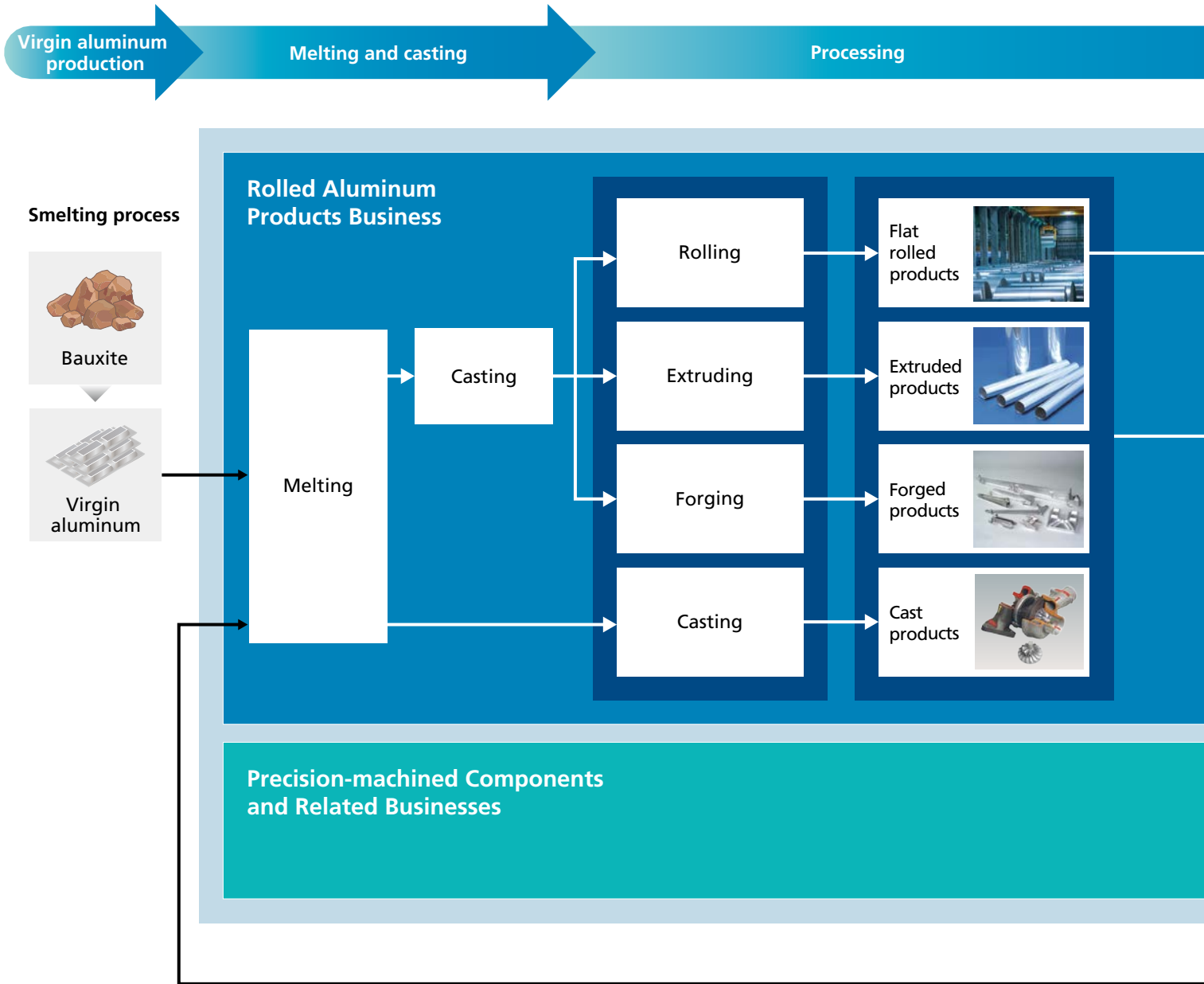


aluminum products totaling over 1.3 million tons annually. Therefore, all of us in the Group feel a strong commitment to building such a circular economy.

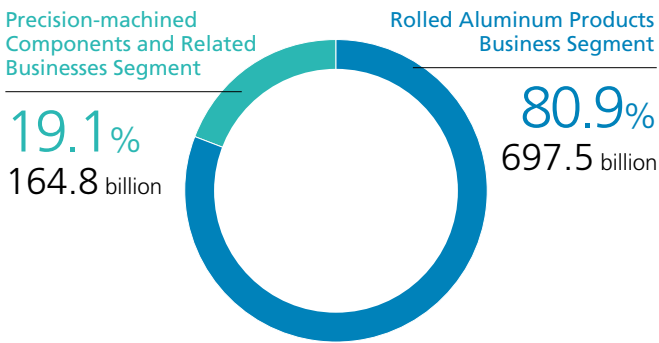
To facilitate closed-loop recycling of a wide range of aluminum products in addition to beverage cans, UACJ is involved in a project back by Japan's New Energy and Industrial Technology Development Organization to conduct technical research and development on the production of high-grade wrought aluminum from low-grade scrap. We also plan to set up recycling systems for aluminum automotive parts and other products throughout the Group's supply chain.

Aluminum is a very useful and beneficial metal. By making the most of its recyclability, light weight, and high thermal conductivity, we can reduce CO₂ emissions across a broad range of industries. From my perspective as an engineer and a corporate executive, aluminum should be used in many more applications. UACJ is built on a history spanning over a century, but for it to thrive in the next 100 years, we must explore new ways of using aluminum and take the lead in realizing a recycling-based society by putting aluminum at the heart of the circular economy. With this in mind, I recognize that I have an important role and responsibility as president to keep the Group on track towards achieving its goals and to effectively allocate operational resources, including necessary personnel, technologies, and capital. The entire UACJ Group is committed to increasing the value of its aluminum products businesses and passing down a better world over the next century. As we pursue these endeavors, we ask for the continued support of the Group's stakeholders.

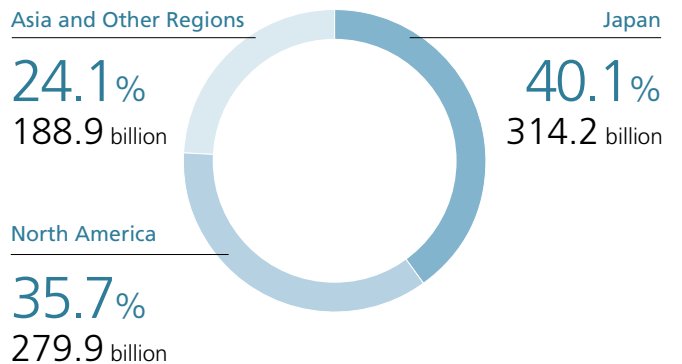
Business Models



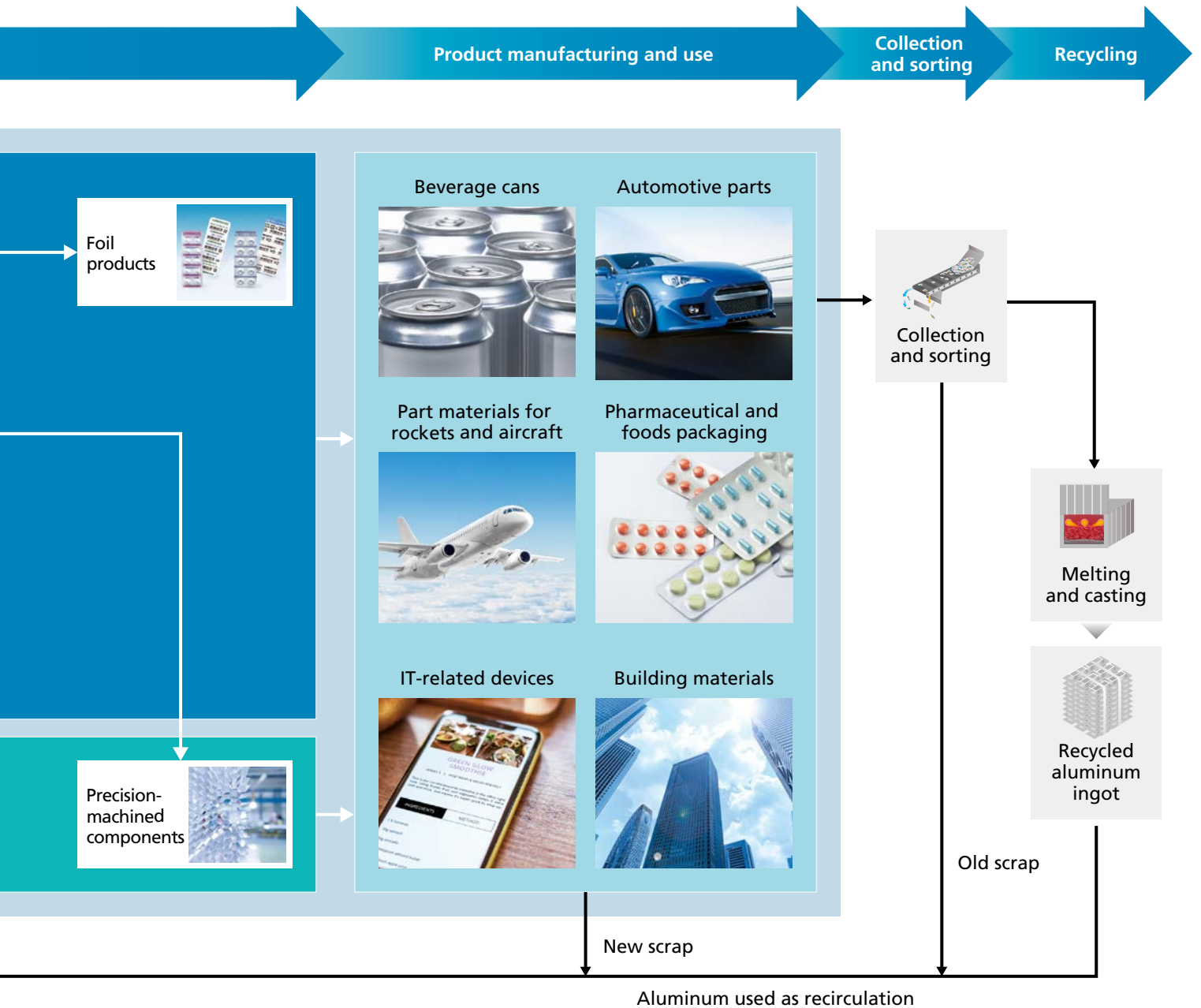
Net sales by business segment in fiscal 2021*1



Net sales by geographical segment in fiscal 2021



*1 Segment sales totals include inter-segment sales and transfers.

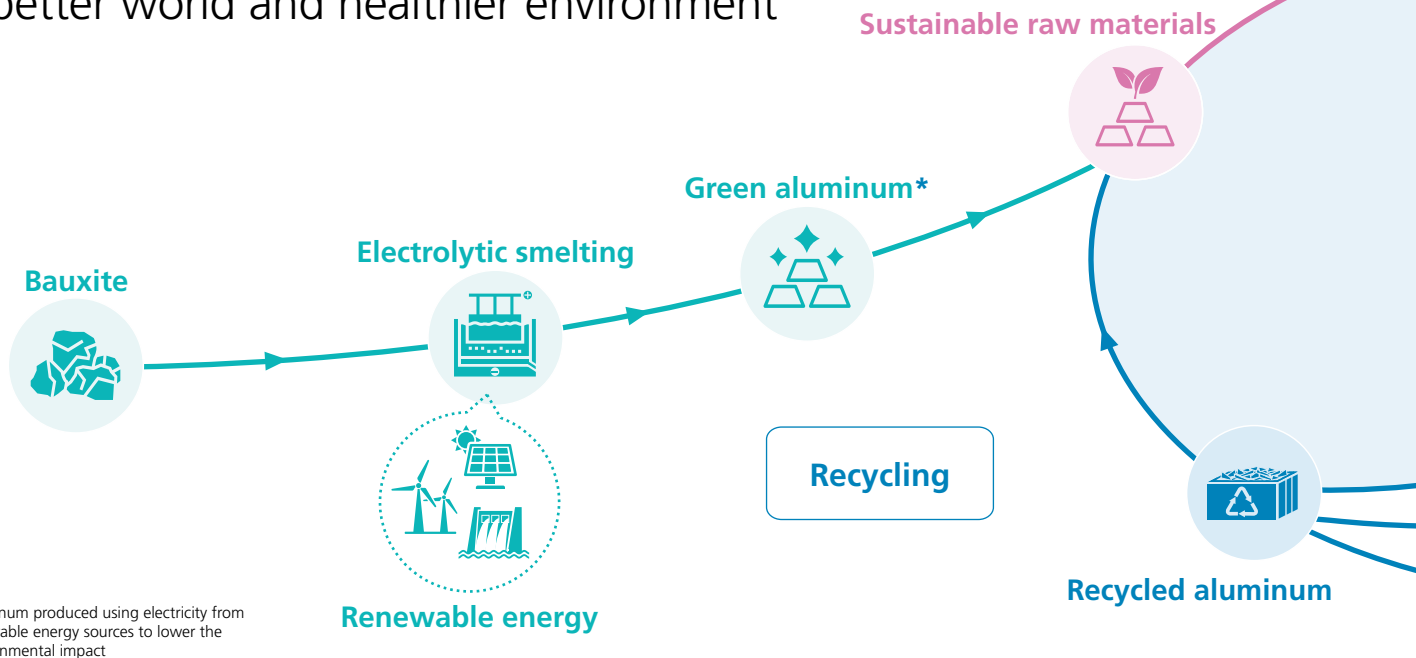


Sales volume of flat-rolled aluminum by product usage and geographical region

Product usage	Fiscal 2021 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock	816	63.1%	Can manufacturers	Beverage and food product manufacturers
Foil stock	56	4.3%	Foil manufacturers	Pharmaceutical and food product manufacturers, Battery manufacturers
Casings and substrates* ²	14	1.1%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	138	10.7%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	53	4.1%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	216	16.7%	Building material manufacturers and metal trading companies	Large construction general contractors
Total	1,293	100%		

*² PC and smart device casings; electronic equipment substrates

Broadening the Group's business model for a better world and healthier environment



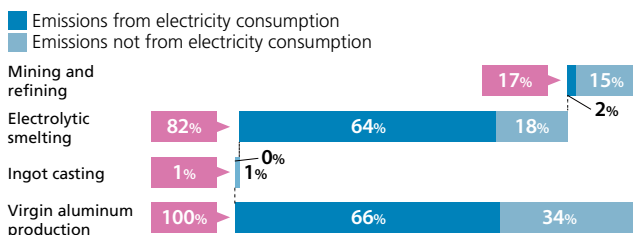
* Aluminum produced using electricity from renewable energy sources to lower the environmental impact

Supplying green aluminum

Benefit 1 Lower environmental impact at the aluminum smelting stage

A vast amount of electricity is consumed to produce virgin aluminum. In fact, electricity consumption accounts for 66% of all greenhouse gases (GHGs) emitted from mining to smelting and the final casting of ingots. The smelting stage, however, can be eliminated by recycling aluminum, thereby drastically reducing GHG emissions. Because it is recognized as a metal that can help alleviate environmental burdens, global demand for aluminum is on the rise. Since this demand cannot be met by recycled aluminum alone, production of virgin ingots is still necessary. Therefore, efforts are underway to produce these ingots using electricity from renewable energy sources in the smelting process, and widely supply this "green aluminum" to the world.

Breakdown of GHG emissions from virgin aluminum production



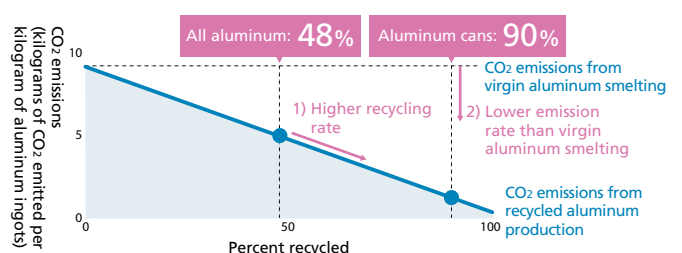
Source: Data published by the International Aluminum Institute

Collecting and recycling aluminum

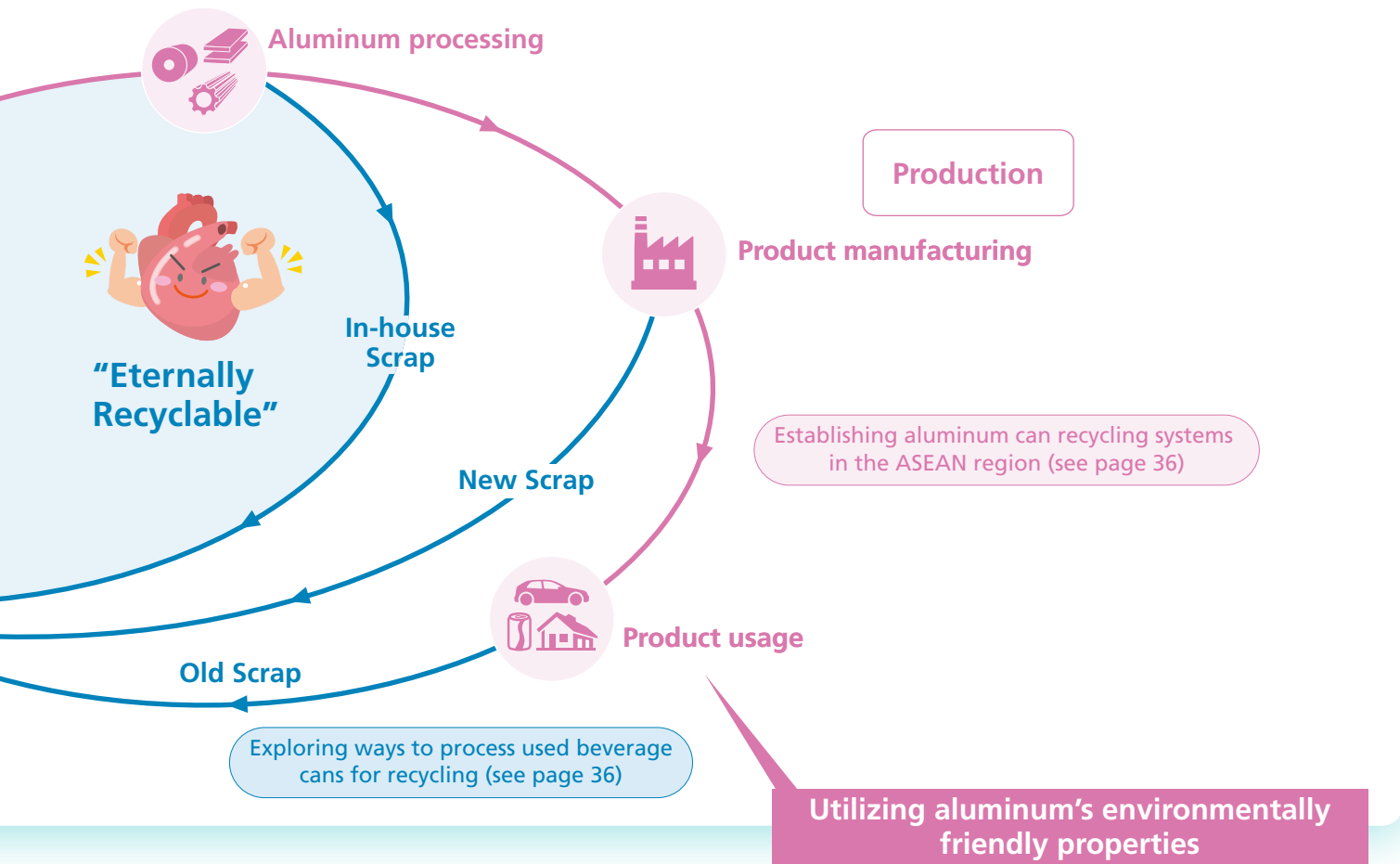
Benefit 2 Lower environmental impact of recycled aluminum

Recycled aluminum production emits only about 3% of the CO₂ emitted from the production of virgin aluminum ingots. Accordingly, raising the aluminum recycling rate can substantially reduce environmental impacts at the product manufacturing and usage stages. Significant progress has been made in aluminum can recycling, especially, but challenges remain for recycling other aluminum products. To provide solutions for these challenges, UACJ is collaborating with business partners while drawing on its many years of expertise in aluminum alloy processing and development to set up systems for recovering aluminum from products besides cans, and exploring ways to remove impurities that accumulate as recycling is repeated.

Comparison of aluminum recycling rates and CO₂ emissions



Source: *Aluminium Vision 2050* published by the Japan Aluminium Association in September 2020
 Formula: (CO₂ emissions from virgin aluminum smelting) × (1 - percentage recycled) + (CO₂ emissions from recycled aluminum production) × (percentage recycled)



UACJ's initiatives for spurring advances in recycling methods

Developing an alloy production process to allow the use of various kinds of scrap

The varying properties of scrap aluminum, even the same alloys are collected, is an obstacle to recycling. To overcome this hurdle, UACJ is applying its expertise built up over many years to develop an alloy production process that allows various kinds of scrap aluminum to be used in the same way as new aluminum ingots.

Enabling scrap aluminum to be recycled directly

Directly recycling scrap aluminum into new materials can reduce the overall environmental impact of recycling operations. Toward that end, the Company has established an integrated aluminum can recycling system that allows scrap to be used as is, without any special treatment.

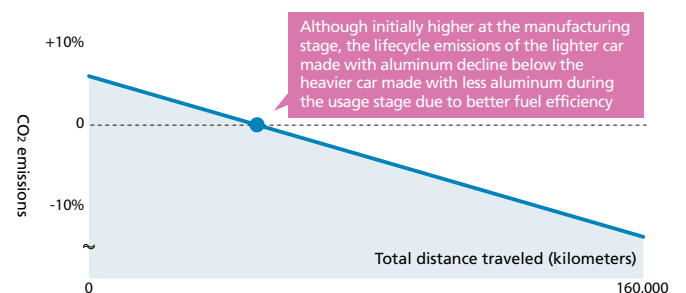
Developing technologies for sorting different alloys and removing impurities

Closed-loop recycling can be greatly facilitated if aluminum scrap is sorted by the types of alloys. Therefore, in collaboration with customers, UACJ plans to step up efforts to sort and retrieve processed scrap aluminum. Furthermore, the Company is working to develop and apply new technologies, such as ionic liquid smelting, to remove impurities from collected scrap, which would allow it to be used in the same way as virgin aluminum.

Benefit 3 Lower environment impact at the product usage stage

Among aluminum's many beneficial properties, its light weight can contribute to reducing environmental impacts during the product usage stage. For example, using aluminum auto parts to reduce overall vehicle weight helps reduce CO₂ emissions. Environmental impacts can be reduced substantially if aluminum materials suited for all-new applications are developed and supplied in the future. From that standpoint, the Company is widely promoting its UACJ Smart brand of environmentally friendly products, working with other manufacturers in educational and branding initiatives, and accelerating its development of aluminum products for new applications.

Lifecycle CO₂ emissions of a car made with aluminum



Value Creation Process

Megatrends

Climate change Growing demand for aluminium containers
 Rising popularity of EVs (and, consequently, lighter weight vehicles) Advancement in digital technologies

Inputs

Advanced R&D capabilities

- Aluminium-related technologies refined over more than a century
- Involvement in leading-edge research projects, including national projects

Skilled human resources

- A diverse workforce of about 10,000 employees in more than 10 countries

Manufacturing prowess

- Annual production capacity exceeding 1.5 million tons
- Diverse manufacturing processes ranging from aluminium sheet and foil production to casting, forging, and precision machining

Broad network of customers, suppliers, and partners

- Solid customer base of over 600 companies
- Approximately 1,500 suppliers
- Partnerships with national and municipal governments

Investment capital

- ¥20.7 billion invested in fiscal 2021

Raw materials and energy (in FY2021)

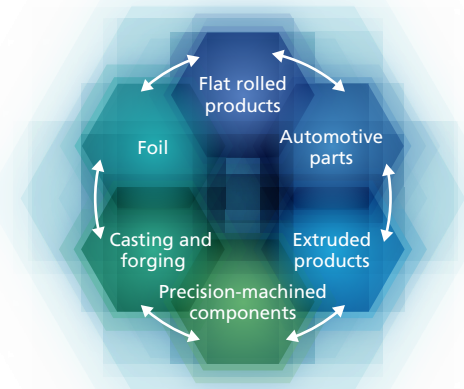
- 1,031 thousand tons of aluminium procured
- 11 thousand tons of secondary raw materials procured
- 515 thousand kiloliters of fuel consumed

Business activities

Competitive Advantages

Material technologies

Six integrated businesses



Three-country supply network



Active involvement in initiatives to facilitate closed-loop recycling







Sustainability management and value creation capabilities

Our Vision

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

Outputs

Beneficial products

Flat rolled products business 	Beverage containers (can bodies and lids) Automotive parts (body panels and heat exchanger materials)
Automotive parts business 	Automotive parts (bumpers and sunroof guide rails)
Extruded products business 	Automotive parts (frame components, heat exchanger materials, and pipes) IT device materials (smartphone housings)
Foil business 	Pharmaceutical and food packaging (push-through-package foil, retort pouches) Battery materials (lithium-ion battery foil)
Casting and forging business 	Automotive parts (compressor wheels and vehicle air conditioning parts) Railcar parts (axle boxes for high-speed trains)
Precision-machined components business 	Construction materials (expansion joint covers) Industrial machinery parts (materials for industrial fans and storage tanks)

Sales volume of flat rolled products (thousands of tons)

• Can stock	816
• Foil stock	56
• IT device materials	14
• Automotive parts	138
• Thick plates	53
• General-purpose materials	216

Outcomes

Value to create by fiscal 2030

Value for UACJ's stakeholders

Targets of UACJ Vision 2030

Net sales ¥800 billion	Operating income margin 6%
Return on equity 10%	Return on invested capital (calculated based on operating income before taxes) 10%

Value for society

A dependable supply of essential materials for products, which contributes to manufacturing industries and people's livelihoods



Lighter weight materials that lead to lower CO2 emissions at the product usage stage



New recycling systems that help promote the shift to a recycling-based society



Workplaces that are rewarding places to work for diverse employees



Manufacturing prowess and skilled human resources

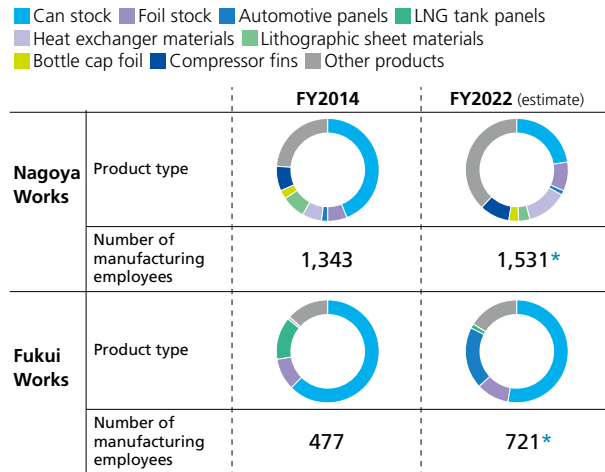
Meeting robust global demand with a three-country supply network

Japan

Responding to a changing market by shifting production of certain products between manufacturing plants to boost productivity and profitability

Against the backdrop of Japan's shrinking population, UACJ's operating environment has been undergoing significant changes. To maintain profitability under those circumstances, the Company has closed manufacturing plants, shifted production of certain products to other plants, and reduced back-office personnel as part of structural reforms initiated in fiscal 2019. As a result of these actions, both productivity and profitability have risen. For example, compared with fiscal 2019, the Company lowered the break-even point in the Flat Rolled Products Business by 6% in fiscal 2021, and expects to reduce it by 10% in fiscal 2022.

Product breakdown and total employees at plants in Japan



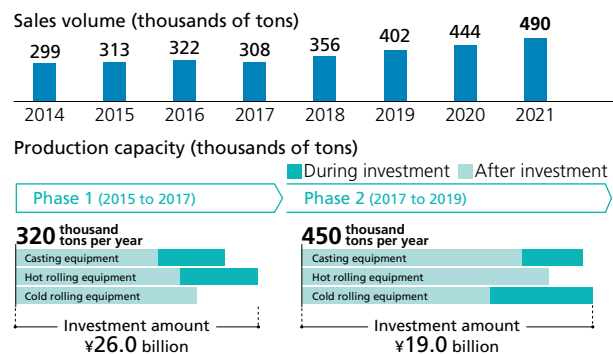
* As of March 31, 2022

United States

Boosting production capacity to capture demand in anticipation of market growth in the years to come

In North America's aluminum can market, demand has continued to grow rapidly in recent years, and is projected to rise by 6% annually through to 2025. In response, UACJ has invested in manufacturing facilities operated by Tri-Arrows Aluminum over two phases, boosting annual production to 450 thousand tons. The subsidiary posted record-high sales volume in fiscal 2021, and is scheduled to operate at full capacity up to 2025 based on contracts concluded with customers.

Tri-Arrows Aluminum's sales volume and production capacity



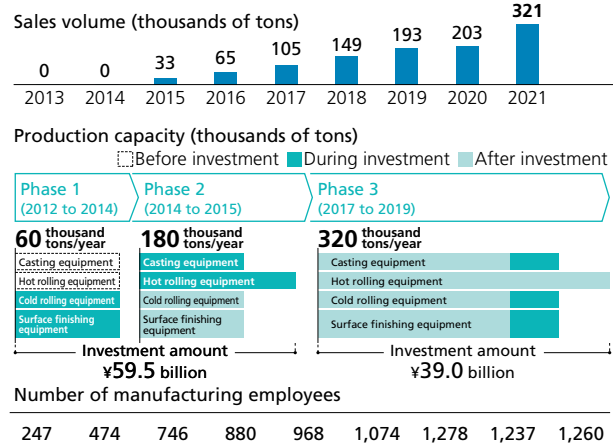
Note: The number of Tri-Arrows Aluminum's employees is not shown as they are mostly not involved in production since the company's flat rolled aluminum production facilities are jointly owned by Novelis Inc. through a joint venture agreement, and the facilities are contracted out to Logan Aluminum Inc.

Thailand

Training local employees to handle operations at manufacturing facilities leads to full capacity and higher sales volume

UACJ established UACJ (Thailand) with the goal of tapping growing demand for aluminum products in Asia. Over three phases of investment, annual production capacity has been expanded to 320 thousand tons. Initially, UACJ transferred equipment to this subsidiary from Nikko Works in Japan, and dispatched many of its engineers to provide training onsite. All operations are now handled by employees in Thailand, and sales volume reached 320 thousand tons in fiscal 2021. Training programs have also been set up to groom local employees for management positions.

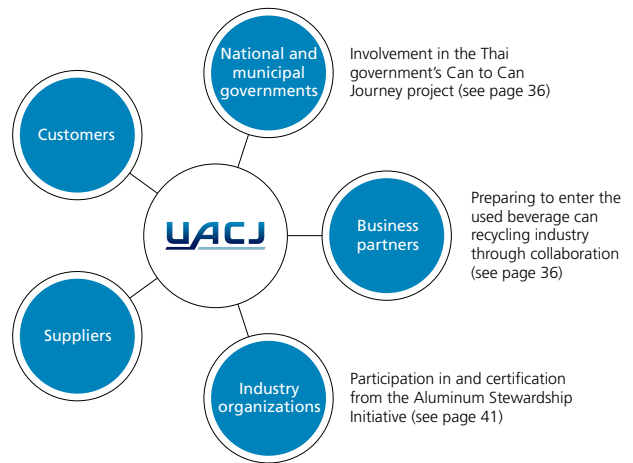
UACJ (Thailand)'s sales volume and production capacity



Partnerships and environmental initiatives

Building partnerships and expanding business models to facilitate recycling

The UACJ Group is building a wider network of partnerships to establish business models based on aluminum recycling, which will lead to lower CO₂ emissions, more effective resource usage, and less waste. The Group took steps to strengthen ties with various partners in fiscal 2021, including a public-private-academic initiative in Thailand that aims to accelerate aluminum can recycling programs. UACJ is also exploring ways to enter the used beverage can processing industry in collaboration with business partners.

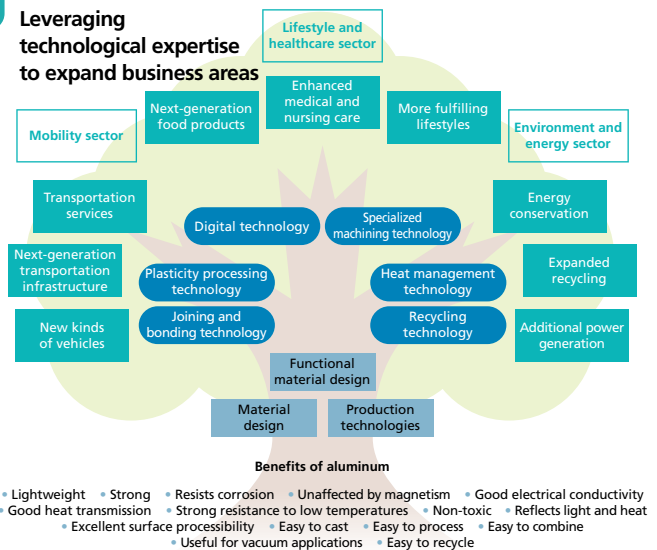


Intellectual capital

Focusing research and development on expansion into new sectors

With a view to offer the benefits of aluminum products to a broader range of consumers, UACJ's R&D activities are focusing on expansion into new sectors specified in UACJ Vision 2030—the lifestyle and healthcare, mobility, and environment and energy sectors. Applying technologies refined over more than a century since one of its founders established Japan's first private sector research laboratory in 1916, UACJ is working to develop innovative recycling technologies and new products with the goal of further increasing its intellectual capital.

Leveraging technological expertise to expand business areas

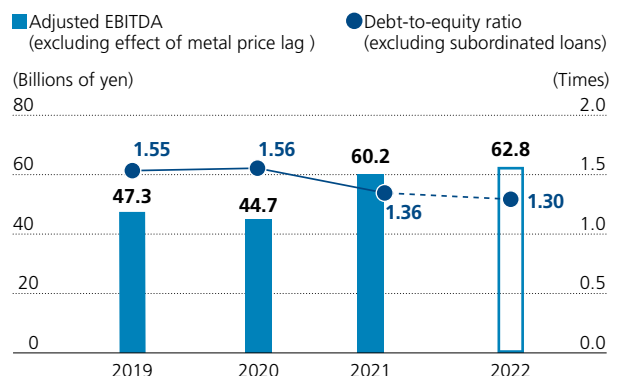


Improved financial structure

Aiming to continue meeting its responsibility as a world-class aluminum products supplier, UACJ implemented structural reforms to improve its financial structure

UACJ made large investments to boost the production capacity of its subsidiaries, Tri-Arrows Aluminum and UACJ (Thailand), in order to meet growing global demand for aluminum products. Returns on these investments were slower than anticipated, however, causing the Company's financial position to weaken. In response, UACJ initiated a series of structural reforms in fiscal 2019. As a result, the Company has increased earnings capacity and lowered its debt-to-equity ratio by using earnings to strengthen its financial structure.

Debt-to-equity ratio and adjusted EBITDA



Harunobu Goro

Executive Director and Analyst
UBS Securities Japan Co., Ltd.



Results of structural reforms establish credibility in the market and raise expectations for growth

Since October 2019, UACJ has been carrying out structural reforms aimed at increasing earnings capacity, reforming its financial structure, and strengthening management systems. These measures led to record-high sales and profits in fiscal 2021. Director and Executive Vice President Teruo Kawashima met with Harunobu Goro from UBS Securities Japan, one of UACJ's main institutional investors, to discuss how the Company is evaluated in capital markets and what investors expect going forward.

Structural reforms are on track to contribute ¥21.0 billion in income after additional measures were stepped up in response to market changes

Goro: I think UACJ has changed since it initiated structural reforms. Therefore, I would like to ask you today about how the reforms progressed and what growth strategies will follow. Increasing earnings capacity was one of the main pillars of the reforms. Could you talk about that first?

Kawashima: To increase earnings capacity, we rationalized and optimized production in Japan, improved our product mix, and scaled down unprofitable businesses while generating returns on the large investments previously made in the United States and Thailand. All of these measures proceeded according to plan, for the most part, but we executed additional measures to speed up the progress of those that had been delayed. As a result, we are on track to achieving our goal of generating ¥21.0 billion in income from the structural reforms.

Goro: The reforms appeared to make smooth progress, but I am concerned about the current state of the global market. The automotive industry has been slow to resume production because

of semiconductor shortages and supply bottlenecks of parts.

Rising production costs in Japan due to the yen's dramatic decline and, consequently, much higher energy and raw material prices are also a cause of concern.

Kawashima: You are certainly right. We have been taking steps to deal with changes in the market, such as rapidly rising prices of aluminum alloy additives and energy. Specifically, we have introduced product pricing systems that reflect the fluctuating prices of these items, and customers have, for the most part, agreed to those conditions.

The UACJ Group supplies can stock and automotive parts to many companies, and although we have been affected by production slowdowns in the auto industry, demand for can stock has remained bullish. Since the Group's business is structured in this way, it is not seriously impacted overall by demand fluctuates in one specific market.

Goro: I see. I also understand that earnings capacity has improved, and one indicator you use to measure it is return on invested capital. It was around 2% before the structural reforms commenced, but rose to 11.1% in fiscal 2021. This increase was largely due to the effect of the metal price lag, so, as an investor, I



Teruo Kawashima

Director, Executive Vice President
in charge of group-wide financial affairs,
corporate communications,
and management strategies

am very interested in knowing how much it has actually improved.

Kawashima: We calculate return on invested capital based on operating income before taxes, and we are targeting 6% by fiscal 2023, the final year of our current mid-term management plan. At present, the amount of invested capital is high because the market price of aluminum increased sharply, but we still want to achieve this target. We began using return on invested capital as a performance indicator during our second mid-term management plan, but it wasn't widely understood in the Company. We have been actively explaining its significance throughout the Company over the past two and a half years as we implemented the structural reforms and our third mid-term management plan. Specifically, we report the amount of invested capital in each business and set hurdle rates for each business division, so that everyone clearly understands that when a certain amount of capital is invested, a specific amount of returns must be generated.

Goro: Besides return on invested capital, return on equity and the debt-to-equity ratio are used as key performance indicators.

Kawashima: Yes, in operational and financial management, we use return on invested capital to estimate the earnings capacity and capital efficiency of each business, and the debt-to-equity ratio as an indicator of the strength of the Company's financial position. By strictly managing results for both, we can increase return on equity. From that standpoint, all three performance indicators are vital for management.

Expansion of manufacturing plants overseas has greatly increased the Group's ability to generate cash over the long term

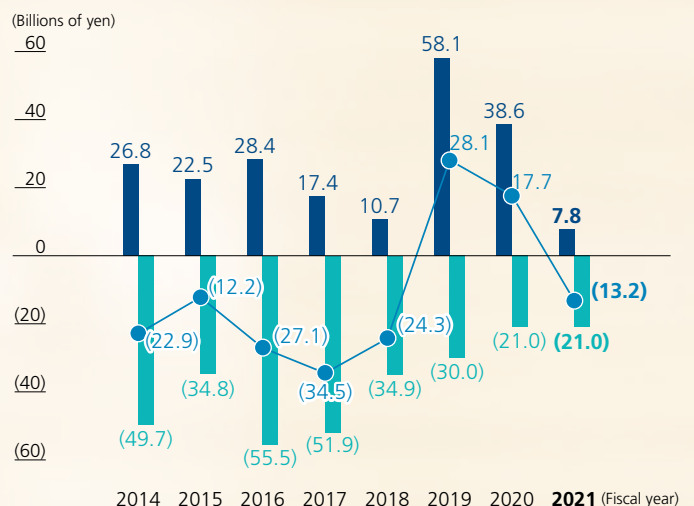
Goro: Next, I would like to know how you have been reforming the financial structure. Since the structural reforms were initiated,

free cash flow turned positive as large investments were largely completed, and the debt-to-equity ratio also improved. In fiscal 2021, however, steeply rising prices of aluminum and other raw materials required large amounts of working capital, resulting in negative free cash flow. More than a few investors feel uneasy about this, given UACJ's financial position in the past and market sentiment going forward. How would you respond to them?

Kawashima: Because of how operations are structured in the manufacturing industry, time may be needed for capital investment to be reflected in cash flow. An especially long time elapsed, however, for our investment in new manufacturing facilities in Thailand to be reflected. During that lag, we initially planned to have our domestic operations cover UACJ (Thailand)'s losses, but the trade war between the U.S. and China negatively impacted our business in Japan. Consequently, the negative cash flow greatly

Cash flows

■ Net cash provided by operating activities ■ Net cash (used in) investing activities
● Free cash flow



weakened the Company's financial position.

Nevertheless, by expanding the scale of operations through proactive capital investment, we greatly increased the scale of cash flow that can be generated by the Group. When UACJ was established through merger in 2013, earnings before interest, taxes, depreciation and amortization was around ¥30 billion. Now it is over ¥60 billion, and we expect it to reach ¥70 billion in the near future. This growth is the result of expanding the scale of operations along with improvements in the cost structure.

As of March 31, 2022, the debt-to-equity ratio stood at 1.36, and we have been making steady progress towards our targets of 1.3 by the end of fiscal 2022 and 1.2 by the end of the current mid-term management plan.

Goro: Indeed, the large investments made since UACJ's establishment appear to have produced big results.

Kawashima: Once aluminum rolling equipment is up and running, although some investment will be needed later for periodic maintenance, profits can be generated for many years. Rather than simply entering a phase of recovering past investments, I think we have established powerful means for continually generating earnings over the long term. As you pointed out, the Company posted negative free cash flow of ¥13.2 billion in fiscal 2021, with operating cash flow coming in at less than ¥8 billion due to increases in working capital. Nevertheless, as recorded in the cash flow statements, the Company repaid a substantial amount of long-term loans totaling about ¥32 billion more than proceeds from long-term loans.

Free cash flow was negative until fiscal 2018 due to large-scale capital investment, but with the completion of that investment, the expanded scale of operations resulted in more operating cash flow. This enabled the Company to generate free cash flow, which will provide a source of funds for strengthening the Company's financial position and investing in growth strategies in the future. I expect the Company's market cap to increase as a result.

Goro: So, rather than analyzing short-term fluctuations in free

cash flow, which can be substantially affected by aluminum prices, you would like investors to focus on UACJ's ability to generate cash over the long term.

Kawashima: That's right. We have laid the groundwork for steadily generating cash over the long term, providing a source of funds for strengthening the Company's financial position. That was the biggest achievement of the large investments in the past and the more recent structural reforms.

Improvements to the performance-linked remuneration system keep management focused on results

Goro: Strengthening management systems was another pillar of the structural reforms. I understand that the Company's corporate governance system has been streamlined.

Kawashima: Yes, the number of executive officers was reduced by more than half. Consequently, reaching a consensus in deliberations has been much smoother, and we are able to have more in-depth discussions. Furthermore, to select candidates for director and auditor positions, we specified what skills and experience are needed for their roles in management supervision, and considered which skills are ideal in the process of creating a skill matrix. As a result, our management team now has a diverse range of expertise, skills, and experience, and deliberations by the Board of Directors have become very dynamic.

Goro: Various changes were also made to the officer remuneration system, right?

Kawashima: Yes, the ratio of performance-linked remuneration was increased, and total shareholder return was included as a basis for calculating officer remuneration in order to align management and business execution with the interests of shareholders and investors. Moreover, to speed up efforts to promote sustainability, the achievement level of non-financial targets linked to each of our materiality issues has been reflected in officer remuneration.

Goro: Investors are now paying close attention to changes in management engagement. They also expect regular disclosure of unambiguous information regarding efforts to improve the efficacy of the Board of Directors.

Kawashima: The efficacy of the Board of Directors is periodically evaluated, and a third party is also involved in this process. The evaluation results have indicated steady progress each time. In the future, I would like such corporate governance information to be disclosed in a straightforward manner.



Meeting market expectations and building credibility with concrete action plans in addition to ambitious roadmaps and targets

Goro: I understand that the structural reforms have produced steady results. I think the next thing investors will focus on is the growth strategies you pursue after the reforms and current mid-term management plan are completed. Could you tell me about your plans for growth investment in the future?

Kawashima: We expanded production capacity through substantial investment in Thailand, the United States, and Japan, so our plan from now is to maximize this capacity. Demand for can stock is growing rapidly in North America, in particular, and Tri-Arrows Aluminum's rolling mills are already operating at full capacity, so we will invest in further capacity expansion there. The scale of that investment, however, will not be as large as the prior investment because manufacturing plants have already been constructed, so they would only need to be expanded.

Goro: Maintaining a sound balance between future investment and financial discipline is necessary, of course, but disclosing information about when the investment is expected to be recovered is also important. By doing this effectively, UACJ could really build up credibility in the market.

Kawashima: We do not plan to construct any new factories from the ground up, as we did in the past, so the amount of future growth investment will not be as substantial, and generating returns will not take such a long time. In Japan, the U.S., and Thailand, the Group has a total of five hot rolling mills, and they still have available capacity. If we expand capacity of finishing and processing facilities in response to growing demand, providing clear information on the timing of returns should certainly be possible, in my opinion. Now that the Company is generating over ¥60 billion in earnings before interest, taxes, depreciation and amortization, I think the level of cash flow will allow it to both strengthen its financial position and carry out strategic investment.

Goro: I would also like to ask you about the Group's recycling and solutions businesses. UACJ is taking the lead in the industry through these businesses, and if they are successful, UACJ's market cap and shareholder value should also go up.

Kawashima: The recycling and solutions businesses are important for our business strategies going forward. The collection and recycling of used aluminum cans emits 97% less CO₂ than virgin aluminum smelting. Aluminum can be recycled practically endlessly, so raw materials need to be mined just once. Therefore, aluminum increases value from both an environmental and economic perspective. In our solutions business, too, we will



actively add new value to products by making the most of aluminum's beneficial properties.

Goro: In the future, all companies will have to contribute to sustainable economic growth. In my opinion, we may need new indicators for measuring the value of companies, such as added value per unit of CO₂ emissions. I think aluminum has great potential from such an environmental standpoint. If investment in closed-loop recycling and the development of value-added products lead to future growth drivers, my interest would be peaked and my expectations raised. Do you intend to set specific goals for these initiatives in the next mid-term management plan?

Kawashima: We will begin discussing our next mid-term management plan, which will commence in April 2024, at a later date, and, of course, specific goals will be set for our initiatives. Compared to when we formulated our current mid-term management plan, the Company's earnings capacity has increased markedly and demand for can stock in North America has risen substantially. People are also much more interested in resource recycling as a means to address environmental problems. In light of these changes in our operating environment, and based on our long-term roadmap, UACJ Vision 2030, I think the next mid-term management plan will focus on how the Group's increased production capacity, and its ability to generate cash over the long term can be effectively utilized to achieve sustainable business growth.

Goro: Investors are not only interested in ambitious roadmaps and targets—they pay attention to concrete action plans and their feasibility. In this regard, UACJ revised its action plans and quickly implemented additional measures in response to market changes after its structural reforms and current mid-term management plan had commenced. Management's ability to execute its plans appears to have markedly improved compared with the past.

Kawashima: I appreciate your observation. When we were carrying out the structural reforms, we continually engaged in discussions about how to achieve various targets, verify progress, and execute related measures. I believe this was one of the successes of the reforms. As a result, despite big changes caused by the COVID-19 pandemic, which started soon after we launched the reforms, we were able to execute every measure generally in line with our plans.

Goro: I look forward to seeing your plans put into action in the future.

Evolution of UACJ's Mid-term Management Plans

Major achievements and new challenges since the first plan launched in fiscal 2015

Working to accomplish ambitious targets by 2030

	First Mid-term Management Plan (FY2015-2017)	Second Mid-term Management Plan (FY2018-2020)
Main objective	Establish a global supply network amid rapidly rising demand for aluminium products worldwide	Leverage expanded production capacity to meet demand worldwide as a global player
Operating environment and challenges	<ul style="list-style-type: none"> Demand for aluminium cans and foil increased rapidly amid rapid economic growth in Asia and the Middle East Demand for aluminium auto and aircraft parts increased amid efforts to reduce vehicle and aircraft weight by manufacturers, particularly in the U.S. and Europe 	<ul style="list-style-type: none"> Demand for aluminium products grew globally <ul style="list-style-type: none"> Aluminum can stock demand rose mainly in Australia, China, and other Asian countries The shift to lighter cars and EVs drove up demand for aluminum auto body parts in North America Financial results were far short of previous targets <ul style="list-style-type: none"> Sales volume had declined and energy costs rose steeply The Company's financial position worsened <ul style="list-style-type: none"> Interest-bearing debt had increased due to rising costs for starting up new operations
Basic strategies and major policies	<ul style="list-style-type: none"> Bolster operations in Asia and other growth regions, and expand product lineups for growing industries, including the automotive, transport, and energy industries Integrate technologies and optimize production in each business Improve advanced basic research and make use of the Company's wealth of accumulated technologies to develop new technologies and products 	<ul style="list-style-type: none"> Continue focusing on the growing automotive industry and growth markets in Asia and North America Steadily generate returns on past investments Increase capital efficiency with an emphasis on ROIC Promote shared principles of conduct as the UACJ Way
Key achievements	<ul style="list-style-type: none"> Established a global supply network for can stock based in Japan, Thailand, and the U.S. Established a supply network for automotive parts in the U.S. and Mexico Optimized production facilities, thereby contributing ¥11 billion in earnings Centralized R&D at Nagoya Works and made progress in developing new products and next-generation core technologies 	<ul style="list-style-type: none"> Completed a three-country by supply network boasting world-class production capabilities Streamlined the Group's business portfolio Rationalized production in Japan Achieved positive free cash flow Slimmed down management Substantially reduced the number of full-time directors and executive officers
Remaining challenges	<ul style="list-style-type: none"> Financial results fell far short of the plan's targets <ul style="list-style-type: none"> Sales volume dropped and energy costs rose steeply The Company's financial position worsened <ul style="list-style-type: none"> Interest-bearing debt increased due to rising costs for starting up operations 	<ul style="list-style-type: none"> Slower than expected returns on large-scale capital investments <ul style="list-style-type: none"> Sluggish profitability of UATH (Thailand), UACJ Automotive Whitehall, and Fukui Works Worsening business results and financial position <ul style="list-style-type: none"> Dramatically changing market conditions due to the U.S.-China trade war and COVID-19 pandemic Declining earnings capacity following management's slow response to changing market conditions

Third Mid-term Management Plan

(FY2021-2023)

Complete structural reforms and position the Group for future growth and the success of UACJ Vision 2030

- Market demand for aluminium products is booming worldwide
 - Economic growth in emerging countries is driving increases in purchasing power and demand
 - Global demand for aluminium can stock 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 aluminium automotive parts is growing amid fuel efficiency regulations and rapid shift to EVs
 - Global ESG- and SDG-related initiatives are gaining momentum
- Technological innovation is advancing rapidly
 - The mobility revolution is creating new applications for materials
 - Innovation in digital technology is transforming business models
- Weak financial structure
 - Interest-bearing debt has been increasing following sluggish returns on prior investments

- Complete structural reforms
 - Raise earning capacity
 - Improve the financial structure
 - Strengthen management systems
- Strengthen foundations for growth
 - Add more value to products
 - Focus on growth markets and industries
 - Create new businesses
 - Strengthen business foundations
- Promote global sustainability
 - Contribute to solving issues related to climate change

To be summarized after the plan is completed

To be summarized after the plan is completed

Fourth Mid-term Management Plan

(FY2024-2026)

Lay a path for accomplishing the goals of UACJ Vision 2030

To be drafted in FY2023

To be drafted in FY2023

To be drafted in FY2023

To be drafted in FY2023

UACJ VISION 2030

- Provide products that contribute to societal development by capturing demand in growing industries and markets
- Enhance aluminium 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
- Lower environmental impact by reducing CO₂ emissions across product lifecycles

Financial targets

Net sales

¥800 billion

Operating income margin

6%

Return on equity

10%

Return on invested capital
(Calculated based on operating income before taxes)

10%

Non-financial targets

Scope 1 and 2
CO₂ emissions

30% reduction compared with FY2019
(Tons of CO₂ equivalent per ton of products manufactured)

Our Vision

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

Aiming to achieve the objectives of the mid-term management plan and complete structural reforms to enable swift responses to changes in the operating environment

Third Mid-term Management Plan

Complete structural reforms and position the Group for future growth and the success of UACJ Vision 2030



Major Policies

1 Complete structural reforms

- Increase earnings capacity
- Improve the financial structure
- Strengthen management systems

Page 33: Accelerating additional measures to generate ¥21 billion in income

2 Strengthen foundations for growth

- Add more value to products
- Focus on growth markets and industries
- Create new businesses
- Strengthen business foundations

Page 35: Meeting growing global demand for aluminum can stock
Page 37: Helping the auto industry become carbon neutral

3 Promote global sustainability

- Contribute to solving issues related climate change

Page 39: Dialogue with outside directors
Page 49: Combatting climate change

Fiscal 2021 was the first year of the Company's third mid-term management plan. With a view to position the Group for the success of its long-term roadmap, UACJ Vision 2030, management has specified three major policies of the plan: complete structural reforms, strengthen foundations for growth, and promote global sustainability.

The completion of structural reforms has proceeded mostly according to plan. The goal to generate ¥21 billion in income from the reforms, however, has been set back due to delays in rationalizing production in Japan caused by the COVID-19 pandemic. Nevertheless, additional measures are being stepped up to ensure the goal is achieved.

To strengthen foundations for growth, UACJ has established an international supply network based in Japan, the United States, and Thailand to meet robust demand for aluminum can stock, which it has designated as a growth industry. As key members of this network, Tri-Arrows Aluminum and UACJ (Thailand) have posted record-high sales volume. To

manufacture and supply aluminum automotive parts, also positioned as a growth industry, the Company has expanded operations at UACJ Automotive Whitehall Industries to enable it to promptly respond to demand, which is projected to grow in the future.

To promote global sustainability, the Company regards its response to climate change as a priority issue. The entire UACJ Group is committed to reducing Scope 1 and 2 CO₂ emissions by 30%*¹ by fiscal 2030, and will strive to become carbon neutral by 2050. The Company has joined the Aluminium Stewardship Initiative, and endorsed the recommendations of the Task Force on Climate-related Financial Disclosures. Furthermore, the Group is taking a central role in facilitating aluminum product recycling by accelerating efforts to set up scrap aluminum collection systems and promoting advances in recycling technology.

*¹ UACJ calculates CO₂ emissions based on formulas used in the Sixth Strategic Energy Plan published by Japan's Ministry of Economy, Trade and Industry in 2021.

Financial targets

In fiscal 2021, the Company posted record-high consolidated net sales, operating income, and ordinary income. The Group's ability to respond to the growing adoption of aluminum in various manufacturing industries amid rising environmental awareness, along with the positive effect of its structural reforms on earnings and the favorable impact of the metal price lag contributed to these results. Moreover, it has already achieved

many financial targets for fiscal 2023, the final year of the current mid-term management plan. In fiscal 2022, while the impacts of steeply rising prices of aluminum, energy, and alloy additives on financial results are a matter of concern, the Group has been swiftly responding with proactive measures, such as introducing systems for reflecting these rising prices in product prices, to ensure that its financial structure continues to improve.

	Fiscal 2021 results	Fiscal 2022 forecast	Fiscal 2023 targets
Net sales	¥782.9 billion	¥940.0 billion	¥700.0 billion
Operating income	¥59.5 billion	¥31.0 billion	¥30.0 billion
Operating income margin	7.6%	3.3%	4.2%
Ordinary income	¥52.3 billion	¥25.5 billion	¥25.0 billion
Debt-to-equity ratio (excluding subordinated loans)	1.36 times	1.30 times	1.2 times or less
Return on equity	14.1%	6.7%	7.5%
Return on invested capital*2	11.1%	5.5%	6.0%

*2 Formula: operating income before taxes ÷ (shareholder's equity + interest-bearing debt – cash and deposits, each calculated as the average of the respective amounts at the beginning and end of the fiscal year)

Non-financial targets

In its mid-term management plan, the Company has set non-financial targets for performance indicators falling under six material issues. Among these issues is the Group's response to climate change, for which it is aiming to reduce Scope 1 and 2 CO₂ emissions by 30% by fiscal 2030, with a commitment to achieving carbon neutrality by 2050. Various initiatives have

been making progress, including human rights due diligence at two of the Group's main manufacturing plants. The Group regularly revises its targets in order to make further progress for each material issue. With respect to occupational health and safety, for example, it will strive to decrease the frequency of workplace accidents below the initial target.

Six material issues	Performance indicators	Fiscal 2021 results	Fiscal 2023 targets
Response to climate change	Reduction of CO ₂ emissions compared with the level in fiscal 2019	Medium- and long-term targets were set by UACJ's Climate Change Countermeasures Steering Committee	Set targets for Scope 1 and 2 emissions with a view to achieve carbon neutrality
Product quality assurance	Number of serious quality defects	4	No more than one
	Number of customer complaints due to the fault of materials	19.9% fewer complaints than in fiscal 2020	10% fewer complaints than in the previous fiscal year
Occupational health and safety	Number of serious workplace accidents	Zero	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours*3	0.25	0.25
Respect for human rights	Goals to be set based on results of due diligence, and an action plan to be carried out	Due diligence executed at two manufacturing plants (Fukui Works and Rayong Works)	Execution of due diligence at four manufacturing plants (Fukui Works, Rayong Works, and two other plants)
	Percentage of employees and officers that participate in 1) a training program covering codes of conduct and human rights, and 2) a training program on harassment	1) 90% 2) 100%	1) 96% 2) 100%
Diversity and equal opportunity	Percentage of women in management positions (including directors and officers) in Japan	2.2%	4%
Human resources development	Percent of successor candidates appointed to management positions	100% of candidates appointed to the rank of section manager or above at UACJ Corporation	Extend target to group companies in Japan
	Number of children and young people who participate in educational events held by UACJ as part of its education and sports programs for youth	446	800 per year

*3 The frequency of workplace accidents is calculated by multiplying the combined number of serious workplace injuries and deaths (including those that did not result in a suspension of operations) by one million and dividing the resultant amount by the total hours worked in the fiscal year.

Aiming to contribute ¥21.0 billion in ordinary income through structural reforms by accelerating additional measures

Since October 2019, the UACJ Group has been carrying out a set of structural reforms aimed at increasing earnings capacity, reforming the financial structure, and improving management systems. The reforms were designed to contribute ¥21.0 billion to consolidated ordinary income by the end of fiscal 2022 (March 31, 2023) compared with the amount posted in fiscal 2018 (ended March 31, 2019). In May 2021, when the Group launched its third mid-term management plan, the targeted contribution of the reforms was downwardly revised to ¥18.5 billion. This was due to the impact of the COVID-19 pandemic, specifically delays in

product releases and sales plans among customers, as well as slow progress in rationalizing production, which was intended to optimize the product mix and raise productivity in the Flat Rolled Products and Extrusion businesses. Maintaining its commitment to the initial target of ¥21.0 billion, however, the Group accelerated additional measures to achieve it, including revising processing fees, reducing costs across manufacturing and sales operations, promoting sales of value-added products, and further optimizing the product mix. Thanks to these efforts, the target appears within reach by the end of fiscal 2022.

Main objectives, measures, and progress of structural

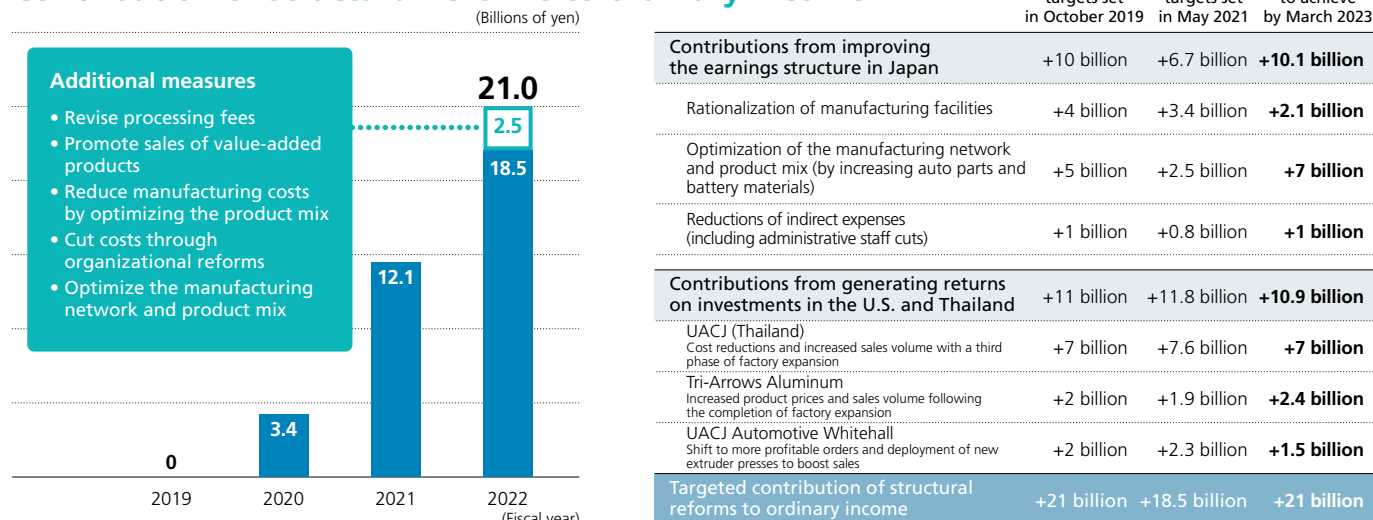
◎Almost completed ○Still underway

Main objectives and measures

Main objectives and measures	Progress
<p>Increase earnings capacity</p> <ul style="list-style-type: none"> Lower the breakeven point to generate more earnings regardless of changes in the operating environment Capture demand in growing markets and maximize earnings by fully utilizing expanded production capacity 	<p>◎</p> <ul style="list-style-type: none"> Expecting to lower the breakeven point to an index value of 90 in FY2022 from the base value of 100 as of March 31, 2020 Contribution of structural reforms to ordinary income is approaching the target of ¥21.0 billion On track to completing the rationalization of domestic manufacturing facilities and optimizing production in fiscal 2022
<p>Reform the financial structure</p> <ul style="list-style-type: none"> Carefully select investment targets Reduce inventories Prioritize cash flow and capital efficiency in management 	<p>○</p> <ul style="list-style-type: none"> Expecting to reduce the debt-to-equity ratio*1 to 1.30 by March 31, 2022 from 1.56 as of March 31, 2020 Reducing the total amount of long-term loans
<p>Strengthen management systems</p> <ul style="list-style-type: none"> Improve risk management Invest in IT systems to streamline administrative processes and raise back-office efficiency Reorganize the management structure 	<p>◎</p> <ul style="list-style-type: none"> Reduced the number of directors and executive officers Deployed a skills matrix to clarify the diversity and expertise of directors and officers Assessed the effectiveness of the Board of Directors and the Audit & Supervisory Board Broadened performance-linked remuneration by integrating total shareholder return and non-financial indicators

*1 The debt-to-equity ratio includes subordinated loans

Contribution of structural reforms to ordinary income

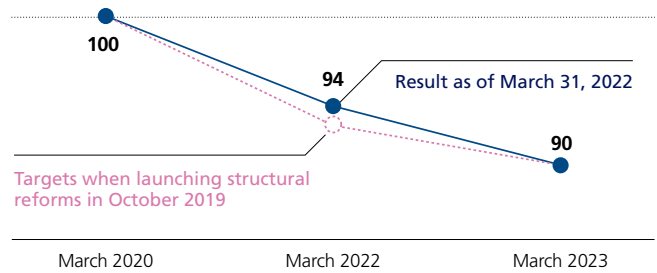


Main measures for increasing earnings capacity

Although the production of some products for customers was late during the COVID-19 pandemic, UACJ will largely complete the rationalization of its manufacturing facilities in Japan by March 2023, and looks forward to deploying an optimized manufacturing network going forward. It also steadily reduced the breakeven point of its domestic Flat Rolled Products Business from an index value of 100 as of March 31, 2020, to 94 as of March 31, 2022, and expects to achieve its target of 90 by March 2023. In accordance with plans, UACJ has been generating substantial returns on its capital investments in the U.S. and Thailand while selling off and withdrawing from non-profitable and non-core businesses. As a result of these initiatives and additional structural reforms launched in fiscal 2021, the Company's earnings capacity has steadily increased.

Progress in lowering the breakeven point

Index value of 100 representing the breakeven point as of March 31, 2020

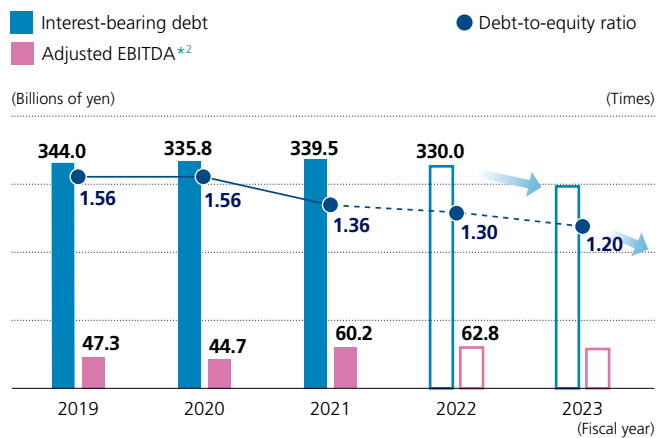


Main measures for reforming the financial structure

Aiming to improve its financial position, which had weakened following a series of large-scale investments, UACJ has been focusing on carefully selecting investment targets, reducing inventories, and prioritizing cash flow and capital efficiency in operational management. In fiscal 2021, however, free cash flow turned negative as soaring market prices of aluminum required substantial increases in working capital. Nevertheless, earnings capacity steadily improved, as indicated by increases in adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)*2, which grew from ¥44.7 billion in fiscal 2020 to ¥60.2 billion in fiscal 2021, and is forecast to reach ¥62.8 billion in fiscal 2022. Having significantly improved earnings, the Company has steadily increased its shareholders' equity, the source of a stronger financial position, and reduced its debt-to-equity ratio from 1.56 to 1.36 as of March 31, 2020 and 2021, respectively.

*2 Adjusted EBITDA excludes the effect of the metal price lag

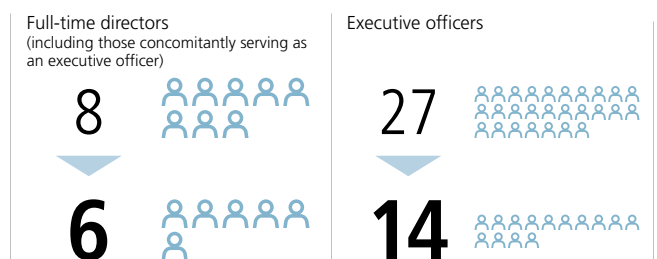
Results and forecasts for key indicators



Main measures for improving management systems

In fiscal 2020, with a view to increase the speed of management decision-making and clarify responsibilities and authority, UACJ reduced the number of its full-time directors from eight to six, thereby increasing the percentage of independent outside directors on its Board to 40%, and reduced the number of executive officers from 27 to 14. With the goal of continually enhancing its value going forward, UACJ will take steps to strengthen its corporate governance by facilitating information sharing between the Board of Directors and Nomination and Remuneration Advisory Committee, and having management engage in more comprehensive deliberations on the Group's medium- to long-term direction.

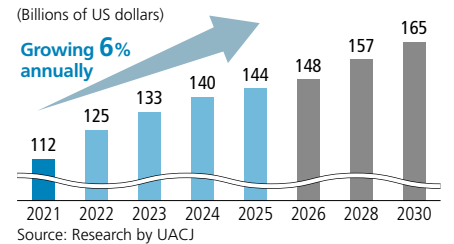
Reductions in directors and officers following structural reforms



Continuing to meet growing global demand for aluminum can stock

Due to their excellent recyclability, aluminum cans have been increasingly regarded as environmentally friendly beverage containers by consumers in recent years. Consequently, demand for flat-rolled aluminum can stock has been on the rise around the world. UACJ is making the most of its international manufacturing network based in three countries—Japan, Thailand, and the United States—to meet this robust global demand. In each of these countries, the UACJ Group is also working to set up can-to-can recycling systems with the goal of reducing environmental impacts by recycling as many aluminum cans as possible.

Sales of aluminum for beverage containers in the United States



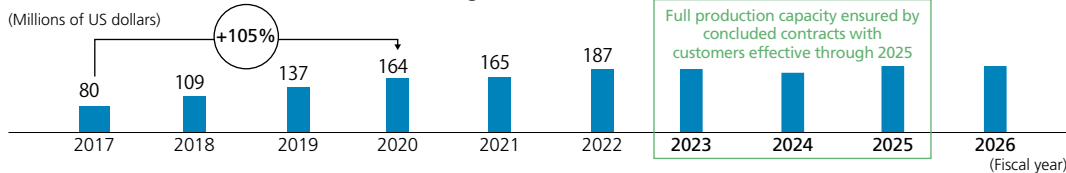
Can stock production

The UACJ Group is leveraging its three-country manufacturing network to meet growing demand, particularly in North America

Anticipating growing demand for aluminum can stock in the North American market, UACJ has been proactively investing in its U.S.-based subsidiary, Tri-Arrows Aluminum Inc., to expand its manufacturing facilities. In addition to boosting production capacity, the investment has also led to lower production costs and higher recycling rates. As a result, Tri-Arrows Aluminum has posted record-high sales and profits, and doubled its earnings before interest, taxes, depreciation and amortization (EBITDA) in fiscal 2021 compared with the fiscal 2017 result.

Tri-Arrows Aluminum cannot meet the demand on its own, so UACJ and UACJ (Thailand) Co., Ltd., have also been supplying can stock to the North American market. Besides this market, UACJ (Thailand) has been meeting strong demand for can stock in Thailand, South America, Southeast Asia, and Oceania. As a result, it recorded profits and record-high sales volume in fiscal 2021.

Tri-Arrows Aluminum's EBITDA results and targets



Can stock production



Looking to invest in new production capacity to tap growing demand in the North American can stock market

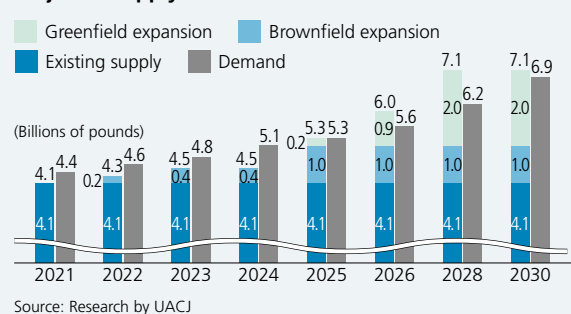
In North America, consumers are driving up growth in demand for aluminum beverage cans today. Amid growing interest in the environmental impact of disposable containers in recent years, many consumers prefer container materials that help protect the environment. As a result, aluminum cans are now regarded as a premium package because they can be recycled endlessly, and, therefore, are being used as containers for many new products. Demand for aluminum can stock is projected to rise considerably through to 2030, but the balance of supply and demand is expected to even out by that year following steady investment in production capacity by can manufacturers in North America. To ensure that Tri-Arrows Aluminum captures this growing demand, we are looking to invest in new facilities to boost production capacity over the medium and long terms.

Henry Gordinier

President and CEO
Tri-Arrows Aluminum Inc.



Projected supply and demand of can stock in the U.S.



Can recycling

Helping establish recycling systems with governments and manufacturers in the ASEAN region

Aiming to reduce environmental impacts in Thailand, UACJ (Thailand) is participating in an aluminum can recycling project called Can to Can Journey, which involves the Thai government and domestic industry players, including major can manufacturers and food and beverage producers. As part of the project, UACJ (Thailand) will put more aluminum can melting furnaces into operation by fiscal 2024. Through the operation of these specialized new furnaces, the country's aluminum can recycling rate is expected to increase markedly going forward. Besides Thailand, the project also aims to expand can recycling in Vietnam and other neighboring ASEAN countries, where aluminum cans are increasingly been used.



UACJ (Thailand) participated in the Can to Can Journey project's signing ceremony in December 2021



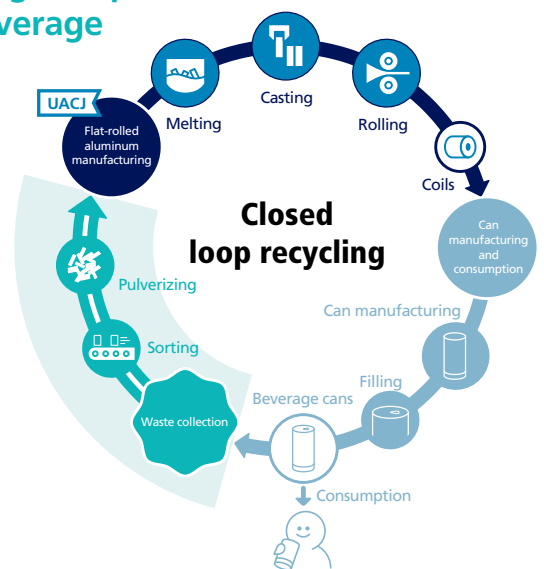
Thailand's Minister of Natural Resources and Environment speaking about the project in November 2020

Can recycling

Can recycling

To expand can-to-can closed-loop recycling in Japan, UACJ is seeking ways to process used beverage cans through industry collaboration

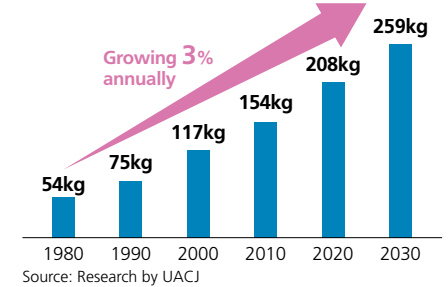
UACJ is aiming to facilitate can-to-can recycling and raise the closed-loop recycling rate in Japan with a view to help reduce environmental impacts and lower CO₂ emissions over the product lifecycle of aluminum cans. Toward this end, UACJ has been exploring ways of accelerating the establishment of a domestic aluminum can recycling system in collaboration with Yamaichi Metal Corporation, recognizing that progress towards a circular economy can help drive the country's sustainability.



Providing steady support to the automotive industry as it pursues carbon neutrality

Automobiles are a major source of greenhouse gas emissions, and the auto industry is dealing with stricter fuel efficiency regulations and increasingly serious efforts to realize carbon neutrality. Therefore, the world's automakers are now competing to improve the mileage and cruising range of their cars, and to develop and promote electric, hybrid, and plug-in hybrid vehicles. Aluminum is an essential material for enhancing the environmental performance of cars because it contributes to reducing vehicle weight. To ensure a dependable supply of aluminum for diverse applications, including body panels, structural components, and battery parts, UACJ has established a manufacturing network led by its manufacturing plant in Japan, Fukui Works, and subsidiary in the United States, UACJ Automotive Whitehall Industries, Inc.

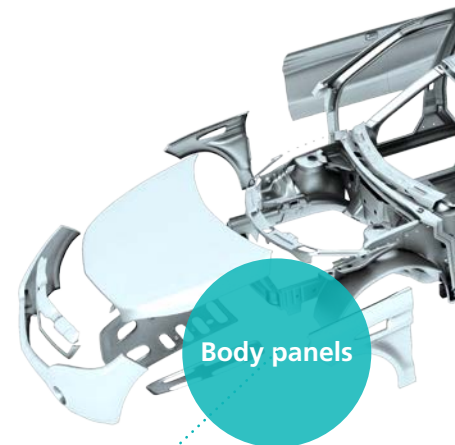
Weight of aluminum used per passenger vehicle in North America



Adoption and benefits of aluminum auto parts

Emerging trends	Although orders for aluminum used in engine blocks is forecast to decline, the adoption of aluminum for motor housings and battery casings of battery electric vehicles is on the rise	The adoption of aluminum for doors, hoods, and chassis is projected to increase in the future
Key drivers of trends	Electrification	Sustainability initiatives
Benefits of using aluminum	Improves fuel efficiency and cruising range by reducing vehicle weight Improves running performance and extends vehicle life by allowing the vehicle's center of gravity to be lowered	
	Reduces environmental burdens by enabling recycling at existing facilities (casted and flat-rolled products recycled as casted components)	Reduces environmental burdens by enabling closed-loop recycling (flat-rolled products recycled as flat-rolled components)

Source: Compiled by UACJ based on information from the Japan Aluminium Association and other public sources

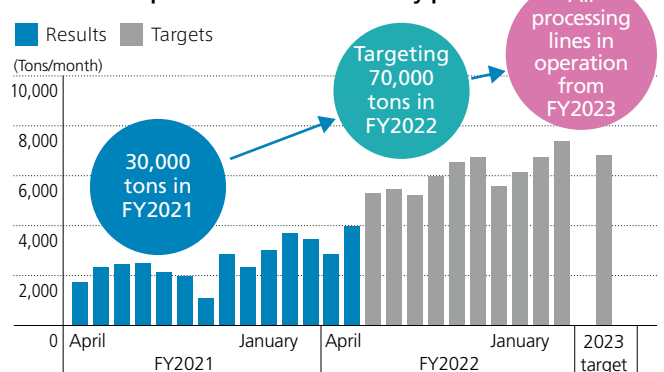


Body panels

Anticipating growing demand for automotive body panels, Fukui Works is preparing for full operations of its automotive panel production lines

Recognizing how aluminum auto parts contribute to improving vehicle fuel efficiency and the cruising range of electric vehicles, UACJ anticipates growing demand for these materials going forward. Accordingly, it recently installed large-scale automotive panel production lines at Fukui Works, and concentrated the production of these products at this facility after previously manufacturing them at Nagoya Works and Fukaya Works. The new lines have already begun operating, and verification by customers has largely been completed following some delays due to the COVID-19 pandemic. Fukui Works is on track to producing about 70,000 tons of aluminum auto parts in fiscal 2022, in line with plans, and looks forward to reaching full capacity in fiscal 2023.

Fukui Works' production volume of Body panels

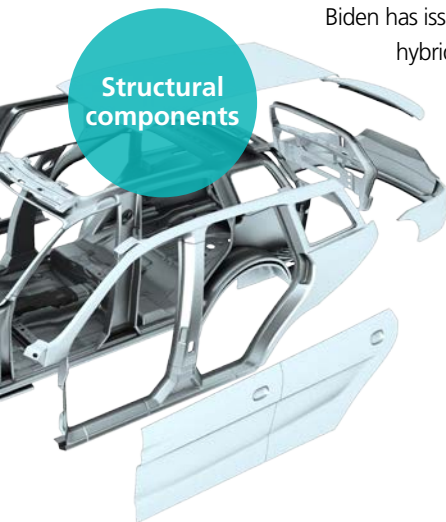
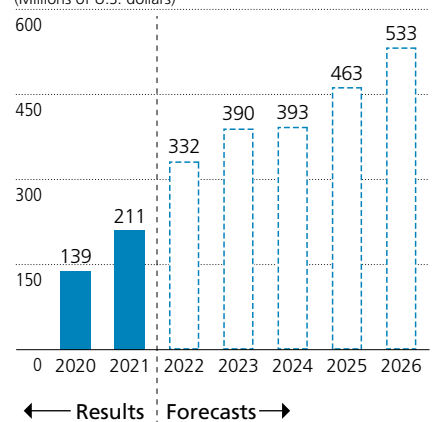


Structural components

Backed by proactive capital investment, UACJ Automotive Whitehall is meeting growing demand for automotive structural components in North America

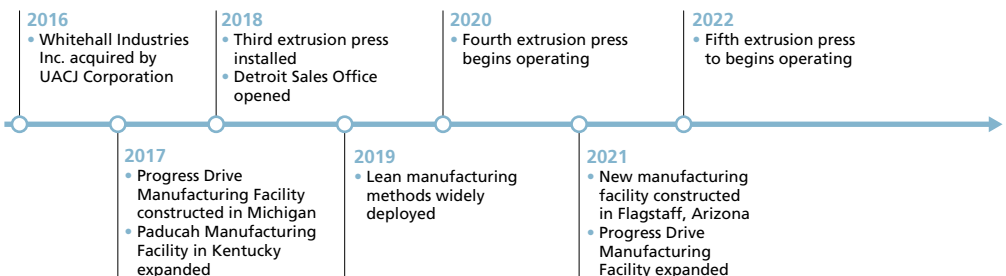
Since joining the UACJ Group in April 2016, UACJ Automotive Whitehall has increased its production capacity following proactive capital investment, deployed more advanced extrusion and forming technologies, automated production processes, and adopted stricter quality controls. As a result, the company has steadily increased net sales while securing large numbers of orders from new customers, including major Japanese automakers and emerging EV manufacturers. In the United States, President Biden has issued an executive order that aims to have electric, plug-in hybrid, and fuel cell vehicles account for over half of new car sales by 2030. Therefore, demand for aluminum structural components is bound to rise in line with the widespread adoption of EVs going forward. In preparation, UACJ Automotive Whitehall has begun operating a new production facility in Arizona and plans to further expand the production capacity of its other facilities to capture demand in the North American market.

UACJ Automotive Whitehall's net sales results and forecasts
(Millions of U.S. dollars)



Structural components

UACJ Automotive Whitehall's expansion since joining the UACJ Group

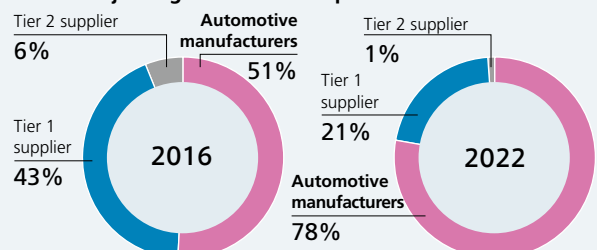


Applying world-class technologies to manufacture aluminum structural components as a Tier 1 supplier

Since joining the UACJ Group in 2016, UACJ Automotive Whitehall Industries has evolved beyond producing automotive sunroof tracks, as a Tier 2 supplier to manufacturing a diverse range of aluminum structural components for many automakers as a Tier 1 supplier. The company has won many new orders and acquired numerous certifications from automakers, attesting to its world-class production technologies, high productivity, consistent quality, and advanced supply systems. Aiming for sustainable growth in the North American market, we are working to further refine our production technologies and boost supply capacity while continuing to build trust with automobile manufacturers.



Percentage of sales volume by supplier status before and after joining the UACJ Group



Dialogue between an outside director and executive in charge of the Group's response to climate change

As a global-leading aluminum product manufacturer, UACJ will spur efforts to promote the sustainability of the aluminum industry and the planet

Climate change has emerged as a problem that must be tackled on a global scale. In this context, expectations for aluminum to play a positive role are growing. The UACJ Group has been making all-out efforts to combat climate change and promote sustainability. Two members of UACJ's Board of Directors were invited to discuss the current progress of these efforts and future outlook: Ryoko Sugiyama, an outside director who specializes in environmental issues, and Shinji Tanaka, who serves as a director and managing executive officer responsible for the Group's response to climate change.

With the growing seriousness of climate change, aluminum has been attracting attention around the world as a metal that can contribute to reducing environmental burdens. What is your perspective on this trend?

Tanaka: Compared with other metals, aluminum is particularly easy to recycle. Recycling emits only about 3% of the CO₂ emitted from aluminum smelting. In October 2020, the Japanese government announced its goal to become carbon neutral by 2050, and since then, public interest has been

growing and our customers increasingly expect us to expand aluminum applications and step up recycling.

Sugiyama: Looking at it another way, if aluminum is not recycled, vast amounts of energy will be consumed and CO₂ emitted across the supply chain. To reduce its environmental impact, the aluminum industry has a social mission to recycle materials. That should be a core responsibility. Yet, when I was appointed as outside director in 2015, recycling was not strongly backed by UACJ, which I questioned at the time.

Tanaka: Back then, we were not aggressively promoting the adoption of recycled aluminum because of issues involving manufacturing efficiency and workability. Now that environmental awareness has reached such a high level, however, our customers are looking to protect the environment, so they increasingly want to use recycled aluminum to reduce overall CO₂ emissions from their manufacturing processes. Meanwhile, the UACJ Group's employees have become very aware of aluminum's role in solving environmental problems

Ryoko Sugiyama

Outside Director

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 UACJ's first female director.



and fighting climate change. Therefore, the Group is now very keen on exploring solutions and taking action.

Sugiyama: As you said, many manufacturers have recently come to recognize the importance of recycling, whereas only a limited number of customers did so in the past. UACJ, too, has set a very good process in motion by integrating sustainability into its management strategies and specifying material issues along with related initiatives. Awareness has been growing among employees, as well. The important thing, however, is to give something back to society through those activities. In Japan, when you look at the shelves of convenience stores, aluminum cans account for only a small percentage of bottled water, tea, and other beverages. As other parts of the world rapidly phase out plastic, I wonder if Japan is keeping up.

Tanaka: Globally, we are seeing a shift to aluminum beverage containers. In North America, demand for aluminum can stock has been growing steadily at a rate of 6% annually. To accelerate this shift in Japan, aluminum product manufacturers will need to more effectively educate the public about the environmental benefits of aluminum.

Sugiyama: Perhaps educational tools created by UACJ will be effective for that, such as its recently published booklet about aluminum and the environment. I hope we can accelerate the shift to aluminum by providing many people with clear explanations of how aluminum containers and aluminum recycling can help reduce environment burdens.

To make further progress in aluminum recycling, what kind of measures will be needed?

Tanaka: In Japan, steps to establish an aluminum can recycling system were taken many years ago, so over 90% of all aluminum cans are now recycled. On the other hand, since the body and lid of the same can contain different types of alloys, it is difficult to recycle them as can stock without lowering the quality of the materials. Consequently, if the same level of quality is maintained, the can-to-can recycling rate drops down to around 70%. To raise the rate of this type of closed-loop recycling will be a big challenge going forward.

Sugiyama: Besides aluminum cans, however, there still hasn't been much progress in recycling other aluminum products.

Tanaka: That's right, so collection and recycling systems need to be created for aluminum products other than cans. Aluminum beverage cans are used and collected over a relatively short time span. In contrast, over a decade can pass before products like auto parts can be recovered for recycling. Therefore, recycling

Shinji Tanaka

Director, Managing Executive Officer,
Chief Executive of the Corporate Strategic Restructuring Office

As a managing executive officer, Shinji Tanaka, is responsible for the UACJ Group's response to climate change. He oversees the proceedings of UACJ's Climate Change Countermeasures Steering Committee, and was directly involved in the Company's decision to strive for carbon neutrality and revise its targets for reducing CO₂ emissions.



systems must be designed to suit the respective life cycles of different products. Furthermore, compared with cans, a wider range of alloys are used in other aluminum products, so to enable closed-loop recycling, systems for separating, sorting, and recovering these materials will be needed.

Sugiyama: For those reasons, a wide range of stakeholders must work together, including automakers and manufacturers in related industries as well as municipal governments. Having consumers cooperate is also essential, of course, since they are the end users.

Tanaka: Yes, collaboration among many types of stakeholders across society will be needed to build a circular economy for aluminum. I want UACJ to be at the heart of that process.

Sugiyama: In the resource recycling process, large corporations function like arteries, sending products out to society, and this side of the circulatory system is very robust. Meanwhile, comparatively smaller companies and municipal governments are generally entrusted with the collection of the used products, functioning like veins, and this side of the system has not been reinforced much. Therefore, for UACJ to be at the “heart” of this circular economy, it should proactively contribute to improving collection and recovery systems.

Tanaka: I agree. As part of such efforts, we are currently exploring ways to process and treat used aluminum cans in partnership with upstream suppliers (see page 36). Our activities are not limited to Japan. In Thailand, we are working with the government, can manufacturers, beverage producers, and other stakeholders in a project called Can to Can Journey, which aims to establish a closed-loop recycling system for aluminum cans. In the future, we intend to expand these activities in Vietnam and other ASEAN countries.

Besides recycling, what other initiatives will UACJ need to pursue to combat climate change?

Sugiyama: Aluminum parts help reduce the weight of cars and other vehicles, contributing to better mileage and lower CO₂ emissions. It will be important to exploit the properties of aluminum in such ways to reduce environmental burdens in a broader range of industries. On the other hand, a vast amount

of electricity is consumed in the process of smelting virgin aluminum. Since the amount of recycled aluminum produced cannot meet total demand for aluminum at present, saving energy and reducing CO₂ emissions in the smelting process is a major issue.

Tanaka: UACJ imports smelted aluminum ingots in addition to recycled aluminum. CO₂ emitted from the smelting process is categorized as Scope 3 emissions. Our environmental targets, however, fall within the range of Scope 1 and 2 emissions. Nevertheless, as a major manufacturer in the global aluminum industry, UACJ is using as much recycled aluminum as possible while working together with its many partners across the supply chain to reduce Scope 3 emissions, aiming to minimize greenhouse gas emissions from the supply chain as a whole. Because there are limits to how much the smelting process can be improved, we are exploring other possibilities in partnership with our suppliers. For example, increasing the ratio of electricity supplied from renewable energy sources is one such possibility.

Sugiyama: That should be possible because UACJ operates across the entire supply chain, from upstream to downstream, with a vast network of veins and arteries that will form the circular economy of the future. I hope to see the Company work proactively to reduce the environmental impact of the supply chain as a whole.

UACJ became the first Japanese flat-rolled aluminum manufacturer to acquire certification from the Aluminium Stewardship Initiative. What were the Company's objectives?

Tanaka: UACJ acquired the certification in order to help customers improve their green procurement goals. At the same time, by participating in the initiative, the Company could become involved in the creation of international rules concerning responsible aluminum production, procurement, management, and logistics. We want to play a leading role in making the entire industry more sustainable.

Sugiyama: I pointed out earlier that the shift away from plastic beverage containers has been slow in Japan compared with other parts of the world, but Japanese ideas are also not commonly applied in general business practices around the world today. Historically, the creation of international business

regulations were spearheaded by Europe and the United States. Japan just followed their lead for the most part. With that in mind, UACJ's push to join the Aluminium Stewardship Initiative ahead of other Japanese companies with a desire to play a role in creating international rules is highly commendable. I am sure this will lead to big successes in the future.

Tanaka: Thank you. By actively participating in the creation of global standards for the aluminum industry as a member of the initiative, we not only hope to enhance the sustainability of our own businesses, but also to contribute to the sustainability of the industry and the planet.

This year, UACJ declared its goal to become carbon neutral by 2050. What was the background behind this goal?

Tanaka: In our third mid-term management plan launched last year, we targeted a 22% reduction in CO₂ emissions across our supply chain by 2030, compared with the level in fiscal 2019.

After that, we set up our Climate Change Countermeasures Steering Committee, and made significant progress by implementing improvement plans. On that momentum, we set a 30% reduction target for Scope 1 and 2 emissions, which can be reduced through the Group's own efforts. A 30% reduction may not appear so ambitious, but since we had launched various measures to cut emissions before 2019, further reducing emissions by 30% from now will actually be very challenging.

Sugiyama: Considering the often reported damage caused by record-breaking heat waves around the world this past summer, we have no time to lose in the fight against climate change. Although your target may be very challenging, I believe UACJ, as an industry leader, will accomplish it.

Tanaka: To achieve carbon neutral Scope 1 and 2 emissions by 2050, a 30% reduction by 2030 is not just a target to work towards—it is a goal we must accomplish. I think it will be feasible if we implement a number of measures, such as expanding our use of renewable energy and stepping up energy-saving measures at every manufacturing facility. At the same time, we will continue to collaborate with our partners across the supply chain and use as much recycled aluminum as possible to reduce Scope 3 emissions.

