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Progress with UATH (Thailand) Mid-term Management Plan

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UACJ (Thailand) Co., Ltd.

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UACJ Corporation

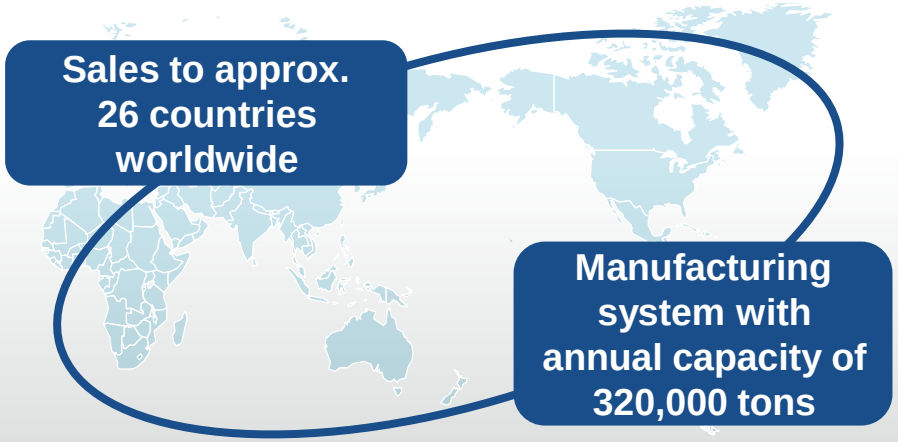
1-1. Overview of UACJ (Thailand) Co., Ltd. (UATH)

Aiming to strengthen systems toward becoming a core plant in Southeast Asia with 340,000 tons of capacity

Number of employees	Items manufactured	Areas covered	Customer base
Approx. 1,370	Can stock, automotive heat exchangers, fin stock for AC units, other general materials	Can stock: 26 countries Automotive heat exchangers: 11 countries Fin stock: 8 countries	Approx. 80 companies

- One-of-a-kind, state-of-the-art aluminum flat-rolled product plant in Southeast Asia
- Good access to Asian region, where future demand growth is expected
- Relationships of trust with Japanese and other can manufacturers

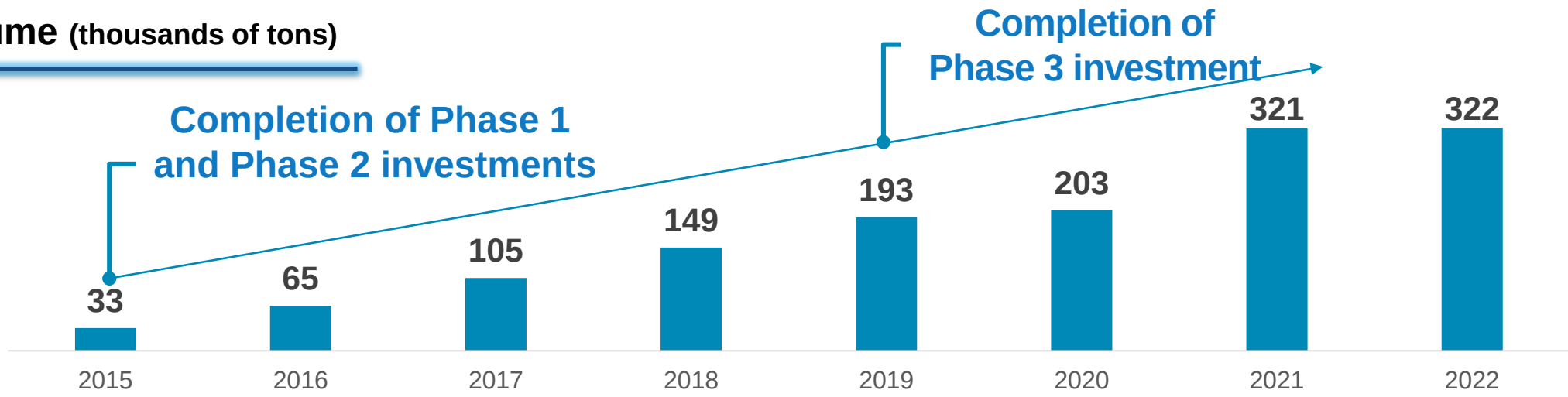
UACJ (Thailand) Co., Ltd.



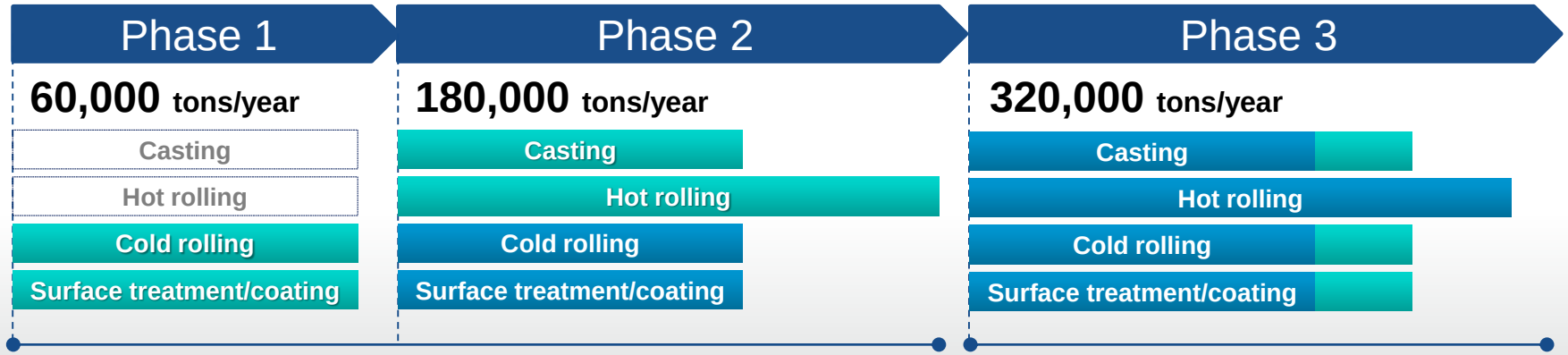
1-2. UATH's Investment and Sales Volume

Seeking steady growth and expansion through capturing robust demand

Sales volume (thousands of tons)



Investment timeline and amounts



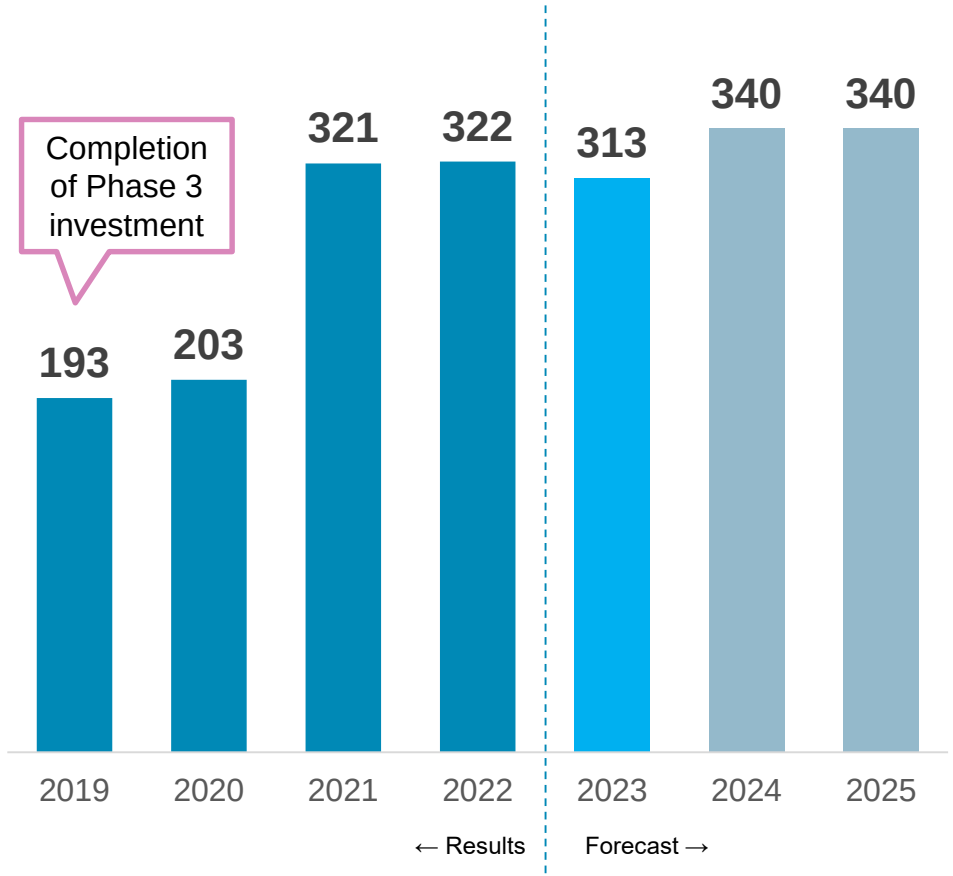
Investment: ¥59.5 bn.

Investment: ¥39.0 bn.

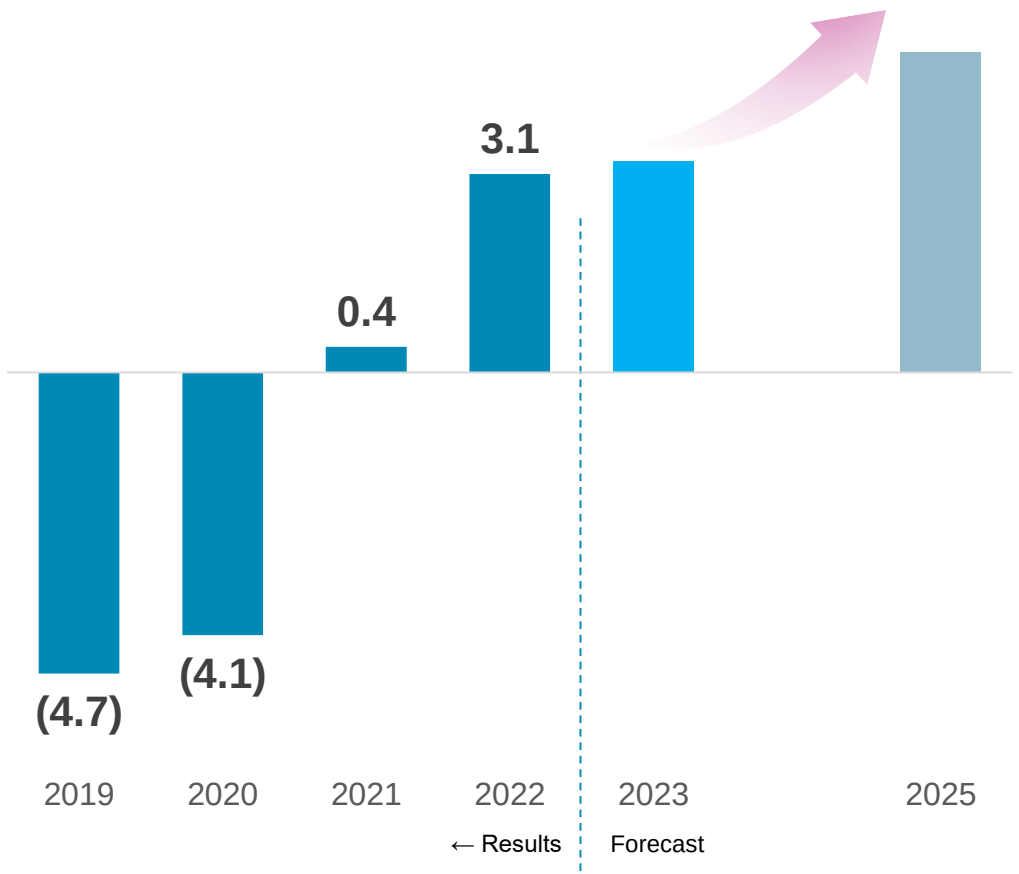
2-1. Sales Volume and Ordinary Income Targets

Achieved sales of 320,000 tons per year in FY2021 & FY2022.
Improving revenues through volume increases and cost reductions since FY2021

Sales volume (thousands of tons)



Ordinary Income (excluding inventory valuation) (billions of yen)

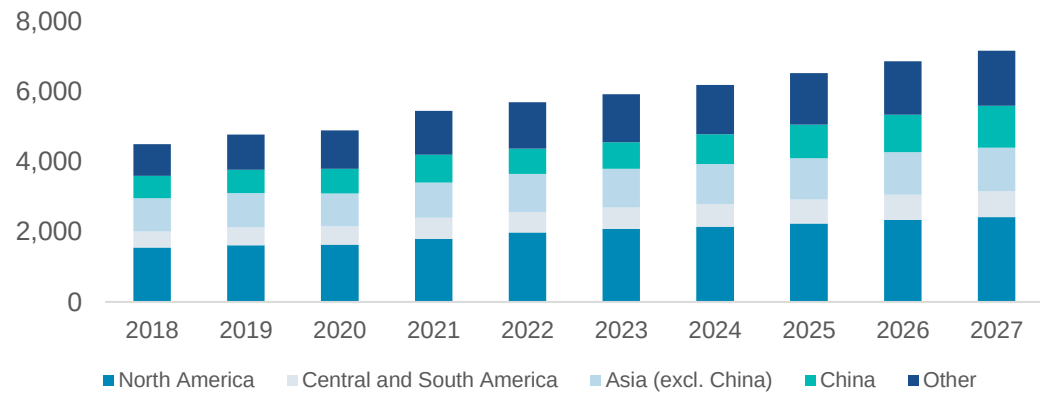


3-1. Market Environment and Our Strategy

Market environment

Competitive environment	(North America) In 2025-2026, new rolling mill plants will continue to be built, changing the supply environment (Asia) Anticipating intensified competition from Chinese stock and Korean goods
Can stock	Projected average annual growth of about 5%
Automotive heat exchangers	EV adoption in the ASEAN region expected to be slower than in other regions
Fin stock for AC units	Stable demand growth expected due to climate change and global population growth

Global can stock demand



Our strategy

Shift from North America to domestic Thai and Southeast Asian markets

- Aiming to increase market share mainly in ASEAN while securing a certain volume of supply to the North American market
- As the only integrated factory in Southeast Asia, going beyond price to establish services, e.g. cooperation in use of recycled materials (in addition to quality/delivery superiority), in order to stay close to our most proximate customers

Cultivating markets in India, the Middle East, Africa, and Oceania

- Going forward, continuing cultivation of promising growth markets

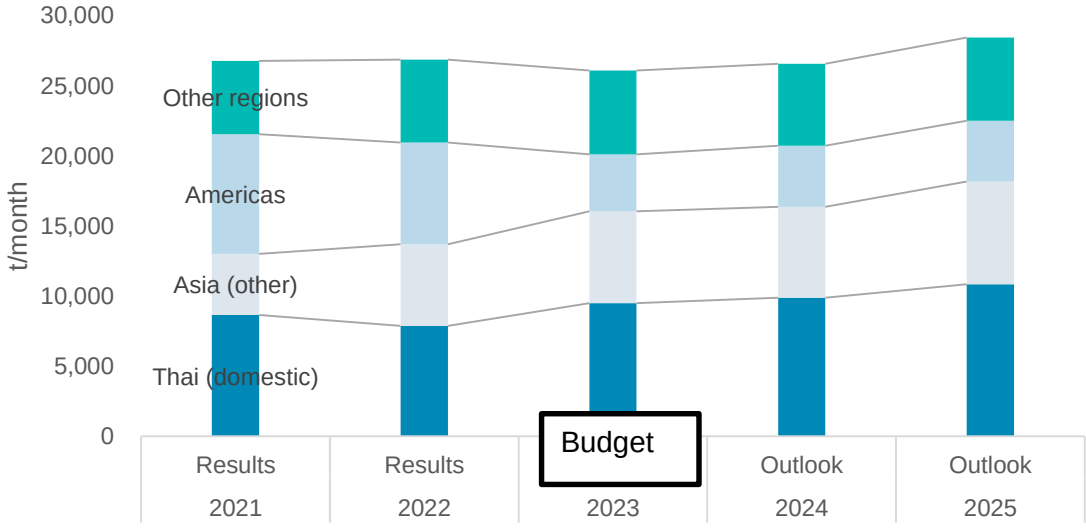
Promoting recycling

- Creating a closed loop cycling UBCs in the region, associating environmental capability as one of our strengths

Promoting pricing structure optimization

- Continuing negotiations to gain understanding about building-in energy surcharges and other customer cost-sharing schemes in pricing structures

Sales by region



4-1. Mid-Term Management Plan: Major Policies and Priority Issues

Achieving a UATH with presence, on the strength of completed recycling-oriented manufacturing

Major Policies	Priority Issues
Achieving benefits of Phase 3 business launch and more thoroughly utilizing existing facilities	**Increasing capacity** for production volume to exceed 320,000 t/year effect in Phase 3 business launch
	Improving profitability **Optimal product type/region/customer mix** **Initiatives for new product types** **Cost-cutting**
	Achieving **smart factories** Achieving **locally operated** factories
Pursuing new technologies to help reduce environmental impact	Developing **recycling technology** (increase in scrap rate) Coating film technology and lightweight can stock with **low environmental impact**
	Building a **Can-to-Can Closed Loop** Acquiring **ASI Certification*** (acquired Mar. 2022)

* ASI Certification: Certification managed by the Aluminum Stewardship Initiative, an international initiative aimed at improving sustainability throughout the aluminum value chain

4-2. Mid-Term Management Plan Progress

Steadily accelerating toward recycling-oriented manufacturing by strengthening can stock production capacity and establishing a recycling loop

Priority Issues

Increasing capacity for production volume to exceed 320,000 t/year effect in Phase 3 business launch

Improving profitability
- **Optimal product type/region/customer mix**
- **Initiatives for new product types**
- **Cost-cutting**

Achieving **smart factories**
Achieving locally operated factories

Developing **recycling technology** (increase in recycling rate)
Coating film technology and lightweight can stock with **low environmental impact**

Building a **Can-to-Can Closed Loop**
Acquiring **ASI Certification*** (acquired Mar. 2022)

Action Progress

➢ Increasing capacity
- ✓ **Increasing capacity focused on can stock facilities. 340,000 t/year target for end of FY2023 in sight**

➢ Improving profit
- ✓ **Increasing penetration among regional customers, especially Thailand. Aiming to increase market share in Southeast Asia from FY2024 onward**
- ✓ **Achieving a pricing structure for energy and other costs**
- ✓ **Achieving base price increase and expanding earnings**

➢ Management systems
- ✓ **Improving operational efficiency by using sales systems as basis for enhancing production management and product design systems**
- ✓ **Creating/launching various HR education programs. Started training Thai executive candidates at UACJ**

➢ Establishing can stock recycling loop
- ✓ **Increasing the amount of recycled materials used by expanding the number of dedicated melting furnaces for recycled materials (first operation launches in FY2024)**
- ✓ **Developing alloys for can body and end stock for blends with high shares of recycled materials**
- ✓ **Collecting UBCs in Thailand/Vietnam ⇒ Starting Closed Loop activities**
  Pitching as only can manufacturing plant in ASEAN and earning empathy for environmental contributions

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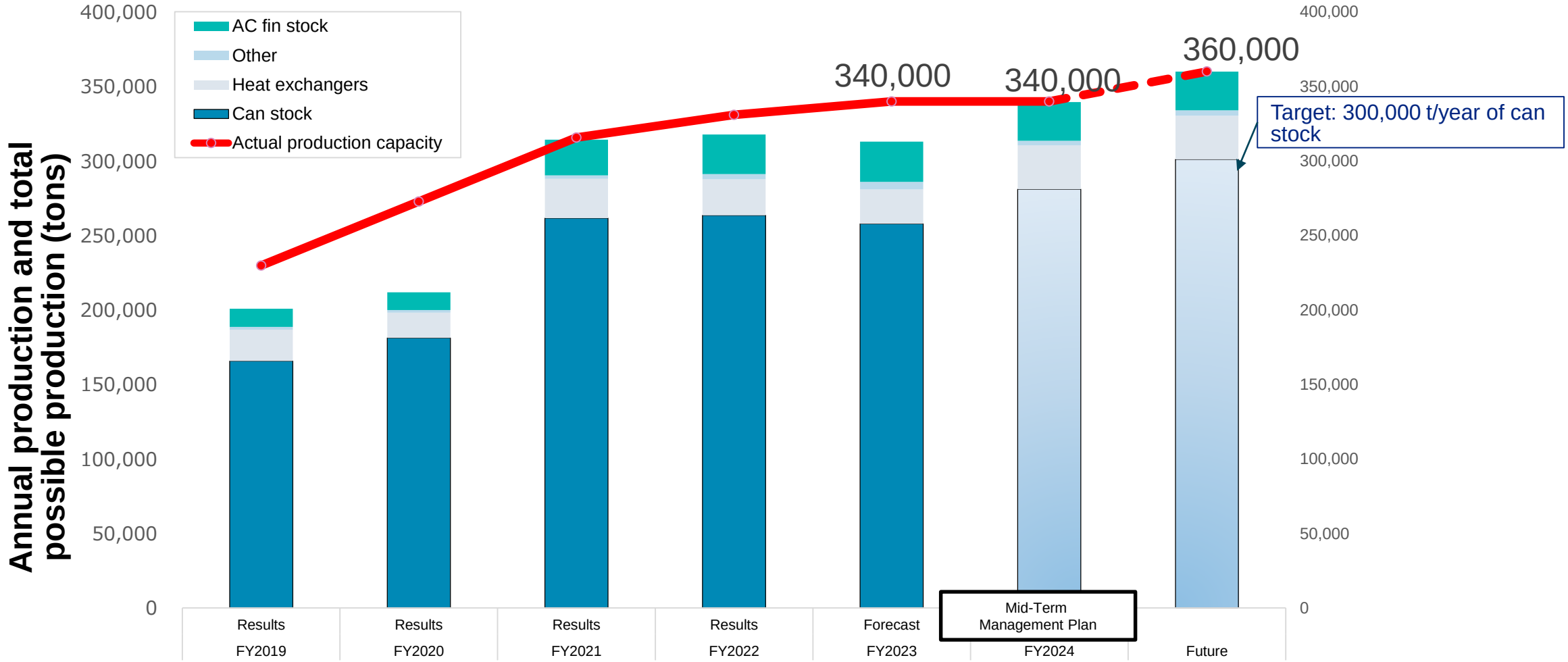
4-3. Mid- to Long-Term Issues and Initiatives

	FY2023	Through FY2025	Through FY2030
Enhance productivity	✓Pursue improvement in yields ✓Support production of 340,000 tons per year ✓Enhance capacity for existing facilities	✓Establish world-class productivity ✓Establish production system for 360,000 tons per year ✓Support maximization of existing facility capacity	✓Pursue further, world-class productivity
Enhance profitability	✓Reduce costs ✓Develop sales price system ✓Build global sales system	✓Develop new products and enhance compatible facilities ✓Establish sales price system ✓Consider optimization of product type	✓Expand new product development and implement new facilities ✓Complete optimization of sales product type
Localization and shift to smart factories	✓Improve operational efficiency (Utilize IoT and improve systems) ✓Transfer operations to locally hired employees ✓Enhance educational systems for different levels and operations	✓Complete smart factories ✓Improve facilities and systems through utilization of IoT ✓Establish localization of plant operation ✓Establish educational facilities	✓Promote digital transformation ✓Promote reallocation of personnel
Environmental response	✓Develop recycling technologies ✓Reduce CO_2 emissions/water discharge ✓Enhance recycling facilities	✓Create recycling supply chain ✓Reduce CO_2 emissions	✓Complete recycling supply chain ✓Achieve CO_2 emission reduction targets
Can-to-Can	✓Step 1 in creation of Can-to-Can Loop ✓Utilize UBCs* ✓Realize measures to increase recycling ratio	✓Step 2 in creation of Can-to-Can Loop ✓Expand shift to can stock closed-loop recycling within Thailand ✓Improve recycling ratio	✓Expand Can-to-Can Loop ✓Create system for collecting UBCs* in neighboring countries ✓Maximize recycling ratio

*UBC: Used Beverage Can

4-4. Annual Production Volume and Production Capacity

Achieving production capacity target of the Third Mid-Term Management Plan in FY2023, and aiming for 360,000 t/year going forward



5-1. Realizing a Sustainable Society

Leading the creation of a recycling initiative in Southeast Asia

November 25, 2020
MOU on general beverage containers signed at Thailand's Ministry of Natural Resources and Environment

Minister of Natural Resources and Environment press conference on November 25, 2020

* Calculated from figures published in VISION2050 by the Japan Aluminium Association

Can-to-Can Closed Loop Initiative

Aiming to build a business that benefits society, customers, and UACJ as a key part of the Closed Loop in ASEAN

Currently engaged in activities with major Thai can manufacturers, with participation from Thai government/industry stakeholders

December 7, 2021
MOU for UBC purchase/Closed Loop promotion

MOU signing ceremony on December 7, 2021 with attendance from ranking environmental ministry officials

Scheduled for 2024
Launch of new recycled materials furnace operation

Promoting in-house aluminum can collection activities

Building awareness of our social contribution through total participation in Thailand to environmental action

Increase social recognition as a company that contributes to the ecosystem

June 16, 2022
MOU for UBC purchase/ Closed Loop promotion in Vietnam

ASI Certification

- PS: Jan 5, 2023 certification; COC: Mar 10, 2022 obtained full certification
- Established Group-wide procurement guideline and requested supplier cooperation

5-2. Can Stock Recycling / Installing No. 4 Side Well Furnace (4SWF)

Promoting the introduction of aluminum can recycling facilities to become the heart of the circular economy

4SWF: Main Specifications

Type: Side Well Furnace*

Molten Metal Capacity: Max. 120 t

*__Highest capacity within the UACJ Group__

Impact

Increased use of recycled raw materials to reduce can stock CO_2 emissions.

In can stock production, CO_2 emission reduction impact of **29,533 t/month**

Progress and Future Plans

*Side well furnace: A dedicated facility for melting recycled materials while preventing oxidation loss caused by burners

6-1. Other Environmental Action

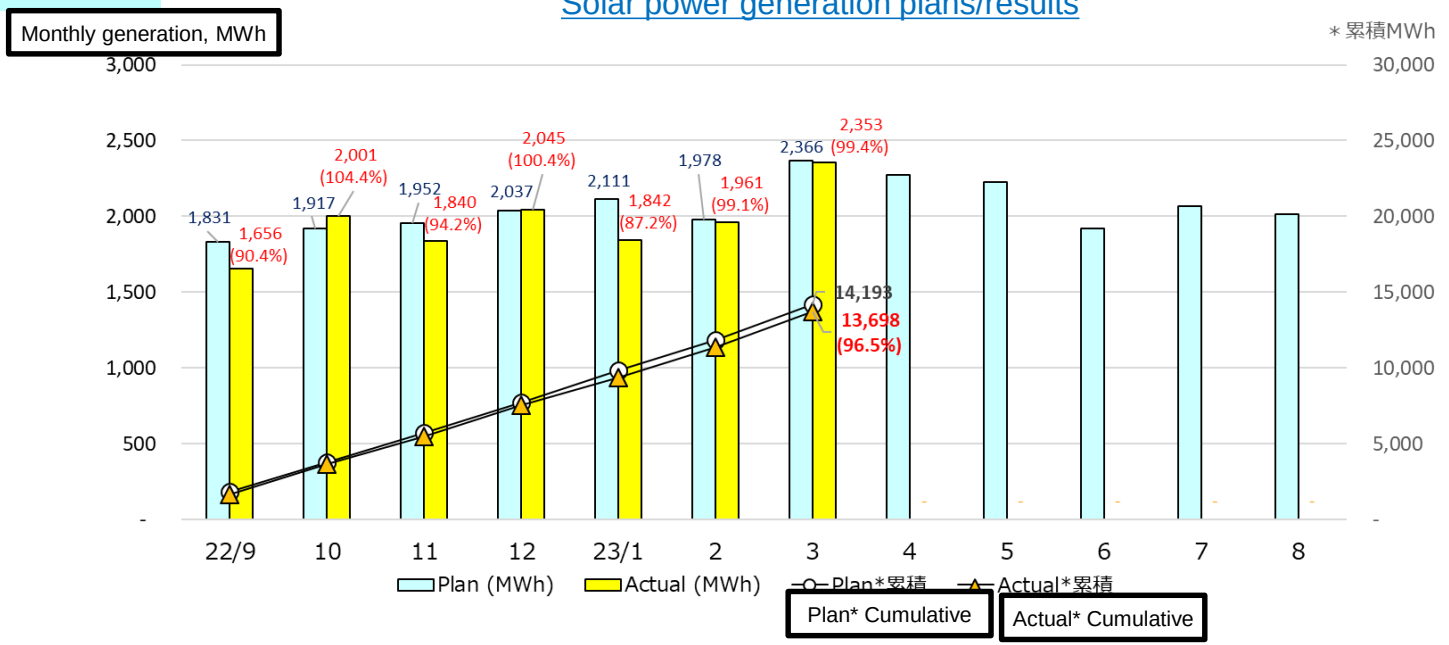
(1) Introduction of solar power generation system: Power generation began in Sep. 2022

One of the world's highest-capacity solar panel installations on a factory roof

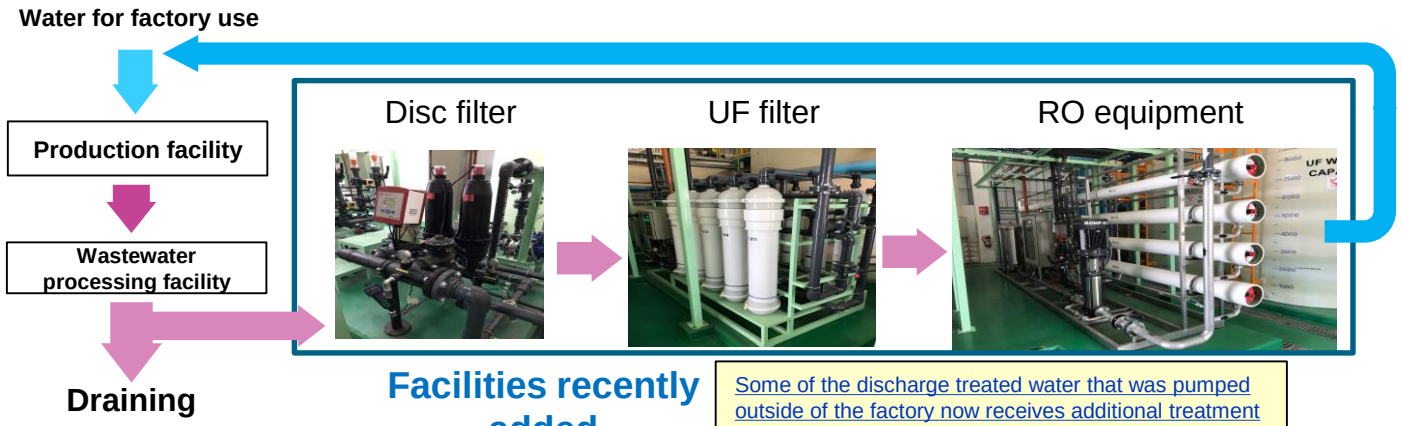
Installed solar panel capacity: 18 MW
Annual solar panel power generation: Approx. 24,800 MWh/year
CO_2 reduction: Approx. 14,000 ton-CO_2/year

Considering installing additional panels of approx. 2 MW

Solar power generation plans/results



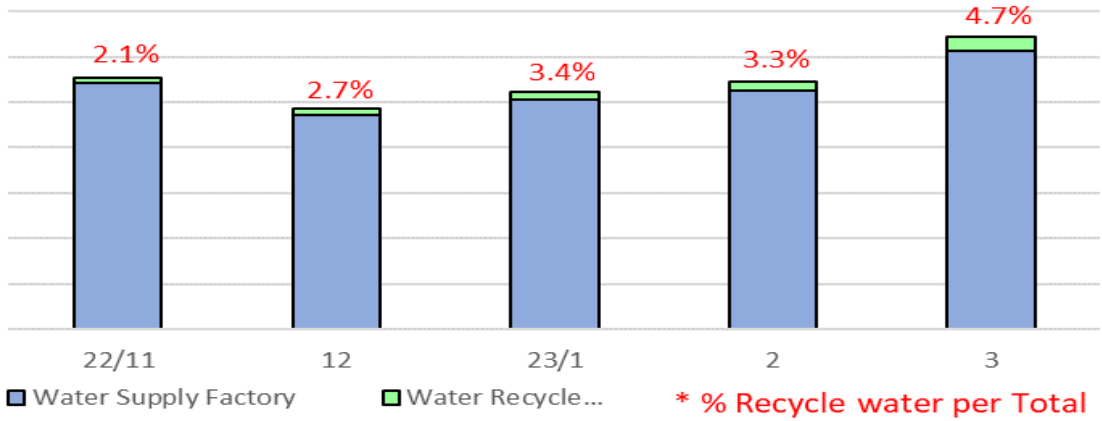
(2) Introduction of water recycling system: Operation began in Nov. 2022



Facilities recently added

Some of the discharge treated water that was pumped outside of the factory now receives additional treatment at the recycling equipment and is reused in the factory, which reduces water usage.

Rate of water consumption reduction through recycling



We are taking additional measures to reduce water consumption, such as expanding the number of wastewater types to be recycled

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