

Ten Years of UACJ

To meet the world's strong demand for aluminum

Ten Years of Evolution **1**

Establishment of an industry-leading three-country supply network

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Ten Years of Evolution **2**

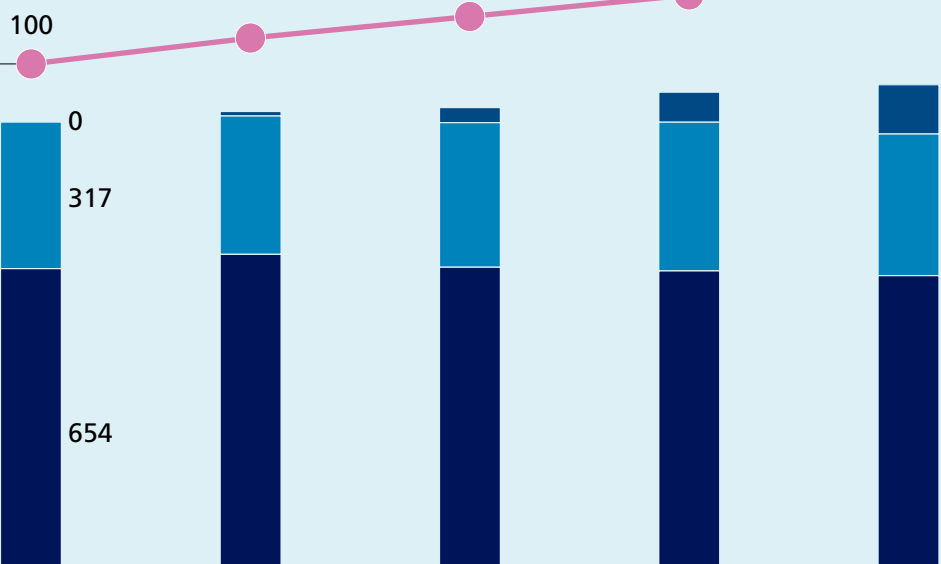
Cultivation of new domains for greater contribution

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Market consumption (Indexed; 2013 = 100)

UACJ production (Thousands of tons)

■ Japan ■ United States ■ Thailand



Fiscal year	2013	2014	2015	2016	2017
Net sales (Billions of yen)	364.1	572.5	575.7	568.3	624.3
Adjusted EBITDA (Billions of yen)		41.7	52.3	56.8	50.7
Number of employees	8,418	8,556	8,881	9,819	10,067

UACJ was born from the merger of two aluminum producers, designed to meet the growing global demand for aluminum. In the 10 years since, it has evolved in many ways. Today, in the earnest effort toward greater production capacity, we have established a three-country supply network, spanning Japan, the U.S., and Thailand. As a result of our efforts to improve supply capacity and strengthen our solution capabilities, we have significantly increased sales and become one of the world's leading aluminum manufacturers. In recent years, we have also begun the construction of a new aluminum value chain that will serve as the foundation of a circular economy, as well as completed future-minded structural reforms in corporate structure and culture. In these and other ways, we are making steady progress in harnessing aluminum to help build a sustainable society.

Ten Years of Evolution

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Building a new, recycling-oriented value chain

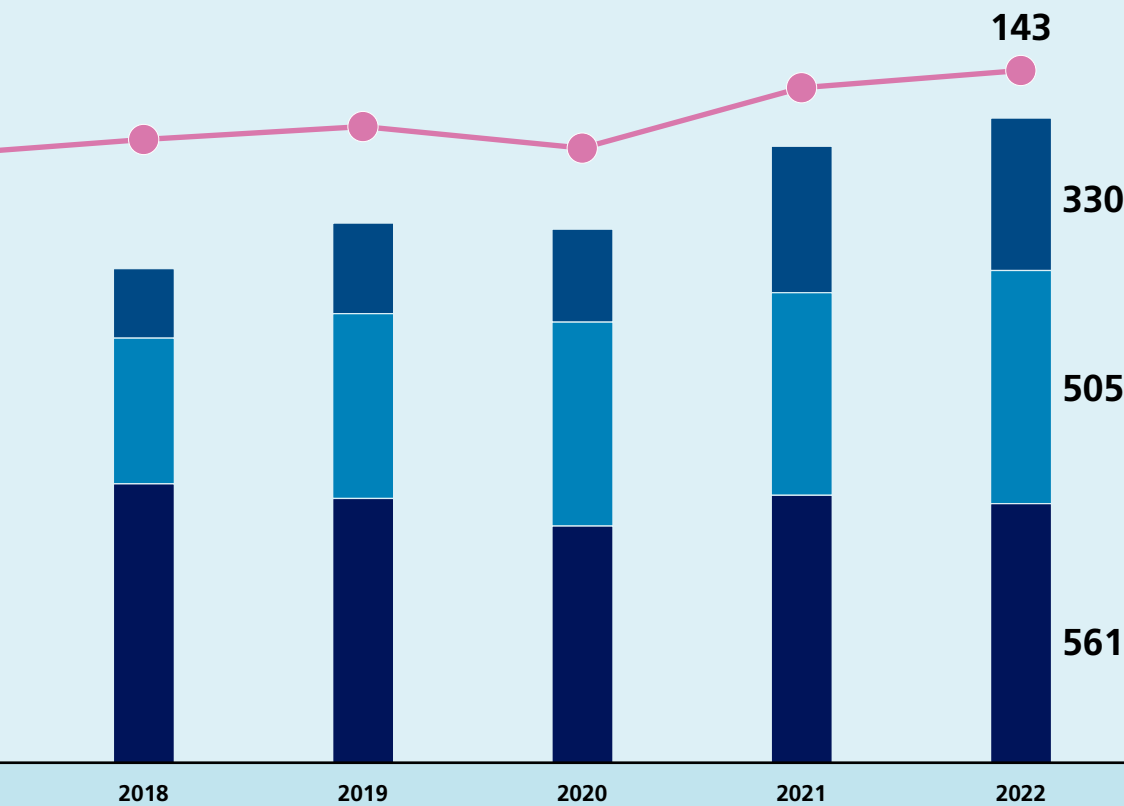
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Future-minded, dynamic reforms of corporate structure and culture

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Source: UACJ research

2018	2019	2020	2021	2022
661.3	615.2	569.8	782.9	962.9
42.6	47.3	44.7	60.2	59.7
10,366	9,927	9,722	9,571	9,510

Ten Years of Evolution 1

Establishment of an industry-leading three-country supply network

Demand for aluminum is increasing globally, driven by the transition to a sustainable society. Since its establishment, UACJ has considered North America and Asia as its growth markets, making major capital investments in the U.S. and Thailand accordingly. This has resulted in the achievement of a three-country supply network, spanning Japan, the U.S., and Thailand. At UACJ (Thailand) Co., Ltd., our subsidiary in Thailand, we have expanded our sales channels for can stock, with a focus on North America and Asia. In addition, UATH has been consistently fulfilling orders at maximum production capacity for its air conditioner compressor fins and heat exchange materials. In Japan and the U.S., we have established a model of local production for local consumption

centered on our robust strong customer base, and have steadily improved the earning power of our three-country supply network. In recent years, as the shift away from plastics has taken root, especially in North America, demand for can stock has grown faster than anticipated, but thanks to our three-country supply network, we have been able to sustain a stable supply to meet this demand.

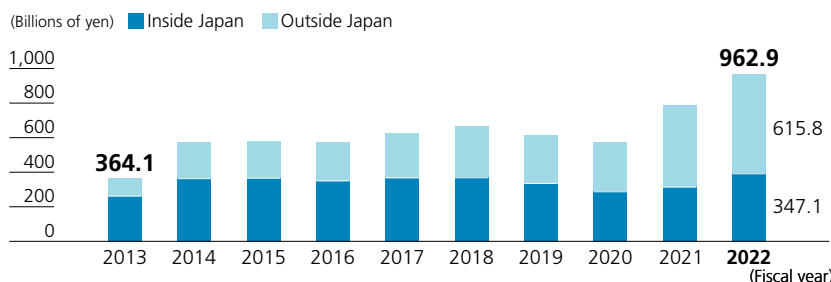
Today, our aluminum supply capacity exceeds 1.4 million tons per year, making us the third largest aluminum supplier in the world. Our net sales originating outside of Japan have gradually increased to become more than half of our total net sales, reflecting our evolution in the 10 years since our establishment from a Japanese company to a global company.

FY2022 Annual Production Ranking: Aluminum Sheets and Plates

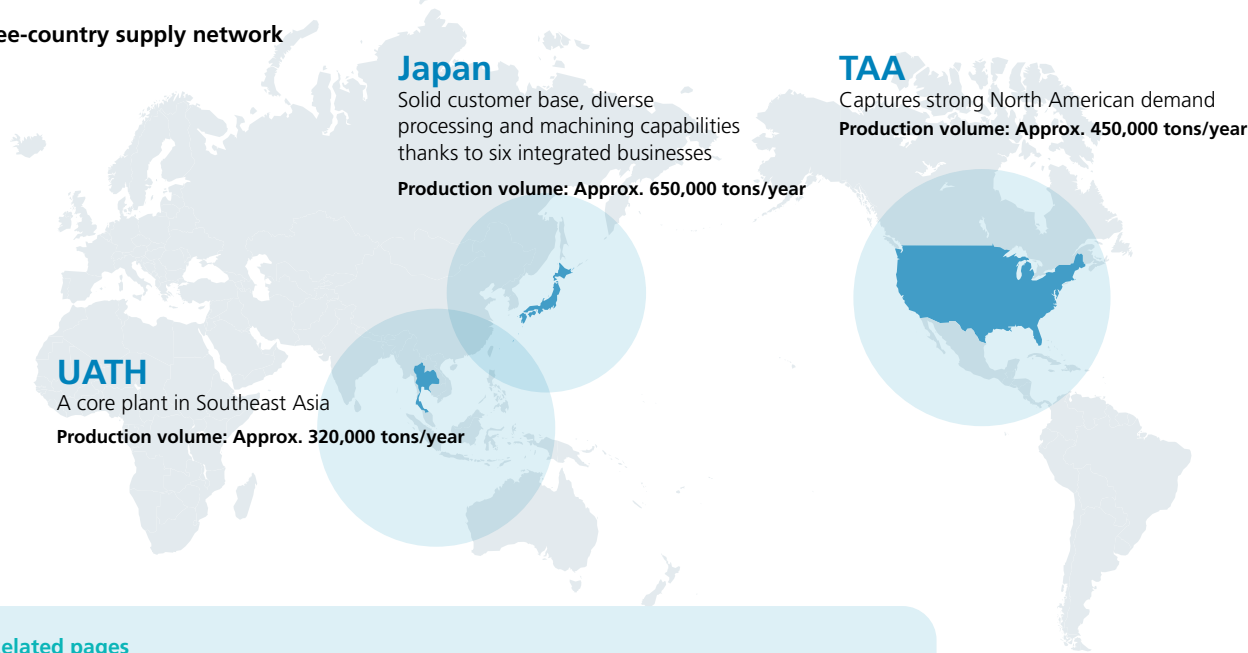
#1	Competitor A	3.9 million tons
#2	Competitor B	1.6 million tons
#3	UACJ	1.4 million tons
#3	Competitor C	1.4 million tons
#5	Competitor D	1.3 million tons

Source: UACJ research

Net sales



Three-country supply network



Related pages

- Market Environment Pages 27–28
- Advances in Business Pages 41–42
- North American can stock market Pages 43–44
- Asian market Pages 45–46
- Japanese market Pages 47–48

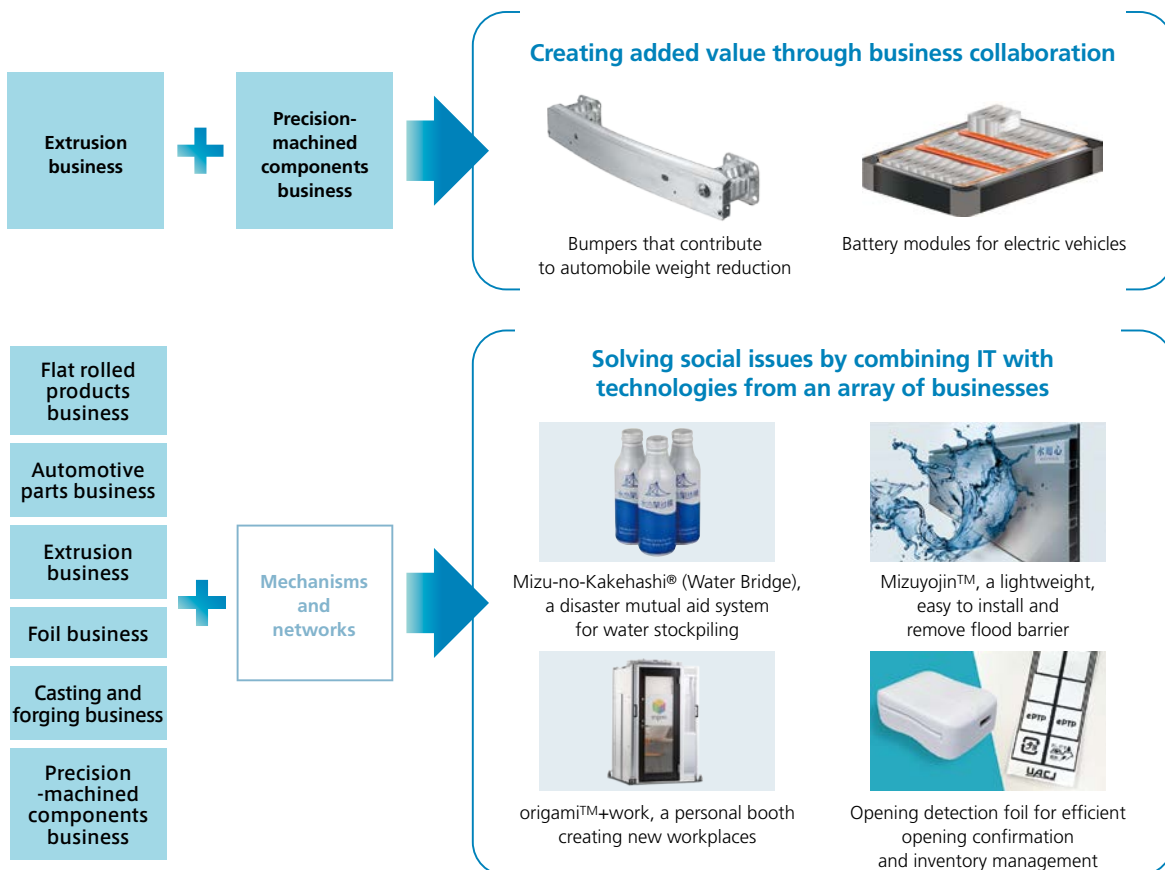
Ten Years of Evolution 2

Cultivation of new domains for greater contribution

In order to make aluminum widely usable in society, we must process it in order to add the functions needed for its intended application. The merger that created UACJ bestowed on us a great diversity of processing capabilities, augmented by welcoming UACJ Automotive Whitehall Industries, Inc. to our organization. Our capability to commercialize aluminum products has also been enhanced over the years by our R&D sites in Japan, Thailand, and the United States.

Furthermore, we have strengthened our solution capabilities through synergies that transcend business boundaries, helping us to contribute to society in a wider

range of domains. Lightweight bumpers, made possible through collaboration between the Extrusion Business and Precision-machined Components Business, contribute to the reduction of CO₂ emissions in the automotive industry. Efforts to solve social issues by proposing new ways to use aluminum also include developing a wide range of products that contribute to disaster preparedness and mitigation. Led by young employees, we engage in dynamic thinking about how aluminum can be useful to society, pitching problem-solving ideas to our customers by combining our products with mechanisms.



Related pages

- Market Environment Pages 27–28
- Automotive parts market Pages 49–50
- Feature No. 2 Striving to expand business domains to build a better world and healthier environment ... Pages 35–40

Ten Years of Evolution **3**

Building a new, recycling-oriented value chain

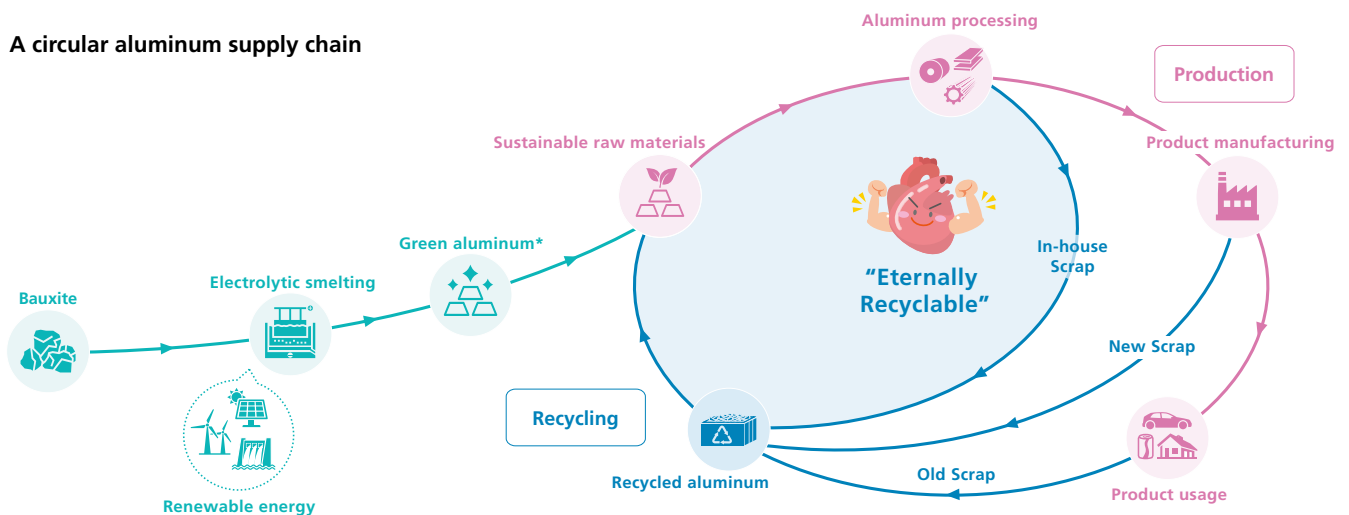
The greatest contribution we can make toward passing down a better world over the next century is to create a circular economy for aluminum products. The amount of CO₂ emitted when aluminum is recycled and manufactured is about 3% of that when smelted from mineral resources. Therefore, the more recycled aluminum is used, the more CO₂ emissions reductions are achieved.

To help bring about greater recycling and reductions, we have begun to build a new value chain. Within this circular supply chain, UACJ plays a central role in the essential elements of production and recycling. In cooperation with stakeholder business operators, we are working to build a production network generating aluminum products that are easy to recycle, as well as a recycling network to recover aluminum and turn it into high-quality recycled aluminum. In addition, our ingot procurement prioritizes green aluminum that uses renewable energy in the smelting process.



A scrap recycling furnace at Tri-Arrows Aluminum Inc.

A circular aluminum supply chain



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

Related pages

- Feature No. 2 Striving to expand business domains to build a better world and healthier environmentPages 35–40
- Sustainability Strategies Pages 53–54
- Dialogue Between Outside Directors Pages 59–60

Ten Years of Evolution **4**

Future-minded, dynamic reforms of corporate structure and culture

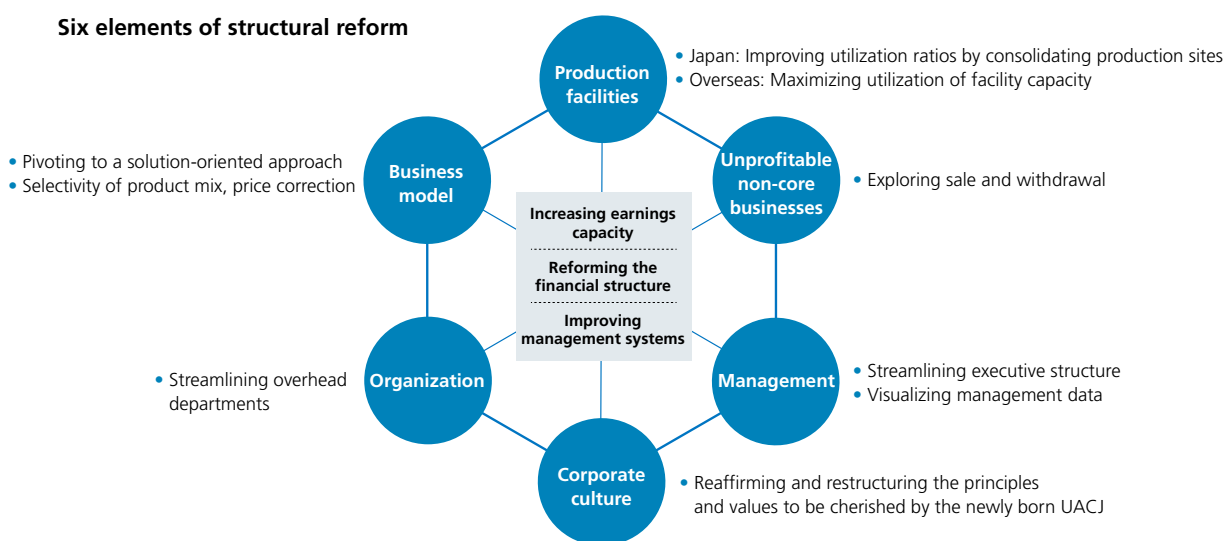
These ten years of UACJ have also been marked by many difficulties. These include deterioration in our external environment, such as trade friction between the U.S. and China and the slowdown of the Chinese economy, as well as emergence of internal issues related to our expanding corporate scale. In 2019, we launched structural reforms in the urgent task of recovering performance. At that time, the issues we identified were a profit structure susceptible to fluctuations in the external environment and a lack of speed in our management function. Structural reforms were then carried out by across a number of working groups in six areas, with a focus on increasing earnings capacity, reforming the financial structure, and improving management systems.

One of the initiatives we undertook was to reform our corporate culture. As a starting point, we worked to redefine our corporate philosophy, discussing and re-examining the purpose of UACJ and what it should strive for, with the participation of employees. This also included a series of Group philosophy dialogue meetings held in various UACJ locations, intended to instill our philosophy and increase engagement. Our work to bring the president and employees together in dialogue, sharing UACJ's purpose with each and every member of our organization, led to the creation of a future-oriented corporate culture, which has also strengthened our solution capabilities.




A Group philosophy discussion meeting

Six elements of structural reform



Related pages

- Overview of Structural ReformsPages 19–20
- Dialogue on Corporate CulturePages 69–70



Over the past 10 years since its establishment, UACJ has continued to grow while building a world-leading supply network and contributing to society as a major global aluminum products manufacturer.

Miyuki Ishihara
Representative Director, President

Having grown beyond expectations by boosting production and sales capacity, UACJ has become an aluminum products manufacturer with great potential

In 2023, we celebrated the 10th anniversary of UACJ Corporation's establishment through the merger of Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries, Ltd., in October 2013. This year also marks 125 years since Sumitomo Copper Rolling Works, a forerunner of Sumitomo Light Metal Industries, began producing flat-rolled aluminum.

As two of Japan's leading flat-rolled aluminum manufacturers, Furukawa-Sky Aluminum and Sumitomo Light Metal Industries merged with the goal of forming a competitive player in the global market. They recognized that despite declining domestic demand for aluminum products due to the country's shrinking population, demand was projected to grow in the European, North American, and Asian markets. By streamlining and generating synergies from their leading

domestic businesses while allocating operational resources to expand their international businesses, the two companies looked forward to growing sustainably as a global flat-rolled aluminum manufacturer.

Following the merger, UACJ implemented its first and second mid-term management plans, through which it executed a series of large-scale investments aimed at expanding its international operations over the medium and long terms. In the United States, the Company expanded production capacity at Logan Mill, a production facility operated by its subsidiary Tri-Arrows Aluminum Inc. It also acquired UACJ Automotive Whitehall Industries, Inc., and boosted its production capacity. In Thailand, the Company completed three phases of expansion at Rayong Works, operated by subsidiary UACJ (Thailand) Co., Ltd., enabling the facility to meet robust demand in Southeast Asia. Thanks to these investments, the UACJ Group's results surpassed initial expectations in fiscal 2022, with global sales volume exceeding 1.3 million tons and production capacity reaching 1.4 million tons.

Rayong Works, especially, expanded into a major flat-rolled aluminum production center. Moving well beyond its initial role of supplementing global product shipments from Japan, Rayong Works currently supplies products to about 80 companies in 26 countries. Including this facility, the UACJ Group now operates four production facilities that can each manufacture at least 300 thousand tons of flat-rolled aluminum annually. We believe this flat-rolled aluminum supply network based in Japan, Thailand, and the United States is the world's best. Moreover, each of the Group's main businesses operate globally, including the extruded products, foil, and casting and forging businesses. Through the acquisition of UACJ Automotive Whitehall Industries, the Group added automotive parts as a new growth business, which we regard as a major achievement.

Before merging, the two companies that founded UACJ posted combined net sales of ¥436.5 billion. The amount has more than doubled since then, as the Company posted consolidated net sales of ¥962.9 billion in fiscal 2022, ended March 31, 2023, putting it in reach of the one trillion-yen mark. Besides sales, UACJ has greatly expanded its business areas and product categories over the past decade. Having led the Company for the past five of those years, I am deeply gratified by these achievements. At the time of our 10th anniversary, I strongly felt that UACJ has become a company with great potential that can inspire all members of the Group, not only those who have worked hard together over the past years but also people who will join us in the future.

Together with employees, management redefined the Group's purpose and completed drastic structural reforms involving very difficult decisions

The achievements, above, did not come easily, of course. From 2018, the year I was appointed as president, global market conditions rapidly deteriorated as China's economy slowed down following its trade war with the United States. Consequently, the Company's sales and profits came in 20% to 30% below the targets of our mid-term management plan in fiscal 2018 and 2019. To overcome such challenging circumstances, we initiated drastic structural reforms aimed at increasing earnings capacity, reforming the financial structure, and strengthening management systems. (▶ Page 19) These reforms involved very difficult decisions, including the sell-off of the Company's wrought copper products business and the closure of Nikko Works, both of which had operated over many years of our history. Then we faced new problems following the outbreak of the COVID-19 pandemic in 2020, including a drop in sales volume as our customers suspended their operations as

well as delays in starting up our own production facilities. In response, we implemented additional measures to put the Company's performance back on track. In the end, the structural reforms contributed ¥21.0 billion to ordinary income, our initial target. Along with this increase in earnings capacity, we succeeded in reforming the Company's financial structure, increasing the speed and efficiency of management decision-making through a streamlined executive management structure, and making the Group more agile, flexible, and resilient to changes in the operating environment by implementing the structural reforms.

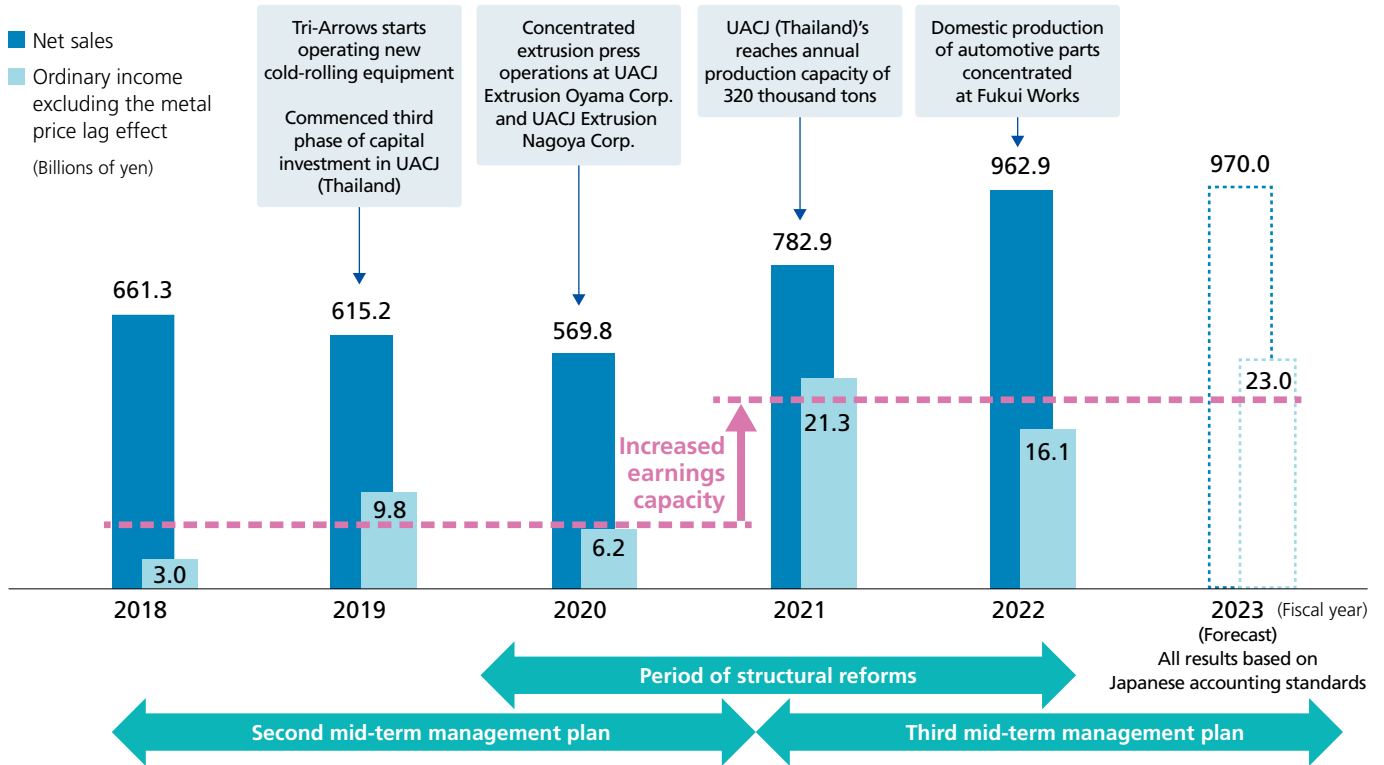
It was my belief that the Company might not be able to survive unless the structural reforms were accomplished. That strong sense of crisis is what drove my determination to complete the reforms. To share this sense of crisis with the Group's employees, explain why the reforms were necessary at that time, and have them carry out the reforms with a united spirit, I initiated a process for redefining the Group's purpose to clarify its corporate philosophy, vision, values, and codes of conduct. Through this process, we created a long-term roadmap called UACJ Vision 2030, a set of guidelines for all employees to follow called the UACJ Way, and a new purpose statement, "Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability." We had employees actively participate in this process, and took steps to foster a corporate culture that encourages diverse members to work together towards the same goals. (▶ Page 69) These actions played a big part in our successful completion of the structural reforms.

Raising employee engagement and promoting mutual respect in the workplace by having all members recognize how their work benefits others

Over the past 10 years since UACJ was established, the UACJ Group has evolved as a major global aluminum products manufacturer. The collective capabilities of all of the Group's members have been the driving force behind this success. Indeed, I strongly believe that the Group's biggest strength is its people.

My career began at Nagoya Works, which was the main factory of Sumitomo Light Metal Industries before it merged with Furukawa-Sky Aluminum Corporation to establish UACJ. By the time of the merger, I had been promoted to general manager of Nagoya Works. The next year in 2014, however, I was assigned as general manager of Fukui Works, which had been Furukawa-Sky Aluminum's main factory. The merger was still relatively recent, so I noticed some differences in the workplace cultures of the two factories, but I also observed how

Effects of structural reforms on financial results



the manufacturing activities of both factories were built on the dedicated efforts and ingenuity of their workers. That made me even more convinced that developing human resources is integral to manufacturing.

Our project to establish UACJ (Thailand) and have it operate Rayong Works provides an excellent example of how the capabilities of employees can be fully realized. Generally, it takes more than 10 years for an aluminum rolling mill to become profitable after it starts operating. That was indeed the case with both Nagoya Works and Fukui Works. UACJ (Thailand), however, began posting profits after just six years. This was made possible because we transferred many experienced engineers from around the Group to Rayong Works to start up production lines and fully train local employees on how to operate the machinery. We also assigned highly capable sales staff all over the world.

The UACJ Group has inherited diverse skills and technologies accumulated over 125 years since its forerunners began making aluminum products. The Group's employees today are more capable than ever before because these skills and technologies have been passed down and refined over each generation. We have been broadening our range of venues for facilitating this process, such as through safety education and technical training at production facilities, as well as education

covering facility maintenance, R&D, and other operations provided through our Monozukuri Gakuen program. I will work to help maintain and enhance this tradition of passing down skills over the coming decades so that our employees and organizations grow even stronger.

Toward this end, fostering a workplace environment that allows all members of the Group to fully demonstrate their abilities is essential. As part of our efforts to maintain such an environment, we formulated the UACJ Group Health Management Policy in 2021, and took steps to assist employees in managing their mental and physical health, and raise awareness of health management among employees and their family members. To determine the level of progress made in this regard, we conduct employee engagement surveys on a routine basis.

I also try to help raise the motivation and morale of our employees by visiting group companies to talk with them in meetings on the UACJ Group Philosophy. Although some of these meetings were held remotely due to the pandemic, I make a point of visiting workplaces around the world to meet directly with employees. I have held over 100 of these meetings since I was appointed as president. In fact, the 100th meeting was held back in May 2023 at a workplace in Germany. In these meetings, participants openly discuss a wide range of issues related to our corporate philosophy and codes of conduct, as well as business

strategies and workplace problems and solutions.

In these discussions, I always ask everyone about who benefits from their work, and point out that for the UACJ Group to contribute to the sustainability and prosperity of society, it, too, must be sustainable. The importance of sustainability generally resonates with all of the participants, but many feel unsure about how their work is beneficial. When that happens, I usually tell them that aluminum honeycomb panels we produce are installed in shinkansen bullet trains in Japan. Because brazed aluminum is used on the curved surfaces of these panels—a world-first—they have a high degree of rigidity, which is the biggest challenge when using aluminum for such materials. Consequently, the panels help reduce the weight of the railcars and improve their soundproofing properties. During a meeting at a factory, I explained to everyone how the aluminum they skillfully produce each day makes bullet trains run faster while lowering environmental impact. Everyone then realized how they were contributing, which sparked a discussion about mobility.

This is just one example of how the Group's products and technologies benefit countless people throughout society in many ways. That means the work performed by our employees is very significant, regardless of whether they work in R&D, manufacturing, sales, or administration. If each employee works with an awareness of these connections, I believe they will not only feel more motivated, but also understand and respect each other more, which should result in a more comfortable and engaging workplace.

Accelerating the creation of new businesses for value-added materials to release them to the market more quickly

Based on various trends, including the growing seriousness of ocean plastic pollution, the global shift to EVs, and the economic growth of emerging countries in the Global South, we are confident that global demand for aluminum products will continue rising over the medium to long term. Anticipating this growth, UACJ has proactively invested in the Group's manufacturing facilities over the past decade since its establishment, creating a robust global supply network based in Japan, Thailand, and the United States. Therefore, we expect even more opportunities for further growth going forward.

This outlook seems justified by the Company's sales results: consolidated net sales reached a record-high in fiscal 2022, the second year of our third mid-term management plan. Income, however, decreased year on year due to steeply rising prices of energy and aluminum alloy additives. In response, we introduced a surcharge system for reflecting these higher costs



in product selling prices. The fact that we initiated this system ahead of the industry demonstrated our ability to quickly respond to changes in the operating environment, which is a positive outcome of the structural reforms. We expect the impact of this system to be reflected in earnings results in fiscal 2023. We also believe that the structural reforms will lead to a steady rise in earnings capacity, and results for return on equity, return on invested capital, and other financial indicators will get on track towards our targets for 2030.

Our fourth mid-term management plan will commence from the beginning of fiscal 2024 in April next year. Under that plan, we intend to carry out ambitious new initiatives and projects that build on the outcomes of the structural reforms and bring us closer to accomplishing the goals of UACJ Vision 2030. Since the Company's establishment in 2013, we have positioned the flat rolled products business at the core of our growth strategies and focused on boosting its production capacity and earning power. Besides this business, however, we will actively work to expand and bolster the earning power of other businesses going forward. For example, we plan to strengthen our business of manufacturing and selling compressor fins and extruded parts for air conditioners in Europe. We did not consider Europe as a growth market in the past, but market demand for air conditioners has been rising there in recent years due to the effects of climate change. Similarly, we will flexibly reconsider our targeted growth markets and industries under the next mid-term management plan, and pursue business strategies designed to maximize the Group's competitive advantages by leveraging its R&D capabilities to bolster its six diverse businesses, namely flat rolled products, automotive parts, extruded products, foil, casting and forging, and precision-machined components.

For these strategies to succeed, we must broaden markets for our value-added materials. That means going beyond our

current role as a supplier of materials made to meet customers' specifications, to becoming a leading solutions provider and supplier of all-new products that add more value to materials. This will be our mission over the medium and long terms for making the Group's businesses more valuable for customers.

To expand markets for such products, we have been bolstering our marketing capabilities across the entire Group, creating new services as a result. For example, instead of simply supplying customers with materials made by our casting and forging business, we deliver fully processed and finished materials that are almost ready to be integrated in end products. This has brought many benefits, such as helping customers shorten production lead times, raising our profit margins, and allowing us to use our own facilities to recycle the scrap materials remaining after the finishing process. Along with this service, we have applied the ideas of young employees to develop many value-added products and services for the Japanese market in recent years, including aluminum cans for a brand of mineral water, portable work booths made with aluminum components, pharmaceutical packaging foil fitted with IoT sensors, and entranceway flood barriers made from extruded aluminum materials.

To speed up the time needed to release such products to the market, the Company established two new organizations effective from April 1, 2023: the Marketing & Technology Division, which integrates R&D and marketing functions, and the New Business Development Department in the Corporate Strategy Division, which will oversee new business creation. Based on this structure, the Company will leverage the core technologies and expertise of each of its businesses and apply R&D results to actively offer customers new value-added products and solutions, which we expect to stimulate demand for aluminum products and provide new sources of profits going forward.

Our fourth mid-term management plan will end around halfway between now and 2030, so completing every initiative of the plan will be essential for accomplishing the goals of UACJ Vision 2030. Some of those initiatives must be completed at an early stage, while others must be clearly determined by specific points of time. Therefore, we will draw up detailed roadmaps for each initiative to closely monitor their progress. In that process, we hope to keep the Group on track toward realizing the future envisaged in UACJ Vision 2030.

Placing aluminum at the heart of the circular economy to help build a sustainable planet

In the lead-up to our 10th anniversary, we looked back on the long history of the Company's forerunners. As part of that process, I visited the former Ashio and Besshi copper mines, the

birthplaces of their businesses, together with several executive officers in November 2022. While touring these old mines and examining historical records, I renewed my appreciation for the strong determination of our predecessors to help Japan modernize over every generation since the turn of the century. Driven by an enterprising spirit, they deployed the most advanced technologies of their time to mine and smelt copper, and maintained a steady supply of copper products that were essential for the country's industries and economy. These mines closed around 50 years ago, but thanks to afforestation initiatives, they are now surrounded by lush green forests. Seeing that, I realized how our predecessors fulfilled their responsibility to the local people and environment right up to the end, and their community-minded approach remains to this day.

While UACJ, itself, is a relatively new company, it has an obligation to maintain the enterprising spirit and community-mindedness it has inherited from these forerunners. I believe these principles are expressed in the Group's purpose statement—to contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability—in a way that is relevant for the world today. Guided by this purpose, we are striving to solve various issues facing the planet by making the most of aluminum's properties. Among these issues, contributing to the environment is our most important responsibility. Aluminum can be recycled practically endlessly, and because it is lighter than steel and has excellent thermal conductivity, the metal helps make EVs more lightweight and air conditioners more efficient. For these reasons, aluminum has great potential for helping build a sustainable planet.

To ensure that the environmental benefits of aluminum also benefit society as a whole, UACJ has declared its commitment to playing a central role in building a circular economy for aluminum products in partnership with a wide range of its stakeholders, and is carrying out numerous initiatives to make this a reality. For example, in September 2022, the Company teamed up with Suntory Spirits Ltd. and Toyo Seikan Group Holdings, Ltd., to put beer cans made entirely of recycled aluminum on the market—a world first. We are also working with Toyo Seikan Group Holdings to jointly develop aluminum cans that are easier to recycle. Moreover, in an effort to expand closed-loop recycling of used beverage cans, UACJ has established a joint venture with Yamaichi Metal Corporation, a major aluminum can recycler in Japan, to create a system for melting and recycling these cans.

At the same time, we are stepping up our branding activities in an effort to encourage more customers to choose aluminum products that offer environmental benefits. We launched our UACJ SMART® brand of environmentally friendly products in 2021, and added UACJ SMART® Mass Balance

flat-rolled aluminum to the lineup in April 2023, thereby widening alternatives for customers who place importance on environmental performance. The aluminum that goes into this new product is from recycled scrap as well as new ingots produced using electricity generated from renewable energy sources, and it comes with a third-party guarantee of the total amount of greenhouse gases emitted during its production. We are also promoting our U-Align[®] brand of automotive sheets. About half of the aluminum used to make these sheets for EVs is recycled, which we were able to do by strengthening bonds with customers. We also created a closed-loop recycling system with a major automaker, by which we recycle machine press scraps left over during automobile production. In addition, we have been supplying IT device manufacturers with numerous products made entirely from recycled materials and with electricity generated from renewable energy sources.

We are working across the entire product value chain to accelerate the adoption of environmentally friendly aluminum materials, and plan to create a new brand targeting consumers and end users. Our aim is to raise public awareness of the

environmental benefits offered by these materials and encourage more and more businesses to proactively choose aluminum.

The Group's progressive stance on the environment has been very well received among its many stakeholders, including investors that place importance on environmental, social, and governance (ESG) criteria. I am confident that our efforts to add value to aluminum products and help build a circular economy will ultimately increase UACJ's earning power and market value. That, in turn, should raise the Company's price-to-book ratio, which is currently below 1.0.

Drawing from the enterprising spirit and community-minded approach of our forerunners, and leveraging the global business network we established following the Company's establishment, the UACJ Group will strive to create new value through aluminum materials with a view of building a better world and a healthier environment. As president, I will do everything I can to lead the Group into a new era of growth. As we work to raise the Company's market value and meet the expectations of its stakeholders, we hope to receive even more support going forward.

Enhancing value for customers by expanding the circular economy

UACJ's strengths

Solid customer base and ability to provide diverse products and applications

- A flat-rolled aluminum customer base of over 600 companies
- Capable of supplying over 1,000 types of flat-rolled aluminum products optimized to customers' needs
- Ability to coordinate six main businesses to meet a broad range of customers' needs

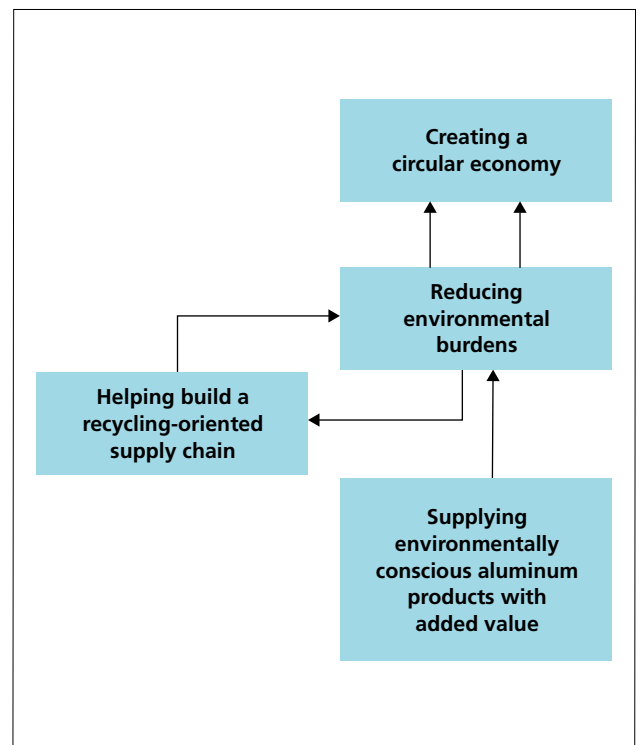
Flat-rolled aluminum manufacturing and sales network based in three-countries

- Capable of supplying can stock globally by utilizing the three-country manufacturing network
- Local production for local consumption model applied in Japan and the U.S. by leveraging the solid customer base in each country

Specialized equipment and technological capabilities for meeting diverse needs

- Extensive experience and technologies for mass producing a diverse range of aluminum products
- Specialized processes, equipment, and technologies for manufacturing alloys from optimum materials with the highest efficiency
- Unique network of manufacturing facilities in Japan, the U.S., and Thailand

Towards a circular economy



Enhancing value for customers by expanding the circular economy in the aluminum industry

Achieving goals thanks to foundations built from successful structural reforms

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

- Raise earning capacity
- Improve the financial structure
- Strengthen management systems

2 Strengthen foundations for growth

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

3 Promote global sustainability

- Contribute to solving issues related climate change

The Third Mid-term Management Plan is a three-year plan that started in 2021, aimed at the establishment of a foundation toward achieving UACJ Vision 2030, our long-term management vision (▶ p.33). The plan includes three major policies: “Complete Structural Reforms,” “Strengthen Foundations for Growth,” and “Promote Global Sustainability.”

With respect to “Complete Structural Reforms,” despite environmental changes since the formation of our structural reform plan, including the outbreak of COVID-19 and the impact of the conflict in Ukraine, our additional measures, like revising roll margins, helped to generate improvement effects of ¥21 billion, in accordance with initial plans. Furthermore, structural reforms have strengthened our management structure, allowing us to quickly introduce a new pricing structure in light of rising prices for energy and alloy additives (▶ p.86).

As for “Strengthen Foundations for Growth,” while sales volume declined in our designated growth area of automotive-related products due to the shortage of

semiconductors and disruptions in the global supply chain, sales volume of can stock, another growth area, increased due to globally strong demand. Thanks to this, overall sales volume exceeded the previous year’s record high.

In order to “Promote Global Sustainability,” we have declared our intention to become carbon neutral in Scope 1 and 2 emissions by 2050 (▶ p.56), and have decided to purchase 100% of electricity derived from renewable energy sources at 17 manufacturing bases close to finished products, including within our Precision-machined Components Business. In this way, we are working to contribute to solving issues related to climate change, a key issue for us. We are also making progress in our efforts to build a circular economy for aluminum by concluding a business alliance agreement with Toyo Seikan Group Holdings Ltd. to help generate more recyclable aluminum products, as well as establishing a joint venture with Yamaichi Metal Corporation to help recover aluminum for recycling. (▶ p.37)

See our website for more human rights
<https://www.uacj.co.jp/english/sustainability/social/human-rights.htm>



Financial targets

Net sales reached a record high due to strong sales of our mainstay can stock, especially overseas, and significant growth in worldwide sales of general materials such as air conditioner compressor fins, despite a drop in automotive-related sales. However, deterioration from inventories held and soaring energy prices resulted in a significant decrease in profit, with ordinary income amounting to ¥8.7 billion. Despite this, UACJ's

earning capacity improved thanks to the completion of structural reforms, as evidenced by the ¥16.1 billion in ordinary income before inventory valuation effects. In addition, demand for aluminum is expected to continue its robust growth, and we believe that we are generally on track to meet the goals set forth in our mid-term management plan and long-term management vision.

	Fiscal 2022 results	Fiscal 2023 mid-term plan targets	Fiscal 2030 targets
Net sales	¥962.9 billion	¥700.0 billion	¥800.0 billion or more
Operating income	¥17.2 billion	¥30.0 billion	-
Operating income margin	1.8%	4.2%	6% or more
Ordinary income	¥8.7 billion	¥25.0 billion	-
Debt-to-equity ratio (excluding subordinated loans)*1	1.3x	1.2x or less	-
Return on equity	2.0%	7.5%	10% or more
Return on invested capital*2	3.0%	6.0%	10% or more

*1 Excluding subordinated loans

*2 Formula: Operating income before taxes ÷ (Shareholder's equity + Interest-bearing debt – Cash and deposits), calculated as the average of the respective amounts at the beginning and end of the fiscal year

Non-financial targets

UACJ is taking actions toward achieving the performance indicators established for each material issue. In particular, with respect to the "response to climate change" material issue, we declared that we will achieve carbon neutrality in Scope 1 and 2 emissions by 2050. In addition, 100% renewable energy will be purchased at 17 manufacturing sites, which is expected to reduce CO₂ emissions by 100,000 tons per year. Furthermore, at the UATH*3 Rayong Works, solar panels have been installed on the roof of the manufacturing plant and began generating

electricity in September 2022. The electricity generated by these panels is expected to reduce CO₂ emissions by 14,000 tons per year. Separately, the entire Group is focusing on human rights under the jurisdiction of the Corporate Legal Department, including newly conducting human rights due diligence at UEXN Anjo*4.

*3 UACJ (Thailand) Co., Ltd.

*4 UACJ Extrusion Nagoya Corporation, Anjo Works

Materiality	Performance indicators	Fiscal 2022 results	Fiscal 2023 targets	Fiscal 2030 targets
Response to climate change	Reduction of CO ₂ emissions across the entire supply chain	Declared intent to become carbon neutral in Scope 1 and 2 by 2050	Reduced Scope 1 and 2 per-unit emissions by 17.3% versus fiscal 2019	<ul style="list-style-type: none"> Reduce Scope 1 and Scope 2 per-unit emissions by 30% versus fiscal 2019 Reduce Scope 3 emissions across the entire supply chain by recycling as much aluminum as possible in cooperation with various suppliers
Product quality assurance	Number of serious quality defects	25% more defects than in fiscal 2021	Zero	Zero
	Number of customer complaints due to the fault of materials (culpability in materials)	31% less complaints than in fiscal 2021	10% fewer complaints than in fiscal 2022	50% fewer complaints than in fiscal 2020
Occupational health and safety	Number of serious workplace accidents	Zero	Zero	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours*5	0.25	0.25	0.08
Respect for human rights	Goals to be set based on results of due diligence, and an action plan to be carried out	Completed construction of human rights due diligence mechanism, conducted human rights due diligence at UEXN Anjo	Due diligence executed at a minimum of four manufacturing plants (Fukui, UATH, UEXN Anjo, and at least one more location)	Execution of due diligence at the Group's main workplaces in and outside Japan
	Percentage of employees and officers that participate in 1) training covering codes of conduct and human rights, and 2) training on harassment	1) 92% 2) 100%	1) 96% 2) 100%	100%
Diversity and equal opportunity	Percentage of women in management positions (including directors and officers)	3%	4%	At least 15% (but whenever possible, aim for the target of 30% set by the Japanese government)
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	Program rolled out to all UACJ Group companies in Japan	100%
	Number of children and young people who participate in educational events held by UACJ as part of its education and sports programs for youth	882 per year	800 per year	1,000 per year

*5 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.

Structural reforms yield ¥21 billion in improvements from new earnings structure and large investment returns

Structural reform context and framework

Beginning in 2018, we experienced deterioration in our financial position amid a sharply-deteriorating external environment from U.S.-China trade frictions and other external factors, in combination with internal factors such as delays in earning returns from large overseas investments.

In 2019, we began structural reforms to restore our financial position to its former strength. Recognizing that the profit structure, which is susceptible to the external environment, and the lack of speed in management functions are issues that must be overcome, we have formulated and initiated measures focused on increasing earnings capacity, reforming the financial structure, and improving management systems.



Assessment of structural reforms

Despite environmental changes that were not anticipated when our reform plan was initially formulated, such as the COVID-19 pandemic and the conflict in Ukraine, we were able to improve earnings in Japan and earn returns from large overseas investments by carrying out additional measures and other tasks, generating improvement effects from structural reforms of ¥21 billion, in accordance with initial plans.

One of the factors behind our achievements here is the success of the corporate culture reforms undertaken at the beginning of the structural reforms. Here, we have redefined our Group philosophy by engaging employees in scrutinizing our purpose for existence as an organization. This success was largely driven by Group employees understanding how

important it is to undertake these structural reforms, building cohesiveness among them as they worked toward the same goal. This also led to a can-do attitude, evidenced by our successes in the aforementioned additional measures.

In addition, these structural reforms have strengthened our management structure and increased the speed and quality of management actions. This improvement can be seen in our rapid introduction of a market condition-aware scheme to pass on prices, including soaring energy and alloy additive costs. These achievements also serve as the foundation of our efforts to constantly reform and improve the quality of our management on an ongoing basis.

Progress toward main objectives

Main objectives and measures

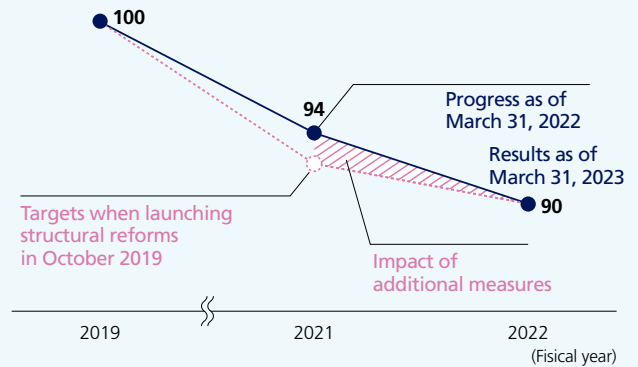
Progress

<p>Increasing earnings capacity</p>	<ul style="list-style-type: none"> Lower the breakeven point by 10% vs. the beginning of reforms ¥21 billion in structural reform improvement effects 		<ul style="list-style-type: none"> Lowered break-even point (down 10% vs. FY2019) Structural reforms generated ¥21 billion Consolidation of manufacturing bases completed and optimal manufacturing system built up
<p>Reforming the financial structure</p>	<ul style="list-style-type: none"> Reduce the debt-equity ratio from 1.7 to 1.3 Reduce interest-bearing liabilities by at least ¥80 billion 		<ul style="list-style-type: none"> Debt-equity ratio reduced (from 1.6 in FY2019 to 1.3 in FY2022) Interest-bearing liabilities reduced by ¥28 billion
<p>Improving management systems</p>	<ul style="list-style-type: none"> Review the director and officer system Reform organizations, authority, and corporate functions Reaffirm and rebuild our purpose and values 		<ul style="list-style-type: none"> Reorganized director and executive officer system and compensation system Revised committee system and organizational systems Redefined Group principles and held dialogue on Group Philosophy

Main measures for increasing earnings capacity

In order to overcome stagnation in profitability, we implemented measures throughout the structural reform period to reduce fixed costs and improve utilization rates. These measures included consolidating production sites, improving profitability, selection and concentration of business, and establishing an optimal production system. With the exception of a partial delay to production rationalization due to demand exceeding initial expectations, each of these measures were completed with nearly no divergence from schedule. These resulted in greater earnings capacity, including in a 10% lower breakeven point in our domestic Flat Rolled Products Business versus fiscal 2019.

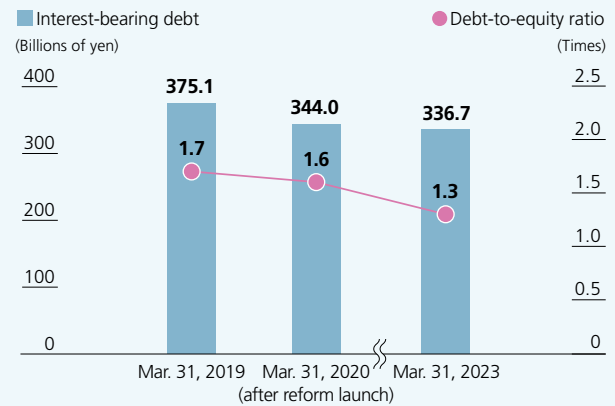
Domestic Flat Rolled Products Business Progress in lowering the breakeven point (March 31, 2020 breakeven point indexed to 100)



Main measures for reforming the financial structure

Our achievements in this area include successfully reducing our debt-to-equity ratio from 1.6 as of March 31, 2020 to 1.3 as of March 31, 2023, in line with our target. However, our reductions in interest-bearing debt only reached ¥28 billion, despite a target of ¥80 billion or more in reductions since the launch of structural reforms. Though we fell short of our target, this was due to factors such as an increase in working capital resulting from soaring ingot prices, and UACJ's financial position itself is steadily improving.

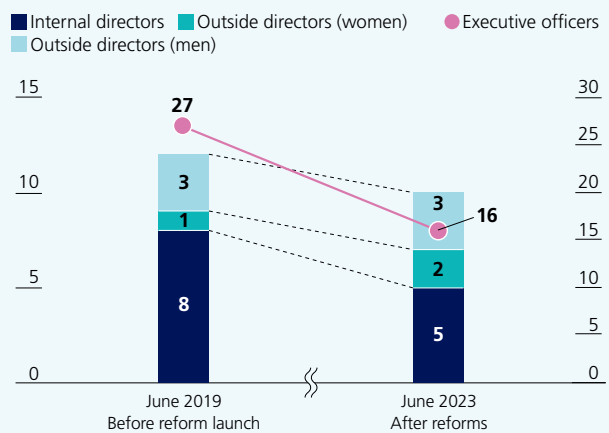
Financial structure indicators



Main measures for improving management systems

In working to streamline management, our aims were to accelerate decision-making and evolve our business management. In addition to reviewing our director and executive officer system and the compensation system, we have reviewed organizational structures and authority, as well as strengthening risk management functions. The results of these efforts is a corporate structure that does not miss opportunities for growth, even in times of uncertainty. After further review, we launched a new management structure beginning at the conclusion of the June 2023 General Meeting of Shareholders, consisting of five internal directors and five outside directors, the latter including two women.

Director and executive officer headcount over time



**Teruo Kawashima**

Director, Executive Vice President

Aiming to further increase the Company's enterprise value

Identifying challenges as we move forward with our third mid-term management plan

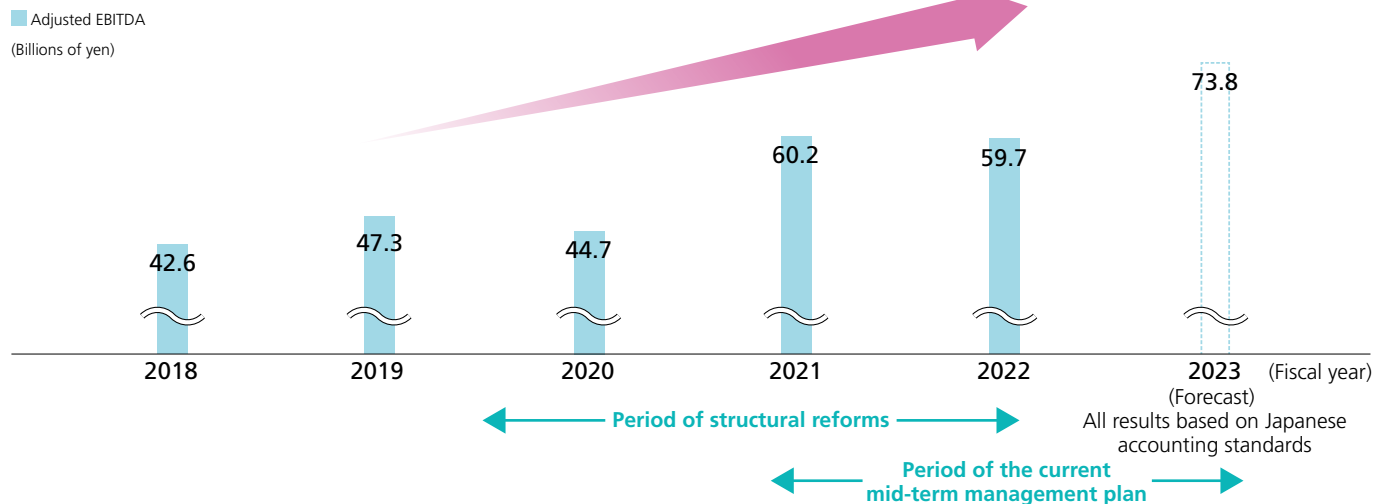
In September 2019, UACJ launched a set of structural reforms focused on increasing its earnings capacity, reforming its financial structure, and strengthening its management systems. The Company's goals were to make operations more robust so that it could boost capital efficiency and raise its enterprise value. By the time fiscal 2022 ended in March 2023, the UACJ Group had successfully completed these structural reforms. As a result, it lowered the break-even point in the mainstay flat rolled products business in Japan, and generated returns on large investments in production facilities in Thailand and the United States. Overall, the reforms contributed ¥21.0 billion to ordinary income, our initial target.

With respect to the Company's financial position, although working capital increased due to soaring raw material prices in recent years, the debt-to-equity (D/E) ratio, an important financial indicator, has improved in line with targets. The ratio stood at 1.7 in March 2019, but came down to 1.3 by the time the reforms were completed in March 2023. By March 2024, I think we can achieve the target of 1.2 we set in our current mid-term management plan. Ultimately, we want to bring the D/E ratio down to 1.0, and this appears possible by fiscal 2025. Under the plan, we are targeting operating income of ¥30.0

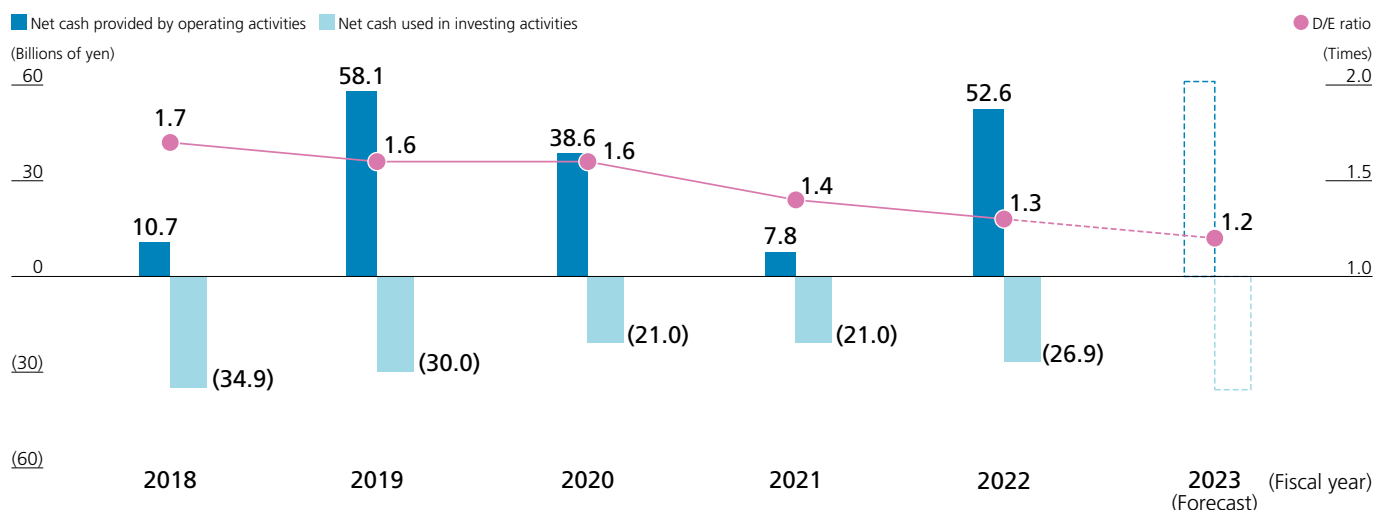
billion, return on equity (ROE) of 7.5%, and return on invested capital (ROIC) of 6.0% (calculated based on operating income). In fiscal 2023, ending March 31, 2024, we forecast ¥32.5 billion in operating income and ¥11.5 billion in net income attributable to owners of the parent. We also expect results for ROE and ROIC to be roughly in line with targets.

I believe that UACJ reinforced the foundations of its businesses over the course of executing the structural reforms, but I also recognize that improving its earnings capacity and financial position are still challenges going forward. Over the past few years, we placed importance on capital efficiency in our operational management, and will aim to raise the Company's enterprise value by leveraging capital efficiency going forward, especially since global market demand for our mainstay products—aluminum can stock and automotive parts—has been rising amid efforts to address environmental issues. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), which we regard as a source of higher enterprise value, has grown substantially from ¥42.6 billion in fiscal 2018 to ¥59.7 billion in fiscal 2022. We forecast ¥73.8 billion in fiscal 2023, and expect it break through the ¥80 billion market in the near future on the back of this momentum. That scale will signal a transition to a new stage, so our financial management must step up accordingly.

A stronger earnings platform following structural reforms



Results for cash flows and the D/E ratio



Growth provides the underpinnings for bolstering the Company's financial position

As business opportunities continue to grow, it will be essential to both raise the Company's enterprise value and improve its financial position. Having completed large-scale capital investments, the UACJ Group now has the production capacity to capitalize on these growing opportunities. While we will need to invest in recycling facilities in the future to take advantage of emerging business opportunities, the main tasks now for our financial management are to boost adjusted EBITDA, enhance the Company's ability to raise capital, and increase the efficiency of working capital. Those measures will be key for raising enterprise value and improving the Company's financial position.

To deploy working capital more efficiently, we have adopted cash conversion cycle* as a performance indicator, and are

applying it in improvement initiatives throughout the Group. Controlling inventories are an important part of these activities, but because inventory turnover is around 100 days, we are currently using a substantial amount of working capital (the global market price of aluminum is also an underlying factor for this). By shortening this period to under 90 days as quickly as possible, we could improve capital efficiency and reduce working capital, which would free up funds for capitalizing on growth opportunities. Management uses ROIC on a business profit basis (operating income excluding the effect of the metal price lag) as an indicator of capital efficiency, and is targeting at least 10%. We are working to generate profits and create a more robust business structure to achieve this target. Our major goals are to increase the Company's enterprise value and earnings capacity, reduce its beta value by strengthening its financial position and increasing capital efficiency, and lowering the cost of capital.

Over the past few years, to emphasize the importance of capital efficiency in our operational management, we have created systems for integrating capital efficiency in management indicators and carried out related training programs. Raising capital efficiency is a matter that must be addressed in order to raise the Company's price-to-book ratio. Our management indicators are ROE, ROIC (calculated based on business income), and the D/E ratio, and we have been taking steps to clarify the interrelationships between these three indicators. Management has also reorganized relations between production departments and manufacturing facilities, and explained these matters in operational divisions. We also plan to include the adjusted EBITDA margin as a management indicator when the next mid-term management plan commences next year. As the market for flat-rolled aluminum expands, raising the adjusted EBITDA margin will be essential for enhancing the value of this business. We will stress the importance of ROIC for profitability and asset efficiency in operational divisions, and aim to increase ROE while treating the D/E ratio as a direct indicator of financial soundness. When deploying ROIC, we determine the amount of invested capital in each operational division, set in-house targets based on the weighted average cost of capital, and manage budgets and monitor results. From this perspective, we intend to integrate the adjusted EBITDA margin as a supplementary management indicator in order to make our management even more aware of the importance of increasing enterprise value in the years ahead. Recently, the adjusted EBITDA margin has been in a range between 7% and 8%. These levels are insufficient, so we have set an immediate target of 9%, which is the average level in the metals sector, and will aim higher for 10%.

* A financial indicator that expresses the number of days it takes to convert investments in inventory into cash flows from sales.

Aiming to realize UACJ Vision 2030 under our next mid-term management plan

Management is currently drawing up its next mid-term management plan, the fourth since the Company's establishment, with a view of accomplishing the goals we set in our long-term roadmap, UACJ Vision 2030. We regard higher profitability as one of the main objectives of the plan. To accomplish that, we will work to capture growing demand for flat-rolled aluminum products and make more use of recycled materials that add value to our products by leveraging the technological capabilities and production capacity that we increased through strategic capital investments in the past. Global demand for aluminum is rising as more and more people recognize how the metal can help reduce environmental impacts, and the UACJ Group is well positioned to capitalize on the opportunities that come from this demand growth, as the

combined production capacity of its manufacturing facilities in Japan, the United States, and Thailand now exceeds 1.4 million tons annually.

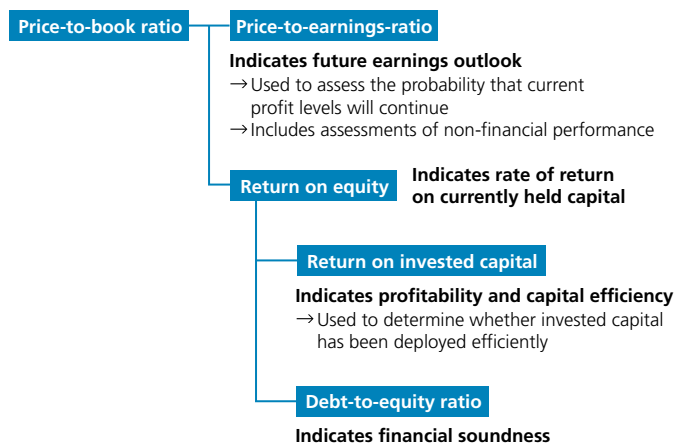
Over the three years of our current mid-term management plan, we expect the total amount of adjusted EBITDA to reach about ¥190 billion. Accordingly, the adjusted EBITDA margin would come to about 8%, which, as I mentioned above, is too low in our view, especially considering the growth in the total amount. Given the outlook for market growth, we expect the margin to reach 9% relatively soon, and will aim for 10% during the period of the next mid-term management plan.

We also plan to use operating cash flow to invest in sustainability-related projects and production of aluminum cans and automotive parts for the North American market, in which demand is projected to rise substantially. While investing in growth, however, we will work to strengthen the Company's financial position, keeping the D/E ratio at no more than 1.0.

Adopting International Financial Reporting Standards and pursuing higher earning capacity to compete in the global market

Following several years of preparation, the Company switched its accounting standards from generally accepted accounting principles in Japan to the International Financial Reporting Standards (IFRS), effective from April 1, 2023. By adopting these standards, the Company can more clearly disclose information and present its financial results globally, including the fact that its rate of invested capital and net sales to markets outside Japan have been growing year by year. In accordance with IFRS, we have switched from ordinary income, which we used as an indicator of profit for each business in the past, to business profit, calculated as operating income excluding the effect of the metal price lag. We are also recording the metal price lag

Key financial indicators



effect, financial costs, taxes, and consolidated income and losses based on the standards. In these ways, I believe the Company has established a basis for executing advanced financial management with a greater focus on ROE and net income attributable to owners of the parent, and for operating its businesses with an emphasis on ROIC.

In addition to business profit, financial cost management and reductions as well as tax management have grown increasingly important. Over the period of our current mid-term management plan, ROE has averaged around 7%, which is too low. Therefore, it is important for us to raise this up to the 10% level relatively soon. Furthermore, with the expansion of our businesses globally, it is important to comprehensively manage financial transactions by taking into account rises in U.S. dollar interest rates and changes in exchange rates of the currencies used in our operations, particularly the Japanese yen, U.S. dollar, and Thai baht. The Group also conducts a vast number of trans-border transactions because it operates in many countries. Therefore, it has become more important to manage taxation risks associated with intergroup transactions and the tax systems of each country. Shifting to IFRS is one practical way to manage all of these matters more effectively than we did in the past.

Meanwhile, non-financial reporting has emerged as a critical task. In this regard, the Company has specified its most important materiality issues and integrated them into management objectives. Since a company's non-financial performance is now a significant factor for assessing its overall value, we will take steps to quantify UACJ's performance and results, and explain this to shareholders and capital market players by disclosing all relevant information. We will also broaden our reporting of non-financial results in accordance with new standards set by the IFRS. Indeed, we expect the Company's adoption of the IFRS to lead to assessments of its non-financial performance. In addition, we have been disclosing

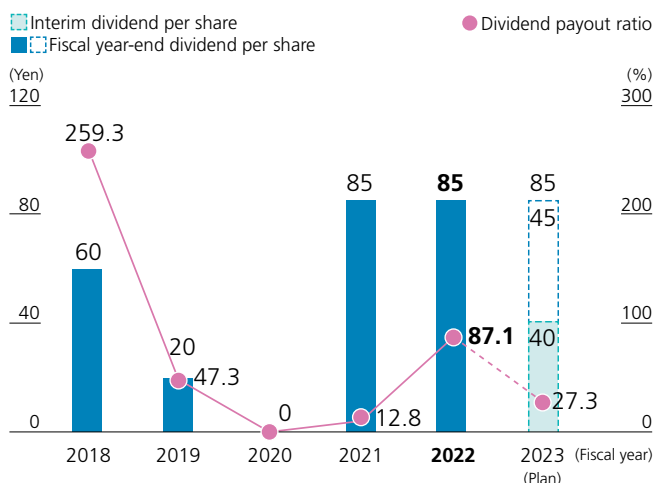
information concerning the impact of climate change on the Company's profits and losses over the current fiscal year in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, and we plan to report on other relevant items going forward.

Message to shareholders

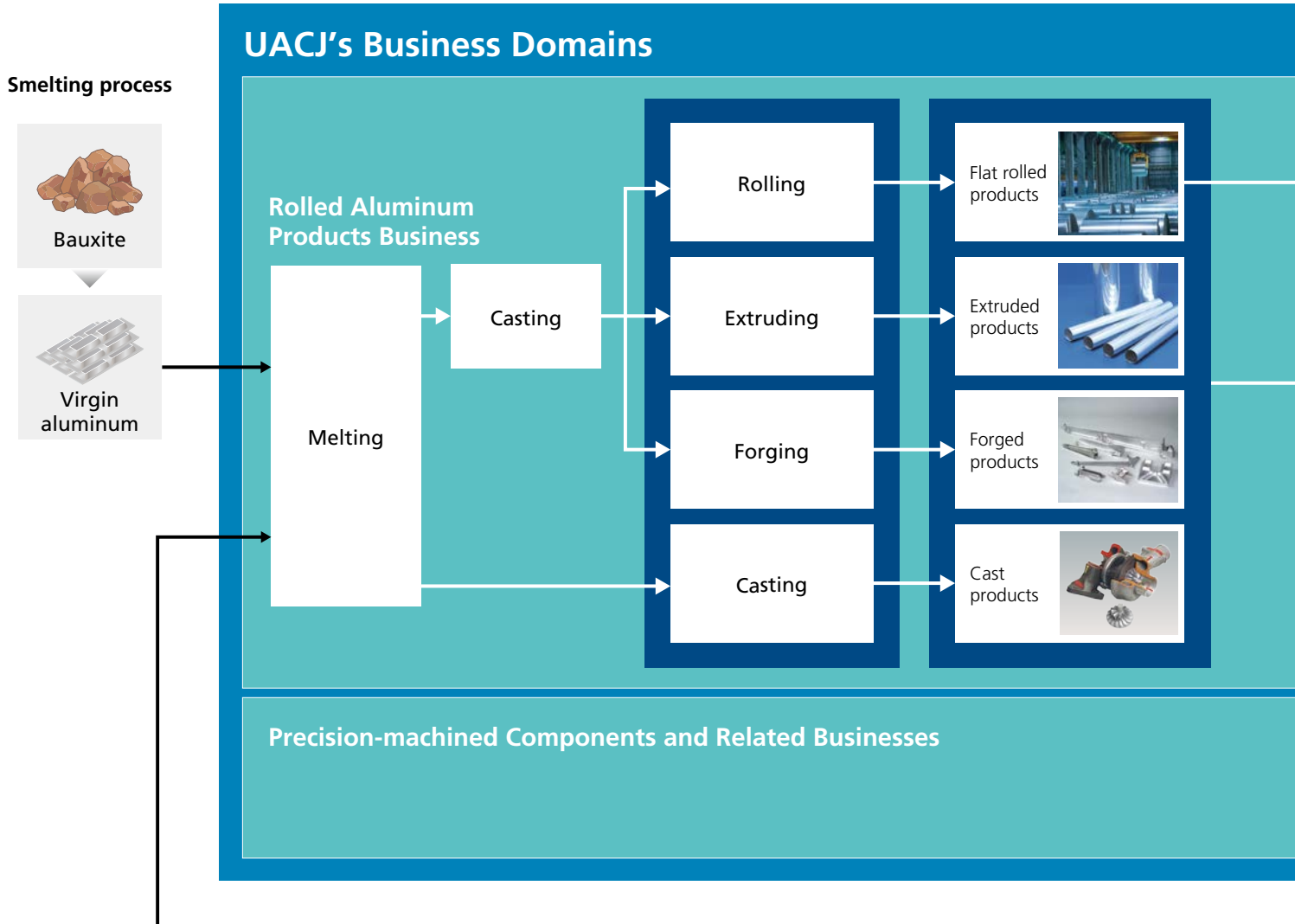
When allocating financial resources, management has been working to expand operations and raise UACJ's enterprise value while giving consideration to investments in growth businesses, shareholder returns, and the strength of the Company's financial position. The financial structure weakened after we carried out large scale investments following UACJ's establishment in 2013, but by executing structural reforms and our third mid-term management plan, we improved the D/E ratio and reinforced the financial position. Looking ahead, we will deploy our management indicators of ROE, ROIC, and the D/E ratio in operational management with a view of raising UACJ's enterprise value. We also intend to maintain a dividend payout ratio of at least 30%. Over the medium and long term, we will plan to formulate measures aimed at increasing the Company's price-to-book ratio, engage with capital markets, and actively disclose information to explain to stakeholders the reasons why we expect earnings to grow.

In October 2023, UACJ celebrated the 10th anniversary of its establishment. Over the past decade, the Company optimally reorganized its businesses, which involved large-scale investments, the acquisition of an automotive parts manufacturer in the United States, and the sell-off of the wrought copper products business. By making the most of the Group's expanded production capacity and global operations, we will strive to secure a solid position as a leading flat-rolled aluminum manufacturer in the expanding global aluminum products market.

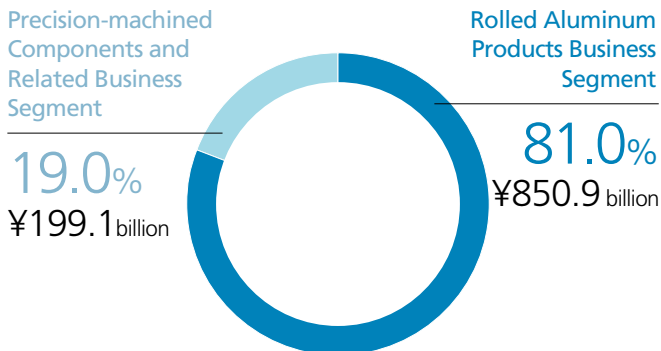
Dividend amounts and payout ratio



Aluminum products for all fields, thanks to diverse processing and machining capabilities

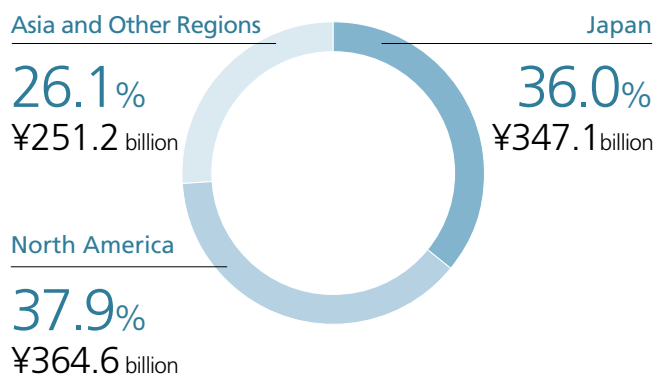


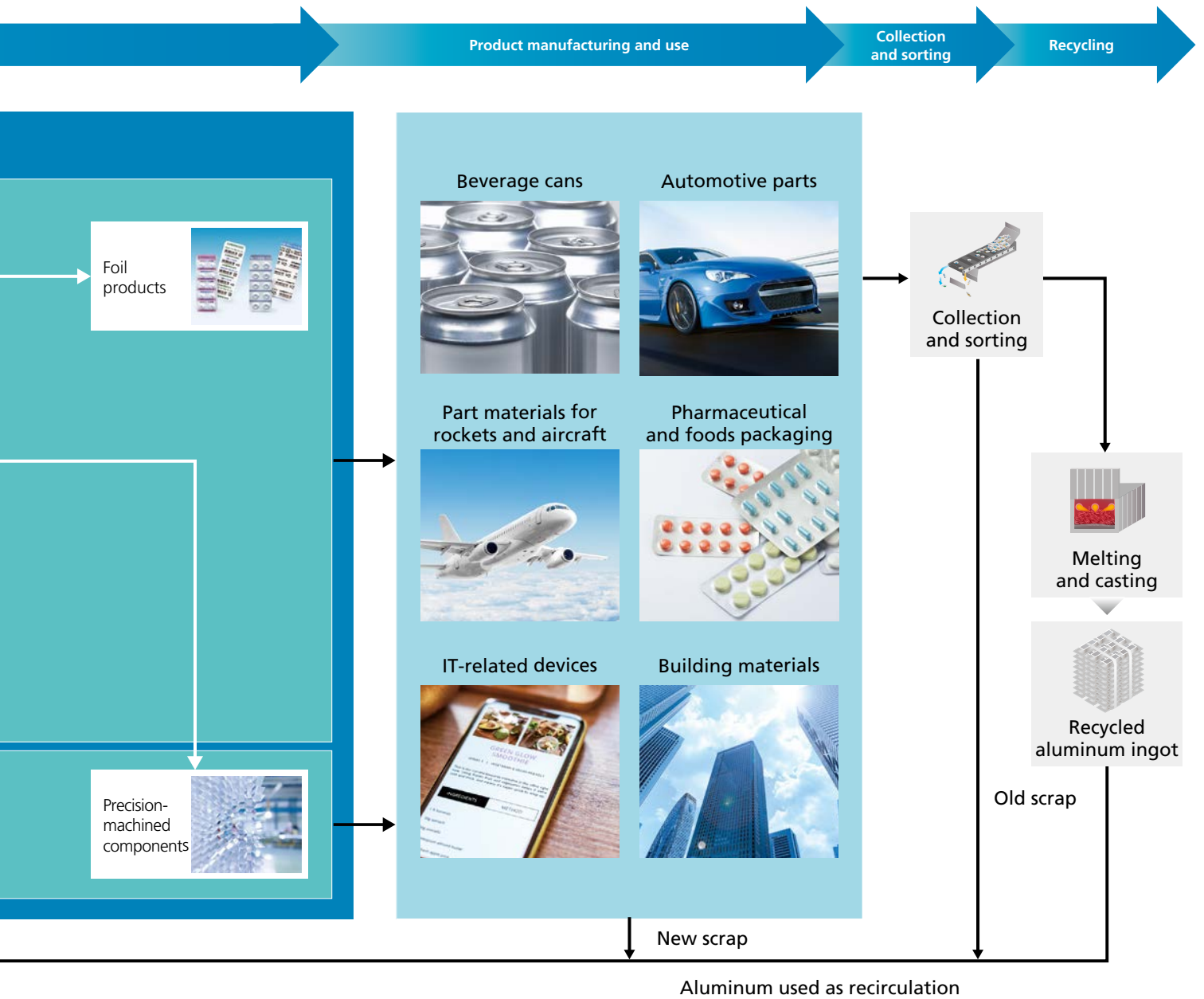
Net sales by business segment in fiscal 2022*1



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

Net sales by geographical segment in fiscal 2022





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

Product usage	Fiscal 2022 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock*	869	65.3%	Can manufacturers	Beverage and food product manufacturers
Foil stock	46	3.5%	Foil manufacturers	Pharmaceutical and foot product manufacturers, Battery manufacturers
Casings and substrates	9	0.7%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	126	9.5%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	52	3.9%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	228	17.1%	Building material manufacturers and metal trading companies	Large construction general contractors
Total	1,330	100%		

* Figures exclude internal transactions

Growing global demand for aluminum, a material helping to resolve social issues

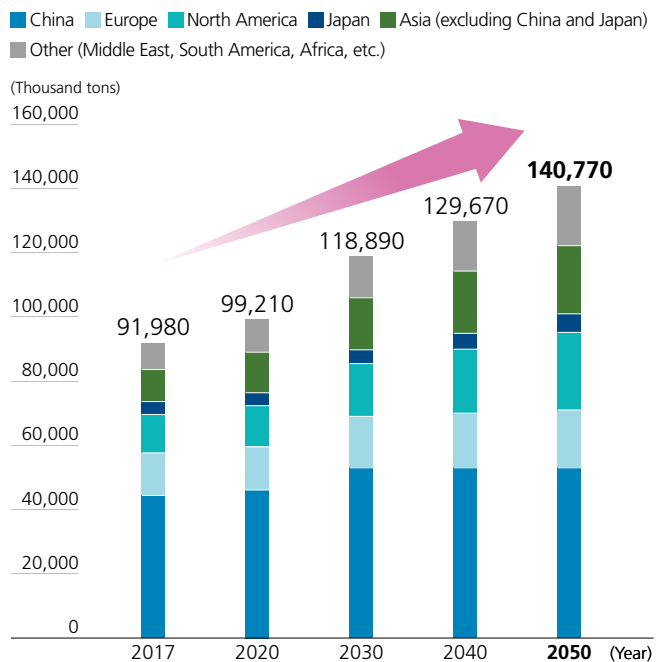
The Globally Booming Aluminum Market

Significant demand growth in North America and Asia, home of major UACJ locations

The global demand forecast for aluminum shows a steady increase ahead, with a projected 20% jump from 2020 to 2030. In the 10 years to follow, demand is to increase by approximately 9%. The automotive component market, which we have positioned as a growth area, is expected to experience a particularly significant demand growth of around 40% through 2030. This reflects a rising number of vehicle models and components using aluminum to meet weight saving needs to improve fuel efficiency for CO₂ emissions reduction, as well as to improve the cruising range of EVs. Demand growth is also anticipated for aluminum in relation to batteries as more EVs come on the market. Meanwhile, demand for can stock is projected to grow by about 18%. Demand in this market comes amid increasing demand for beverage cans due to population growth and the growing appreciation of aluminum cans as an environmentally friendly, highly-recyclable beverage container, triggered by the marine plastic problem.

High growth is expected with a focus on North America and Asia, where UACJ has major locations, and we intend to take full advantage of the three-country supply network we have established to capture opportunities presented by this growth.

Global aluminum demand forecast



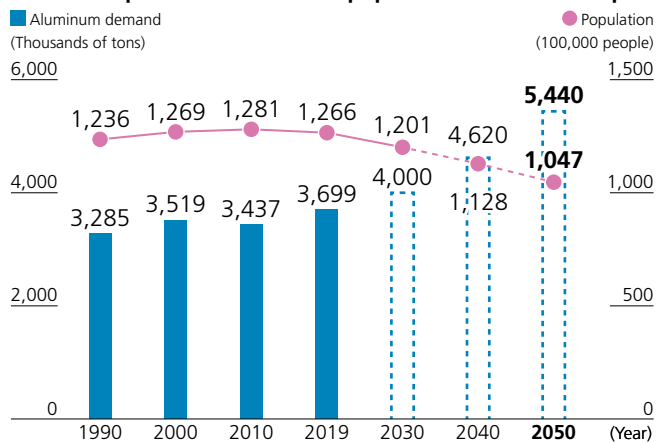
Source: *Aluminium Vision 2050* published by the Japan Aluminium Association

Growing demand expected in Japan, despite a declining population

Japan is also a prolific user of aluminum in a wide variety of applications. The material's diverse characteristics, such as being lightweight, strong, a good conductor of heat and electricity, and highly processable and recyclable, are utilized in a wide range of fields, including beverage cans, pharmaceuticals and food products, automobiles, aviation, and construction materials. Aluminum is expected to continue finding greater use in broader applications and areas, and total demand for aluminum is expected to increase, despite the decline in the domestic population. Domestic demand for aluminum products* is projected to be 5,440 thousand tons in 2050, compared to 3,699 thousand tons in 2019, at a growth rate of approximately 1.3% per year.

*Total of sheet, extruded, and casting products

Aluminum product demand and population forecasts in Japan



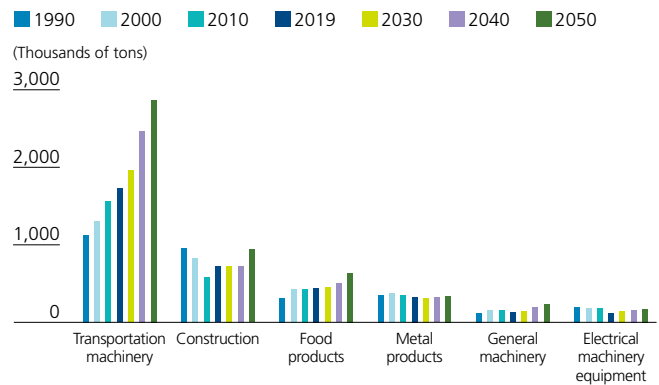
Source: Drafted based on the *Aluminium Vision 2050* published by the Japan Aluminium Association and the *Population Projections for Japan (2023 Revision)* published by the National Institute of Population and Social Security Research

Growing Demand in Many Fields as a Material Helping to Resolve Social Issues

Growing use in automobiles, railroads, and other mobility sectors for lighter vehicles and reduced CO₂ emissions

To achieve carbon neutrality, automakers around the world are working to improve the environmental performance of their vehicles. Aluminum plays an active role here, as it enables lighter car bodies, resulting in significantly lower CO₂ emissions during operation, even though producing new aluminum ingots has traditionally generated more emissions than producing their steel equivalents. Here, CO₂ emissions can be significantly reduced further by utilizing green ingots and recycled ingots. Aluminum is also used in non-automotive mobility, such as railroads and airplanes, for the purpose of weight reduction. The amount of aluminum used in mobility is larger than in other fields, and is expected to increase every year due to the expanding range of applications.

Aluminum demand results and forecast by major area

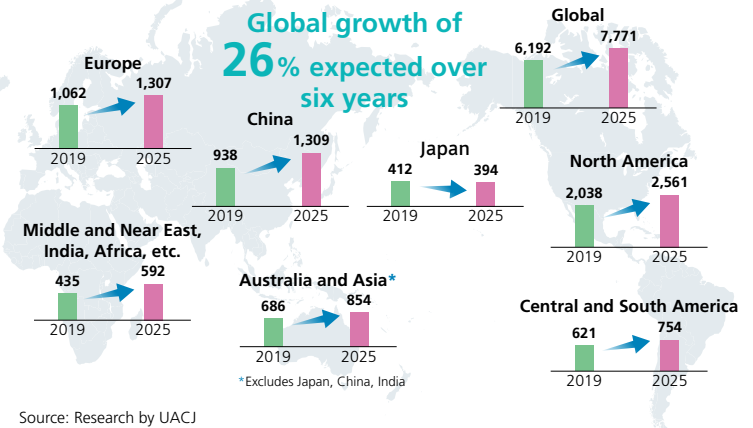


Source: Aluminium Vision 2050 published by the Japan Aluminium Association

Growing global can stock demand as a solution to marine plastic waste

Can-to-can closed-loop recycling (p.38) captures the highly recyclable nature of aluminum cans to regenerate used cans into brand-new, reusable cans. This makes them highly regarded as environmentally friendly containers, and demand for aluminum can stock has been increasing accordingly. Demand is particularly strong in North America, where aluminum can products are the preferred choice of environmentally conscious consumers. Meanwhile, as populations grow in developing countries, the increase in demand for aluminum cans is not limited to North America, but is a global trend. In recent years, aluminum cans have been increasingly adopted as a solution to the marine plastic waste problem.

Global can stock demand (Thousands of tons)



Source: Research by UACJ

Additional demand growth in next-generation telecommunications equipment and aerospace

Aluminum's applications are pioneering new, untouched fields, such as telecommunications. The advent of fifth-generation mobile communication systems (5G) has led to new demands on telecommunication, resulting in aluminum's broad usage in equipment for mobile devices and base stations. Outside of telecommunications, aluminum is also essential for service robots, including mobile guidance robots and nursing care

robots, and industrial robots, as well as for equipment manufacturing the semiconductors used in these robots. Aluminum is also being considered for use in hydrogen carriers, which are attracting increasing attention as a means of achieving carbon neutrality. New markets such as these are expected to offer future demand growth for the aluminum industry.

Maximally demonstrating cultivated skills to create value unique to UACJ

Megatrends

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

Inputs

Advanced R&D capabilities

- Aluminum-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 1.4 million tons
- Diverse manufacturing processes ranging from aluminum 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 2022

Raw materials and energy (in FY2022)

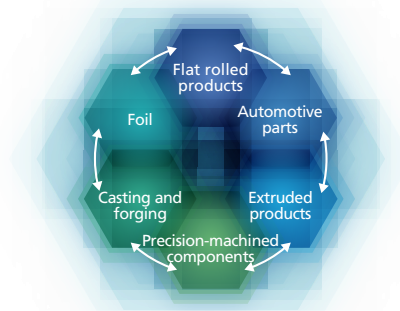
- 990 thousand tons of aluminum procured
- 11 thousand tons of secondary raw materials procured
- 503 thousand kiloliters of fuel consumed
- 11,191 thousand tons of water
- 3,320 tons of chemical substances

Business activities

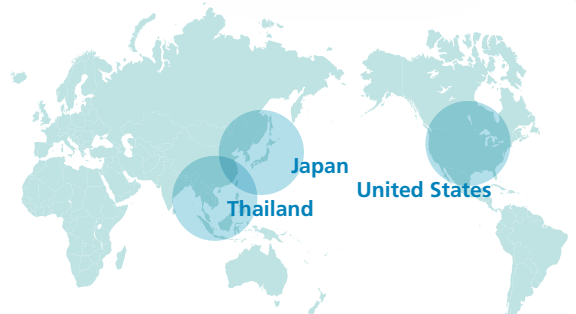
Competitive Advantages

Material technologies

Six integrated businesses



Three-country supply network



Active involvement in initiatives to facilitate closed-loop recycling

Sustainability management and value creation capabilities

Materiality issue

Response to climate change

Product quality assurance

Occupational health and safety
 Respect for human rights
 Diversity and equal opportunity
 Human resources development

Our Vision

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

Outputs

Beneficial products

Aluminum alloy 1.042 million tons

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

Environmental impacts

Data from fiscal 2022, with comparison vs. fiscal 2021 in parentheses

Atmosphere

- CO₂ 1,037,000 t-CO₂ (-30,000 t-CO₂)
- SO_x 50 t (-24 t)
- NO_x 579 t (-36 t)
- Soot and dust 91 t (-18 t)

Waste

- Hazardous waste 12,420 t (-265 t)
- Non-hazardous waste 20,150 t (+39 t)

Discharge destination

- Fresh surface water (rivers, etc.) 7,835,000 t (-574,000 t)
- Seawater 273,000 t (±0 t)
- Third party (sewage water, etc.) 1,744,000 t (+177,000 t)

Chemical substances

- Releases 182 t (+23 t)
- Transfers 143 t (+3 t)

Outcomes

Value to create by fiscal 2030

Value for UACJ's stakeholders

Targets of UACJ Vision 2030

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

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



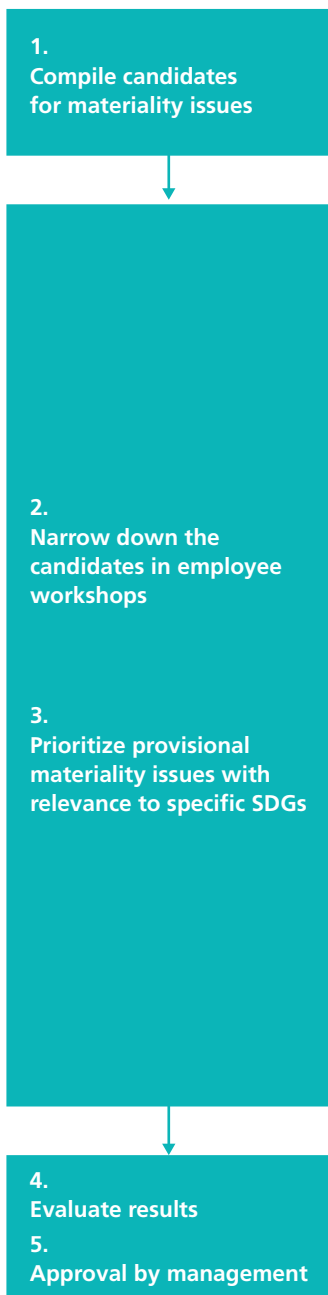
Materiality-Based, Unified UACJ Group Action on Sustainability

The UACJ Group is placing priority on tackling the six materiality issues it has specified: response to climate change, product quality assurance, occupational health and safety, respect for human rights, diversity and equal opportunity, and human resources development. These issues were decided over five stages lasting about two years. This process did not only involve directors and executive officers, as broad range of the Group’s members including employees from manufacturing plants and sales offices actively took part in workshops aimed at narrowing

down the issues. Consultations were also held with experts from outside the Group, and the materiality issues were reviewed and finally approved by UACJ’s Board of Directors.

Through this process, the Group designated the six materiality issues along with relevant UN Sustainable Development Goals (SDGs), 2030 sustainability goals for each issue, an action plan, and key performance indicators (KPIs) for measuring the plan’s progress. For each of the six issues, the Group also clarified how its actions can bring benefits to society.

Process of specifying materiality issues

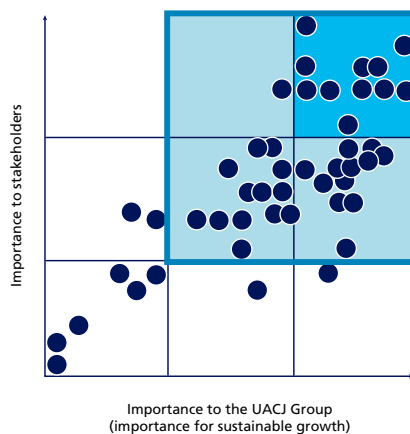


A total of 47 broad issues that could have a material impact on the UACJ Group were compiled as candidates for materiality issues based on international frameworks and guidelines, such as GRI standards and ISO 26000 guidelines, as well as disclosure requirements of ESG indices.

In a series of four workshops attended by 86 members of the Group, the materiality issue candidates were discussed and ranked according to their importance for the Group and for its stakeholders on a scale of one to three. Provisional materiality issues were selected based on the results and then further prioritized according to their relevance to specific SDGs.

Main suggestions from employees

- Responding to climate change aligns with the Group’s basic policies so it should be included as a materiality issue
- As a global enterprise, the UACJ Group cannot ignore diversity and equal opportunity
- Product quality assurance is a materiality issue because it is essential for future growth and competitiveness



Issues resolved through business

- Product quality assurance
- Innovation
- Promoting recycling activities
- Response to climate change risks and opportunities
- Customer satisfaction
- Reducing use of hazardous materials, preventing pollution
- Environmentally conscious product development
- Supply chain management

Issues to tackle for business value creation

- Strengthening and building stakeholder relationships
- Compliance with laws, regulations, and codes of conduct
- Anti-competitive behavior
- Transparency of tax payment
- Risk management
- Elimination of human rights infringements
- Human resource development and empowerment
- Diversity and equal opportunity
- Environmental management
- Environmental compliance
- Contribution to and coexistence with local communities
- Decision-making process and structure
- Encouraging economic activities and distributing profits

The identified provisional materiality issues were evaluated by experts, deliberated by management, and approved by the Board of Directors.

The UACJ Group's materiality issues, performance indicators, results, and goals

Materiality issue	Performance indicators	Fiscal 2022 results	Initiatives for value creation	Fiscal 2030 goals
Response to climate change <ul style="list-style-type: none"> Reason for selection The Group can make a significant social contribution by pursuing ways to use the recyclability of aluminum to reduce greenhouse gas emissions throughout entire supply chains. 	Reduction of CO ₂ emissions across the Group's supply chain	Declared our intention to become carbon neutral by 2050 in Scope 1 and 2	<ul style="list-style-type: none"> Converted a majority of the UACJ Group's 17 manufacturing locations to 100% renewable energy factories, contributing to CO₂ emissions reductions Established a joint company with Yamaichi Metal Corporation for the processing of used beverage cans (UBCs) in order to build a UBC melting recycling system 	<ul style="list-style-type: none"> Reduce Scope 1 and 2 CO₂ emissions by 30% (compared with levels in fiscal 2019) Reduce Scope 3 CO₂ emissions across the entire supply chain by recycling as much aluminum as possible in cooperation with various suppliers
Product quality assurance <ul style="list-style-type: none"> Reason for selection It is a source of the Group's competitiveness as a manufacturer and directly connects to realizing the mutual sustainability of the Group and society 	Number of serious quality defects	25% more defects than in fiscal 2021	<ul style="list-style-type: none"> Continue quality improvement activities in each business and organization Build a system to encourage quality control activities with cooperation of quality control managers at each business and organization 	Zero
	Number of customer complaints related to quality	31% fewer complaints than in fiscal 2021		50% fewer complaints than in fiscal 2020
Occupational health and safety <ul style="list-style-type: none"> Reason for selection Employee safety is part of the bedrock of the Group's business continuity as a manufacturer. 	Number of serious workplace accidents	Zero	<ul style="list-style-type: none"> Promote the creation of a safe, hygienic, and healthy work environment through the establishment and appropriate management of an occupational health and safety management system Gradually introduce air-conditioned clothing to combat heat stroke 	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours	No more than 0.25		No more than 0.08
Respect for human rights <ul style="list-style-type: none"> Reason for selection Respect for the rights of employees of the Group and its suppliers is part of the bedrock of its business continuity as a global enterprise. 	Goals to be set based on results of due diligence, and an action plan to be carried out	Completed establishment of a human rights due diligence mechanism and conducted human rights due diligence at UACJ Extrusion Nagoya Corporation's Anjo Works (UEXN Anjo)	<ul style="list-style-type: none"> Additionally conduct human rights due diligence at Fukui Works and UACJ (Thailand) as well as UEXN Anjo Conduct training related to codes of conduct, human rights, and harassment at each site 	Execution of due diligence at the Group's main workplaces in and outside Japan
	Percentage of employees and officers that participate in 1) training on codes of conduct and human rights, and 2) training on harassment	1) 92% 2) 100%		100%
Diversity and equal opportunity <ul style="list-style-type: none"> Reason for selection Ensuring employee diversity and equality in terms of promotion and treatment is essential for realizing future growth. 	Percentage of women in management positions (including directors and officers)	3%	<ul style="list-style-type: none"> Raise the percentage of women hired to 20% or more in line with the action plan based on Japan's Act on the Promotion of Female Participation and Career Advancement in the Workplace 	At least 15% (but whenever possible, aim for the target of 30% set by the Japanese government)
Human resources development <ul style="list-style-type: none"> Reason for selection The development and mastery of abilities by employees is the source of value creation, and is essential for realizing future growth. 	Percent of successor candidates appointed to management positions	100% appointed to the rank of section manager or above at UACJ	<ul style="list-style-type: none"> General managers and above identify successor candidates for section manager positions and above Hold the Business Leader Development Program Hold baseball and basketball clinics for elementary school students Hold classes taught by UACJ employees on aluminum and the environment for elementary school students and high school students Provide support for culture, the arts, and sports 	100%
	Number of people who participate in educational events held by UACJ	882 per year		1,000 per year*

* The target has been upwardly revised due to changes in the method for calculating the number of participants following a review of events to be held

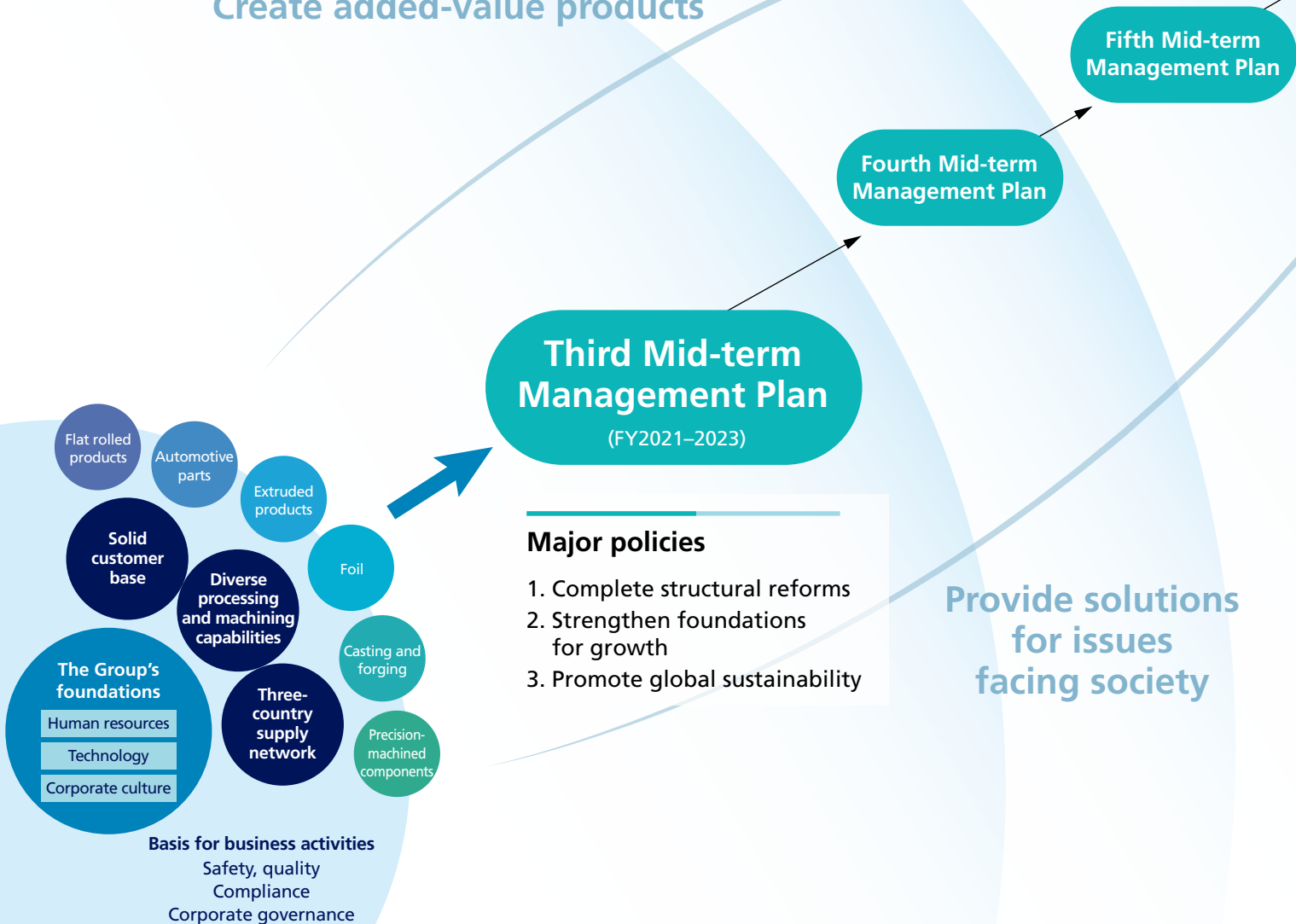
Harnessing all of aluminum’s strengths to create a better world

Based on our newly-formulated Group philosophy system, we have visualized and defined UACJ Vision 2030, our long-term roadmap. This roadmap describes how we want to be and how we should be in 2030, and was formulated with the participation of mid-career and young employees who are expected to play a central role in 2030. It specifies three new sectors where we want to focus our activities in ten years: mobility, lifestyles and healthcare, and environment and energy. We will pursue new added value and contribute to solving

social issues by leveraging the strengths we have cultivated to date, such as a solid customer base, diverse processing and machining capabilities, and a three-country supply network.

To steadily realize this long-term roadmap, we have formulated three phases, each with its own medium-term management plan, backcasting from the goals of UACJ Vision 2030. Currently, we are making efforts in the third mid-term management plan, the first year of which was fiscal 2021, under the banner of “Strengthening Foundations.”

Create added-value products



Our Vision

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

Group's long-term roadmap

UACJ VISION 2030

Mastering aluminum to help create a sustainable society

Our four policies

- Provide products that contribute to societal development by capturing demand in growing industries and markets
- Enhance aluminum materials in the supply and value chains to bring economic benefits to communities worldwide
- Develop all-new products and business models that offer solutions for challenges facing society
- Lower environmental impact by reducing CO₂ emissions across product lifecycles

Areas for contribution



Mobility

Contribute to efficient and user-friendly transportation



Lifestyles and healthcare

Provide beneficial products for daily life and work



Environment and energy

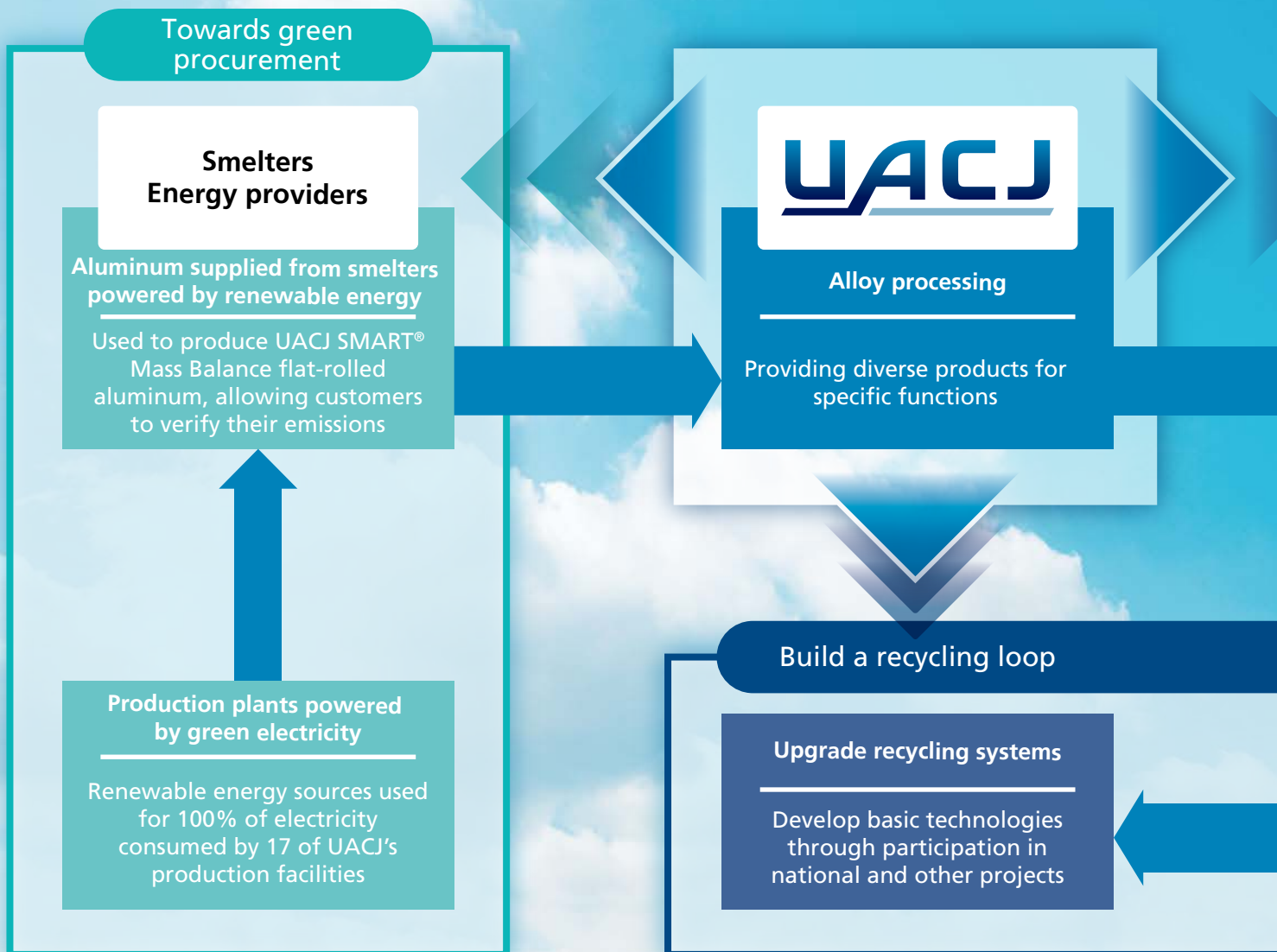
Reduce emissions and facilitate recycling

Materiality issues

- Response to climate change
- Product quality assurance
- Occupational health and safety
- Respect for human rights
- Diversity and equal opportunity
- Human resources development

Feature
No. 2

Striving to expand business domains to build a better world and healthier environment

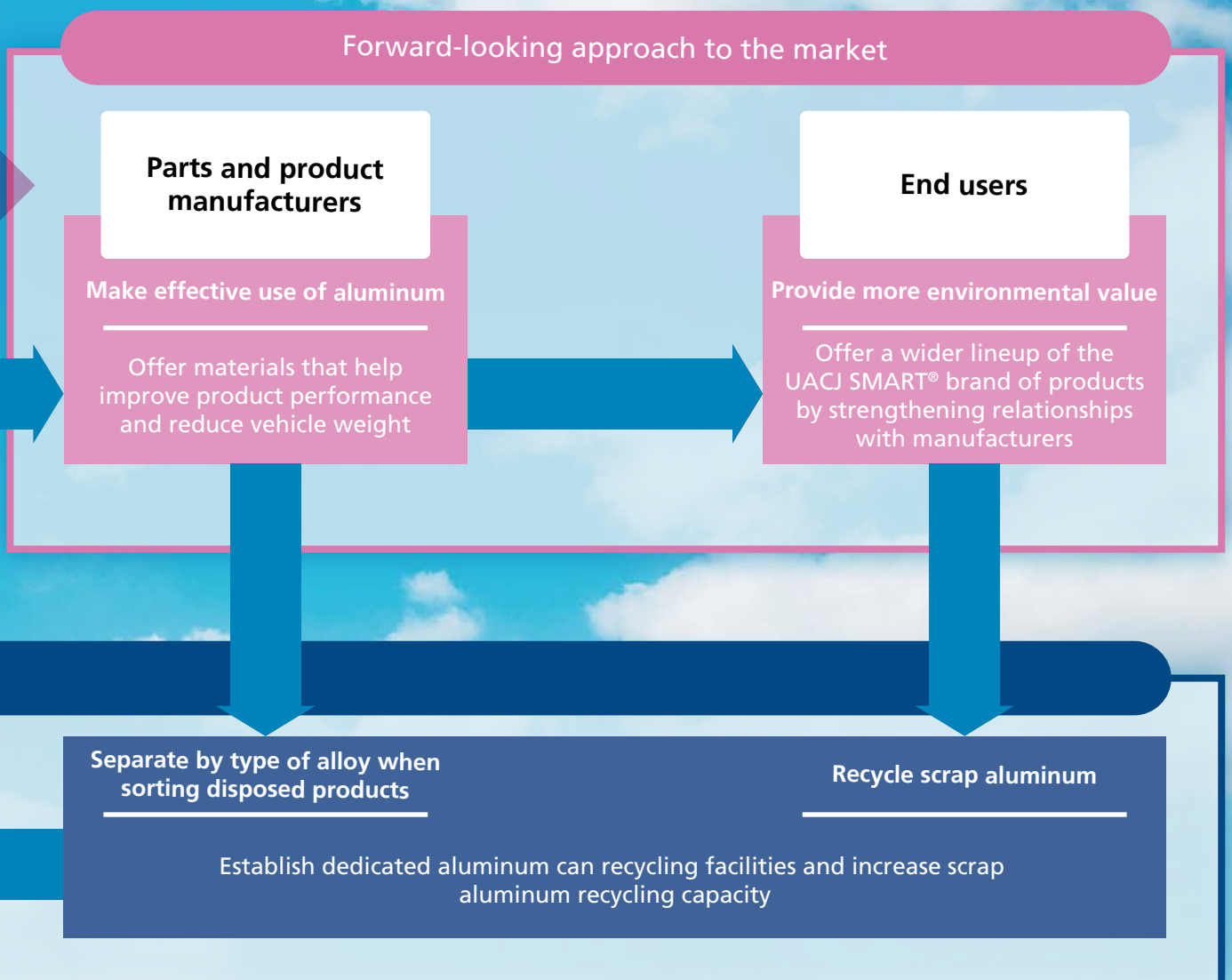


The more aluminum is used, the more beneficial it becomes. Because of the metal’s diverse properties, applications for it are common in all kinds of settings. Today, aluminum is widely used across industries and for countless everyday items.

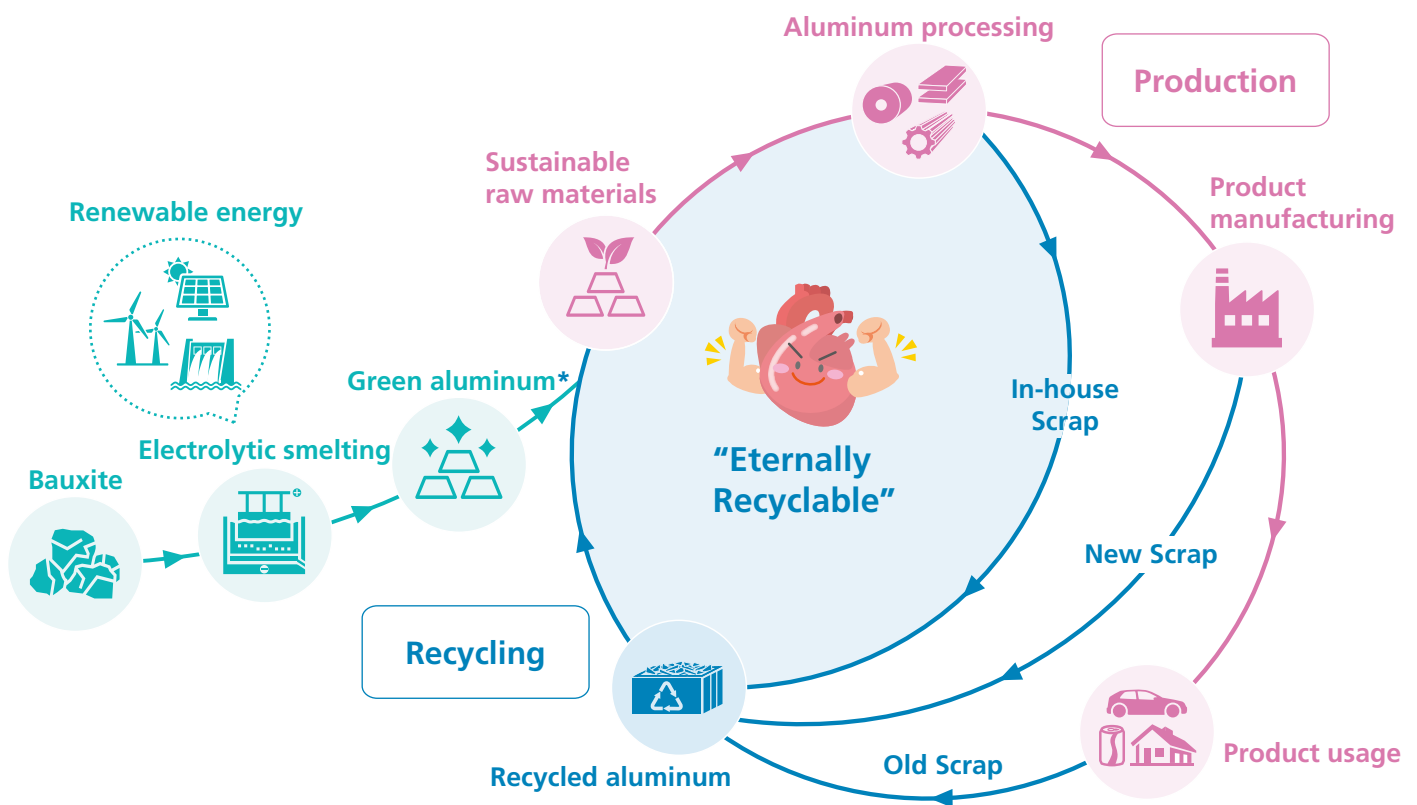
Aluminum also contributes to reducing CO₂ emissions the more it is recycled. In fact, recycled aluminum production emits only about 3% of the CO₂ emitted from the aluminum smelting process.

With this in mind, the UACJ Group is working to expand beyond its established business domains and help build a circular economy for aluminum. In this way, it aims to generate a value cycle by utilizing and recycling aluminum more than ever.

With a forward-looking approach to the market, the UACJ Group is promoting broader awareness of aluminum’s value and creating new opportunities for the metal’s usage and applications. Indeed, the Group has embarked on an ambitious journey to realize its vision for a more sustainable aluminum industry in the future.



Reducing environmental impacts at the heart of a circular economy for aluminum



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

As the world confronts many serious issues today, the UACJ Group believes that building a circular economy for aluminum products is the most important contribution it can make over the coming decades to build a better world, healthier environment, and brighter future. The more aluminum is used and recycled, the more it can contribute to the performance of products, such as by saving energy, improving fuel efficiency, and extending product life. All of these contributions ultimately lead to more value.

A circular economy for aluminum products offers three major benefits. First, it can reduce the environmental impact of aluminum production by creating supplies of green aluminum, especially through the use of renewable energy sources to power aluminum smelters, which consume vast

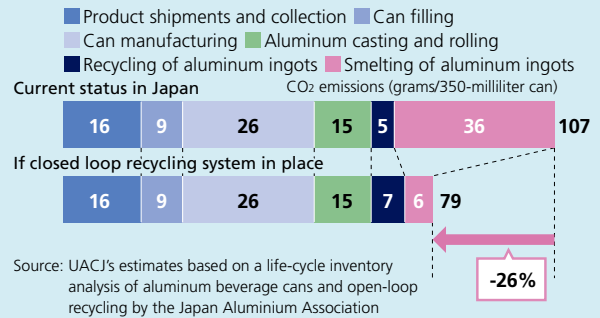
amounts of electricity. Second, it helps reduce environmental impacts at product usage stage. For example, the use of aluminum automotive parts reduces overall vehicle weight, resulting in lower CO₂ emissions when the vehicles are driven. Likewise, using aluminum for an even wider range of products can substantially reduce such environmental impacts. Third, a circular economy for aluminum products drives technological development, especially for advancing beyond used product collection programs to the establishment of full-fledged closed loop recycling systems.

The UACJ Group cannot build such a circular economy on its own. Therefore, it is playing a central role in the supply chain and reaching out to other companies and organizations in an effort to realize a circular economy as soon as possible.

Initial steps for building a closed loop recycling system for aluminum cans

Recycling of the same types of products, known as closed loop recycling, is the best means for maximizing the recyclability of aluminum. By establishing a closed loop recycling system and circulating used products as resources for new ones, manufacturers can eliminate the need for new aluminum ingots, for which substantial amounts of CO₂ are emitted in the smelting process. Therefore, UACJ has begun setting up closed loop recycling systems for beverage cans and automotive parts. In the case of aluminum cans in particular, for which collection systems are already established in Japan, the Company has been making rapid progress through industry partnerships.

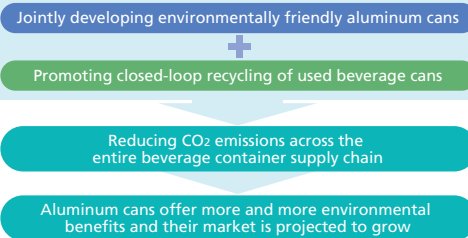
Potential reduction in CO₂ emissions through closed loop recycling of aluminum cans



Production stage

Business alliance formed with Toyo Seikan Group Holdings to promote closed-loop recycling of aluminum cans

In February 2023, UACJ and Toyo Seikan Group Holdings Ltd., a major packaging and container company in Japan, concluded a business alliance agreement for developing and marketing environmentally friendly aluminum cans, and creating a recycling chain for the products. Through this alliance, UACJ will be able to develop products more quickly and promptly supply aluminum cans that are easier to recycle to a wide range of customers.



Production and consumption stages

Campaigns underway in Japan and Thailand to raise consumer awareness of aluminum can recycling

Through a partnership with Suntory Spirits Ltd. and Toyo Seikan Group Holdings, UACJ is supplying can stock for the production of the world's first beverage cans made entirely of recycled aluminum (from used beverage cans and can manufacturing scrap). Toyo Seikan is manufacturing the cans, and has verified that they reduce CO₂ emissions at the manufacturing stage (from the production of can stock to the production and processing of the cans) by about 60% in comparison with its production of 350-milliliter cans made of a combination of aluminum and other materials. Suntory Spirits is using the cans for its popular brand of beer, The Premium Malts, for a limited period in a campaign to raise awareness among consumers. Meanwhile, UACJ (Thailand) Co., Ltd. has been working to raise consumer awareness of the importance of recycling through its involvement in an aluminum can recycling project called Can to Can Journey, which involves the Thai government and domestic beverage producers.



Recycling stage

Joint venture established with Yamaichi Metal Corporation to process, melt, and recycle used beverage cans

In March 2023, UACJ and Yamaichi Metal Corporation established a joint venture to recycle used beverage cans. The joint venture has begun processing and melting used beverage cans collected by Yamaichi Metal while applying that company's expertise and technologies, and supplying ingots from the melted aluminum to UACJ. This arrangement has enabled UACJ to reinforce its supply chain and increase the recycling rate of its products. It will also contribute to recycling efforts in Japan by increasing the amount used beverage cans that are recycled.



Expanding opportunities for using and applying aluminum with a forward-looking approach to the market

Leveraging the Group's unique materials and know-how to cultivate new businesses

Hirano: For the purpose of utilizing the Group's technologies to create, cultivate, and expand new businesses, UACJ established its Marketing & Technology Division in April 2023 as a new organization that will oversee the Group's R&D divisions. Under this new arrangement, we intend to deeply integrate marketing and technological development in an effort to promote more applications for aluminum in the market.

Mitsuda: Material manufacturers must do their best to meet the requirements of their customers, but I have the impression that most of them do not focus on marketing or envision ways to develop all-new products and cultivate businesses.

Hirano: Materials are fundamental for all things, and aluminum in particular is an abundant resource. It is already used to make semiconductor manufacturing equipment, for which the market is growing, but I think it will be widely used for many other applications, too, such as for hydrogen transport ships and in the mobility industry more generally.

Mitsuda: Due to a general lack of awareness about aluminum, however, some manufacturers still assume that aluminum cannot be used for many applications. Unless that changes, expanding opportunities for using and applying the metal may be difficult.

Hirano: I believe we can change that awareness by integrating our marketing and technical organization to leverage the Group's unique materials and know-how in new ways. By bridging the gaps between organizational divisions, which had been challenging in the past, we should be able to create all-new products. To do that, it will be important to have all employees recognize the potential of aluminum and the UACJ Group while engaging with customers more than ever.

Mitsuda: Ideas for new products often come from ordinary conversations, so employees with technical expertise should be dispatched to all kinds of places to explore ways of applying the Group's technologies. It is also essential to create opportunities for devising development strategies by determining the potential for product development from a technical standpoint. For these reasons, I believe that this reorganization of marketing and technology in the same division will be very significant going forward.

Hirano: I think it will create opportunities for engaging with customers more creatively than in the past. UACJ is particularly good at combining IT with the latest technologies, which is based on a long history of accumulating skills and know-how over the past 125 years, and how it makes use of this strength to develop new products in the future will be critical.

Mitsuda: Yes, and marketing will be a way to find out how to do that. The Company's long-term management vision and

Seiichi Hirano

Senior Managing Executive Officer, Chief Executive of the Marketing & Technology Division, officer in charge of digital transformation

Seiichi Hirano has been overseeing research and development as head of UACJ's R&D Center since 2020. In 2021, he was put in charge of the Group's digital transformation initiatives, and has been exploring next-generation manufacturing methods. Most recently, he was appointed as the chief executive of the Marketing & Technology Division, which was newly established in April 2023.

mid-term management plan call for expanding into new business areas and contributing in new ways, and marketing could play an important role. Therefore, I think this focus on marketing is a very good strategy.

Raising consumer awareness and adding value to products

Mitsuda: To broaden opportunities for aluminum applications, the Company's technical staff will need to take an active market approach, but engaging only with direct customers will not be enough. They must also understand how aluminum is used by consumers—the “C” in the B2B2C concept. Then they should be able to make more precise and convincing proposals to direct customers.

Hirano: You're absolutely right. Better ingredient branding will also be important for raising awareness of aluminum among consumers. Although aluminum is widely used throughout society, its applications are not obvious to ordinary consumers. Therefore, we need to create ways to educate consumers about what is made with aluminum. If awareness of aluminum increases, I believe UACJ's presence will also grow.

Mitsuda: I think that would be a worthwhile initiative. For example, many people still do not know that the more aluminum is recycled, the more beneficial it becomes for the environment. UACJ aims to build a circular economy for aluminum (p.37), but the awareness and cooperation of consumers is essential for collection and recycling efforts.

Hirano: Yes, and if consumers are aware and demand more

aluminum, our customers will also need more aluminum. That is the kind of cycle we want to generate.

Mitsuda: And if consumers understand how aluminum's value is reflected in product prices, the Company should be able to receive more for the value it adds. Material manufacturers in general, not only those in the aluminum industry, have been pressured to compete on price for a long time. For aluminum to continue benefiting society, however, we cannot fall into this trap. Nevertheless, businesses must have certain amount of scale to avoid price competition, and I think the scale of the UACJ Group is a competitive advantage.

Hirano: Yes, that's right. We need to make the value of aluminum correctly understood as soon as possible. As steps in this direction, we have devised innovative new ways to use aluminum in combination with IoT, including entranceway flood barriers and pharmaceutical packaging foil that alerts medical staff when a package is opened (p.52), which optimizes dosage management and inventory controls. These products are already being used.

Mitsuda: Going beyond B2B to the B2B2C concept provides the basis for a business model that can be considered as an intellectual asset. By enabling aluminum to be used for new purposes, the Company can make positive contributions, such as helping reduce CO₂ emissions. Naturally, its value should increase as a result.

Hirano: It is no exaggeration to say that opportunities for using and applying aluminum extend to all industries, so it still has much more potential. With that in mind, we will continue working to ensure a brighter tomorrow for generations to come with aluminum and our technologies.

Yoshitaka Mitsuda

Outside Director

Appointed as an outside director in June 2022, Yoshitaka Mitsuda has been providing useful advice regarding UACJ's R&D and sustainability initiatives based on his background in materials-related education and extensive experience in university management and public-private-academic partnerships.

