



Fourth Mid-term Management Plan

Summary

Value, Connect, and Lightens the World

UACJ Corporation



1. Review of Previous Mid-Term Management Plan

2. UACJ VISION 2030

3. Fourth Mid-Term Management Plan Overview

4. Shareholder Return Policy

1. Review of Previous Mid-Term Management Plan



Review of the Third Mid-Term Management Plan: Major Financial Targets and Basic Policies

Achieved most financial/action targets thanks to completing structural reforms as well as profit contributions from overseas businesses

■ Basic Policies

Complete structural reforms (to Mar 2023)

- Profit improvement target of ¥21 billion (BM: FY2019)
- Lower break-even point 10% from FY2019 to FY2022
- Consolidate manufacturing bases completed and optimal manufacturing system built up
- Reduce D/E ratio (from 1.7 in FY2019 to 1.3 in FY2022)
- Reduce director and executive officer headcount



Strengthen foundations for growth

- Invest in North American can stock and automotive areas
- Decide to make recycling-related investments in Japan, the U.S., and Thailand
- Strengthen partnerships/collaboration with customers to create a circular economy in aluminum
- Expand and achieve profit in priority activity areas



Promote global sustainability

- Establish a foundation for sustainability activities
- Form company-wide working groups by theme in environmental domains to strengthen initiatives



■ Major Financial Targets

Financial indicators	FY2023 plan targets	FY2023 results
Net sales	¥700 billion	¥892.8 billion
Business profit	¥32.7 billion	¥43.4 billion
Business profit margin	4.7 %	4.9 %
ROE	7.5 %	5.3 %
ROIC*1	6.0 %	7.5 %
Debt-equity ratio*2	1.2 or less	1.0

*Assumptions for plan: ¥110/US\$; LME = US\$2,050/t; Crude oil (Dubai) = US\$60/barrel

*1 ROIC is calculated based on pre-tax business profit

*2 Debt-to-equity ratio excludes subordinated loans

Review of the Third Mid-Term Management Plan: Highlights

Varied reforms have further boosted domestic & overseas business earnings

Complete structural reforms

- Lower break-even point
- Establish optimal production system
- Business selection and concentration
- Reduce director and executive officer headcount



Reform price-setting structure

- Introduce energy surcharge system
- Scheme for passing on rising logistics costs
- Increase roll margins due to price hikes and environmental investments

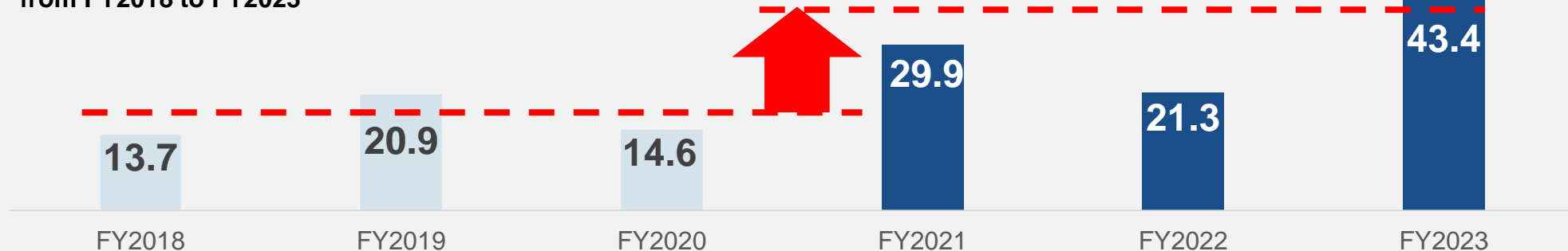


Expand overseas business earnings contribution

- TAA: Significant revenue expansion
- UATH: Factory launch, profit expansion
- UWH: Strategic investment

Business profit
from FY2018 to FY2023

(billion yen)



2. UACJ VISION 2030



Ideals in the UACJ Group's Long-term Roadmap, UACJ Vision 2030

Building a sustainable world by using aluminum to reduce environmental impact



UACJ Vision 2030 Financial Targets

	FY2030 target	(Reference) Initial announcement (May 2021)
Net sales	¥1.1 trillion or more (Revising ingot price / forex assumptions)	¥800 billion or more
Business profit on net sales	6% or more	6% or more (Operating margin on net sales)
ROIC (Calculated based on pre-tax business profit)	10% or more	10% or more (Calculated based on pre-tax operating income)
ROE	10% or more	10% or more

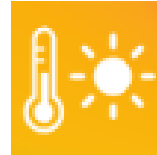
(Assumptions)

LME (\$/ton)	2,200	2,100
Forex (yen/\$)	140	104

UACJ VISION 2030 Major Non-Financial Targets



Driving a circular economy in aluminum



Addressing climate change



Conservation, restoration, and nurturing of nature (Nature-positive)



Respect for human rights



Instilling diversity, equity, and inclusion (DE&I)



Occupational health and safety



Product quality assurance

FY2030 target

UACJ recycling rate **80%**

Reduction rate of CO₂ emissions **30%**
(Scope1 and 2, vs. FY2019, intensity basis)

Reduction rate of Scope 3 emissions **30%**
(Category1, vs. FY2019, intensity basis)

Reduction rate of water withdrawal **25% or more**
(vs. FY2020, intensity basis)

Rate of conducting human rights DD **100%**

Percentage of women in management positions **15%**

Number of serious workplace accidents **Maintaining zero**

Number of serious quality defects **Zero**

3. Fourth Mid-Term Management Plan Overview



Market Environment and Business Opportunities

UACJ's market environment

Aluminum (resources)

- Global demand for aluminum is increasing at an annual rate of more than 3%, due to the expansion of application areas and domains, as well as increased environmental awareness

Beverage cans

- Increased demand for aluminum cans due to growing environmental awareness in Europe and the U.S., population growth in emerging countries, and an economic cycle of self-sustained growth

Automotive

- Growing environmental needs in addition to needs for lighter vehicle bodies
- Increased demand for aluminum sheets and extruded material due to the shift to EVs and autonomous driving

Lithium ion battery

- Increased demand in the battery domain due to the shift to EVs

Heat management

- Increasing demand for air-conditioning in emerging countries and Europe, as well as expanding needs for EV in-vehicle applications

Aerospace /defense

- Growing production needs for high-quality products and bringing services back to Japan

Semiconductors

- Stimulated capital investment as semiconductor-related demand grows and its industry returns to Japan

Opportunities for UACJ's value-added materials

Expansion of can stock, automotive-related, and other products

- Growing global demand for can stock due to increasing environmental awareness among consumers
- Expanding needs for lighter weight

Expansion of a circular economy in aluminum

- Further increase in recycling, especially for aluminum can stock, for which demand is growing
- Expanding recycling in automotives and other areas

Promoting supply of value-added materials and products

- Expanding needs for lighter-weight vehicles (EVs, HVs, and others)
- Growing for advanced materials in aerospace and defense (Establishment of Aerospace and Defense Materials Business Division)
- Growing demand in the heat management and semiconductor areas

Major Policies of the Fourth Mid-Term Management Plan

From a provider of materials to a value-adding materials company

1	Strategies for growth and added value	<p>Maximize revenue and improve profitability through increased value creation</p> <ul style="list-style-type: none"> ① Promote recycling ② Expand materials plus processing businesses ③ Contribute to supply chain stability in advanced fields ④ Expand new domains 	<p>Red apple : Key activity areas in existing domains Green apple : Key activity areas in new domains</p>
2	Strengthening operational resilience	<p>Strengthen our agile and flexible structure</p> <ul style="list-style-type: none"> ① Build capability to address environmental changes ② Increasing asset efficiency ③ Automation (improving safety/productivity) 	
3	Strengthening business foundations	<p>Strengthen foundations supporting value creation and stable business operations</p> <ul style="list-style-type: none"> ① Attract and develop diverse talent and increase engagement ② Acquire, strengthen, and leverage intangible assets such as technologies and brands ③ Use digital technologies to strengthen competitiveness and organizational capabilities ④ Strengthen proposal capabilities by further promoting collaboration and cooperation among businesses/divisions and with the supply chain and value chain 	

Maintain and strengthen basic UACJ principles

Conduct business in line with the UACJ Way

Health, safety, quality, compliance, governance

Approach to Business Opportunities: UACJ's Value-Added Materials

UACJ's business model of value-added materials

Create value-added businesses through collaboration between the five businesses, expanding both business domains and value

Illustration of business domains

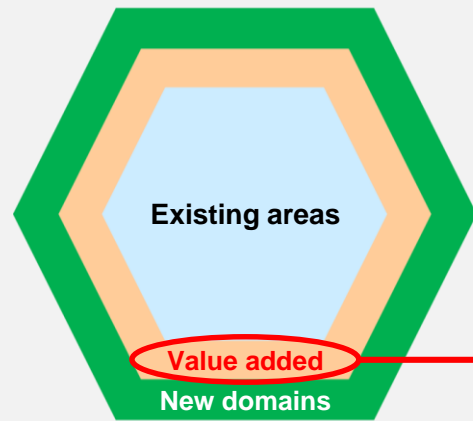
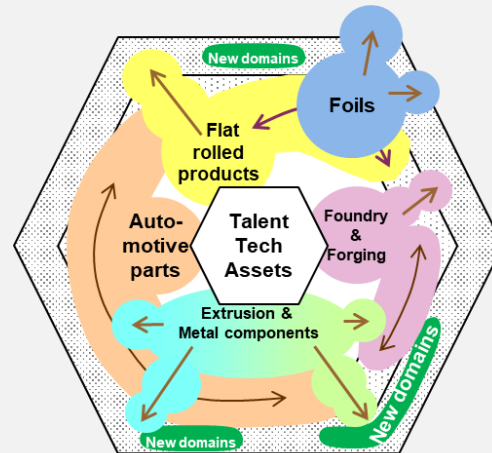


Illustration of ideal business division structure



Value-added materials

Adding new value to materials (plastic processing, recycling, modules, services, etc.) to increase earning power

Business profit margin: 6% or more

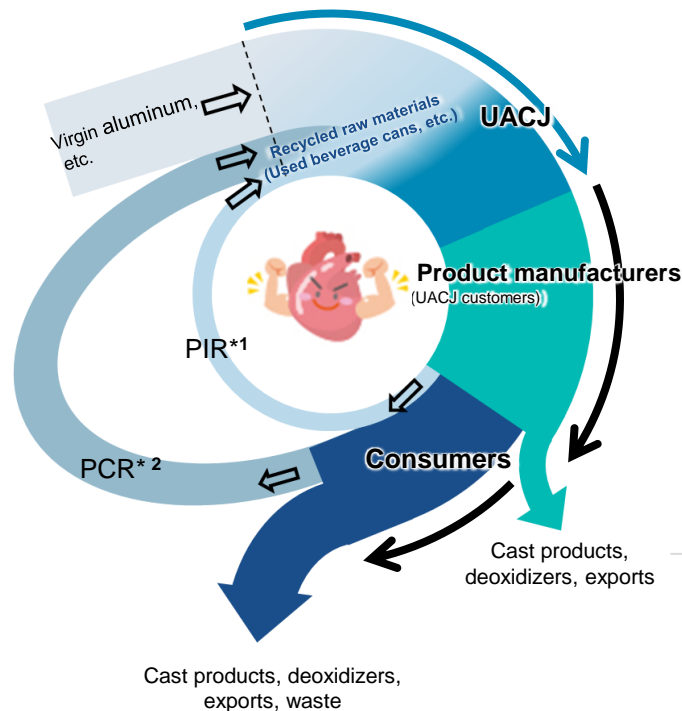
Value-add focus areas in the fourth mid-term management plan

Value-add focus areas in the fourth mid-term management plan		Focus activity areas
Value-added materials strategies	① Promote recycling	Recycling (Can stock and others)
	② Expand materials + processing businesses	Automotive Air conditioning Heat management
	③ Contribute to supply chain stability in advanced fields	Batteries Semiconductor manufacturing equipment Aerospace/defense
	④ Expand new domains	Mobility Lifestyle/healthcare Environment/energy

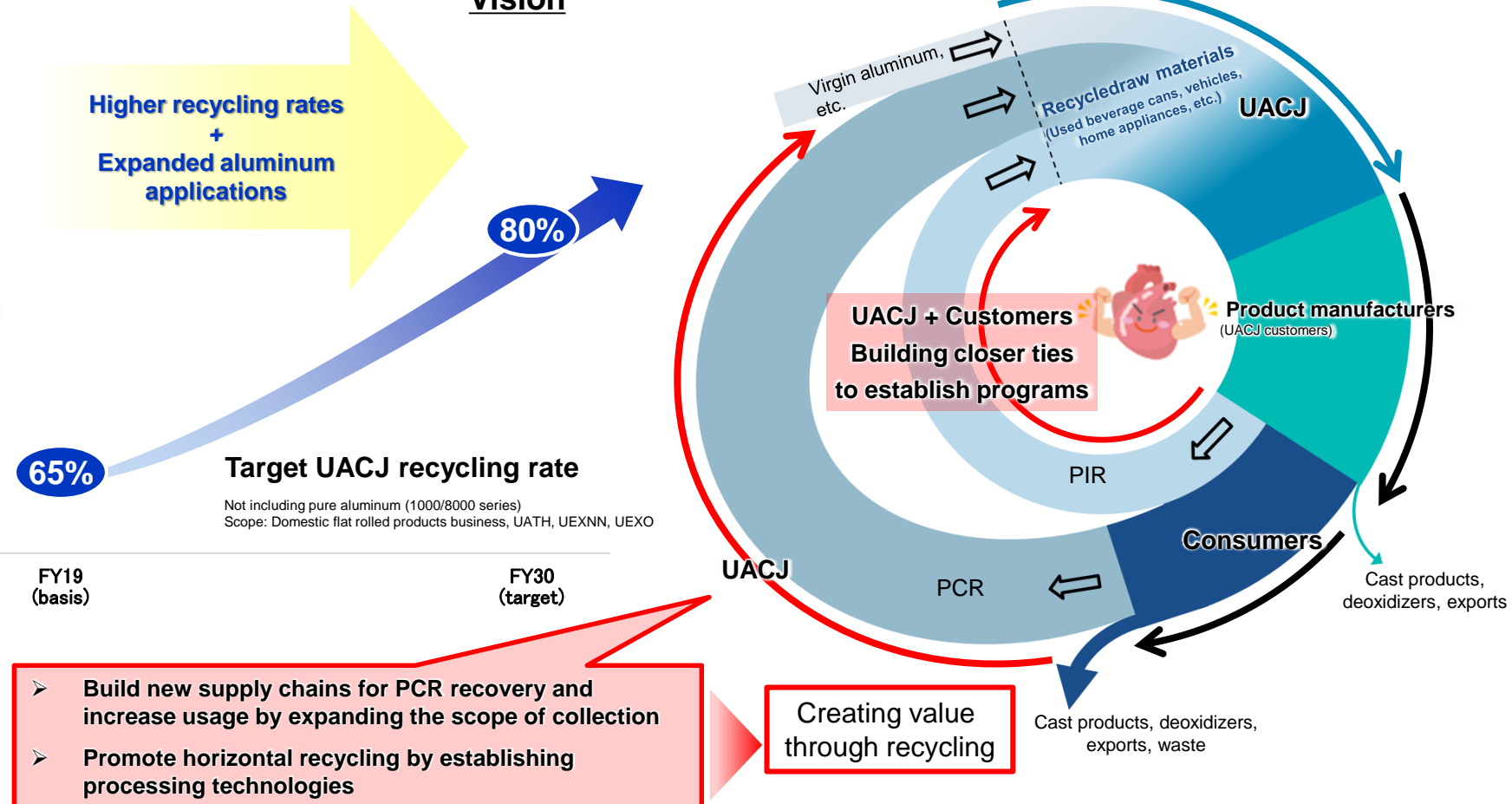
Promote Recycling: Future Challenges and Vision

Leading the way to a circular economy with aluminum, transforming business models

Current roles



Vision



*1 PIR: Post-industrial recycled material. Scrap generated at the material processing stage in manufacturing.

*2 PCR: Post-consumer recycled material. Scrap from used products.

Contribute to income in key activity areas

Maximize revenue and enhance profitability through value-added materials

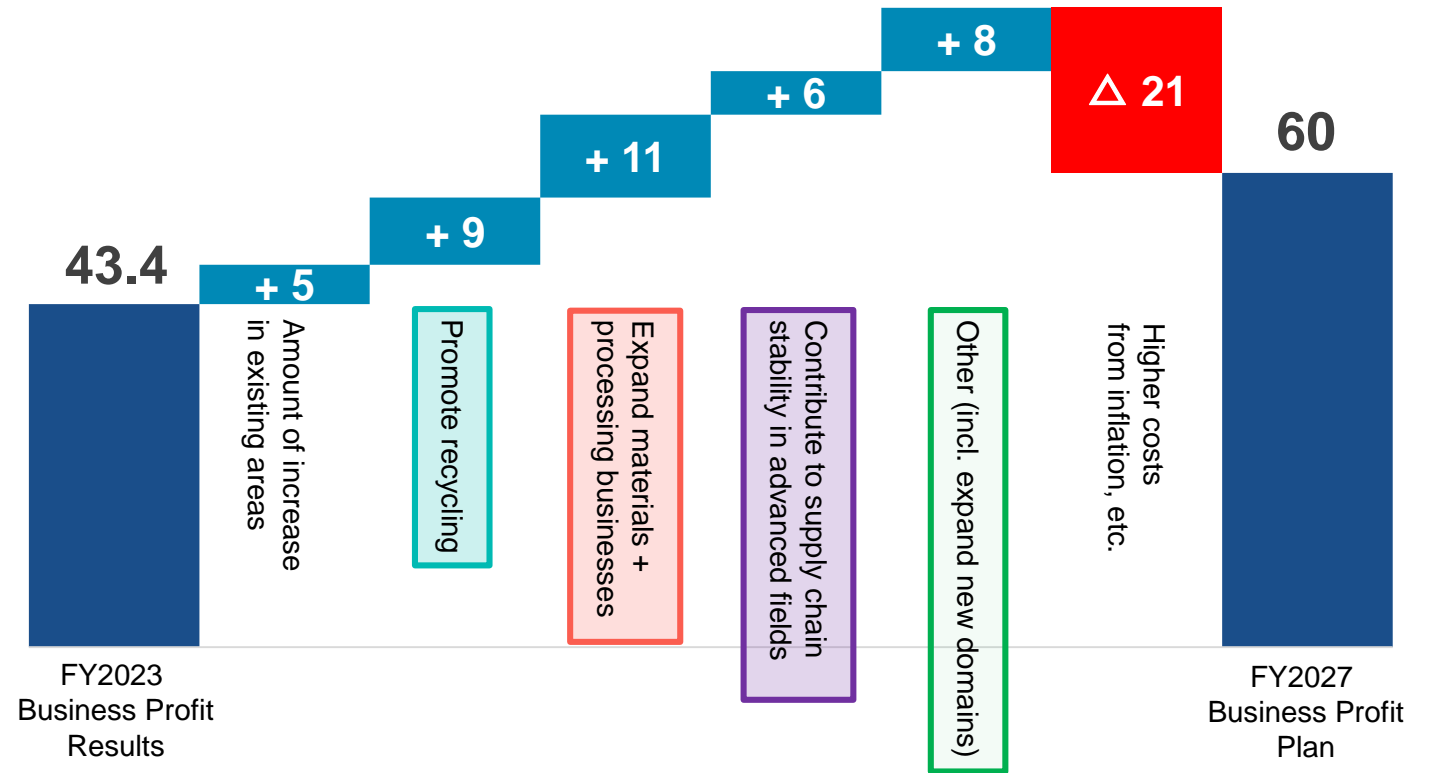
(billion yen)

Value-added materials strategies

Value-add focus areas in the fourth mid-term management plan

Focus activity areas

①	Promote recycling	Recycling (Can stock and others)
②	Expand materials + processing businesses	Automotive Air conditioning Heat management
③	Contribute to supply chain stability in advanced fields	Batteries Semiconductor manufacturing equipment Aerospace/defense
④	Expand new domains	Mobility Lifestyle/healthcare Environment/energy



Fourth Mid-Term Management Plan Financial Targets

Targets for FY2027: Business profit of ¥60 billion, ROE of 9%, ROIC of 9% or more, and create equity spread

Net sales

¥1,050 billion

Business profit

¥60 bil.

Adjusted EBITDA^{*1}

¥100 bil.

ROE

9% or more

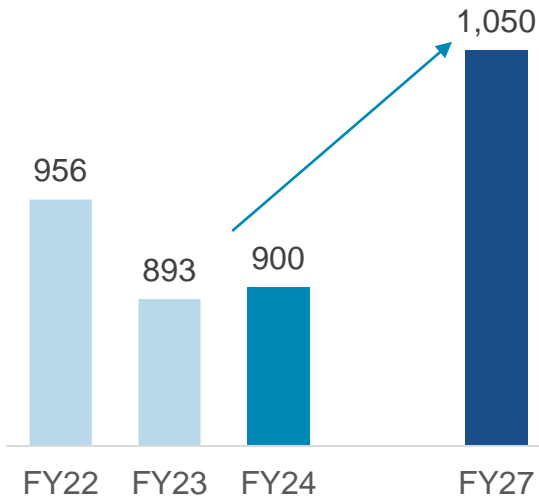
ROIC

9% or more

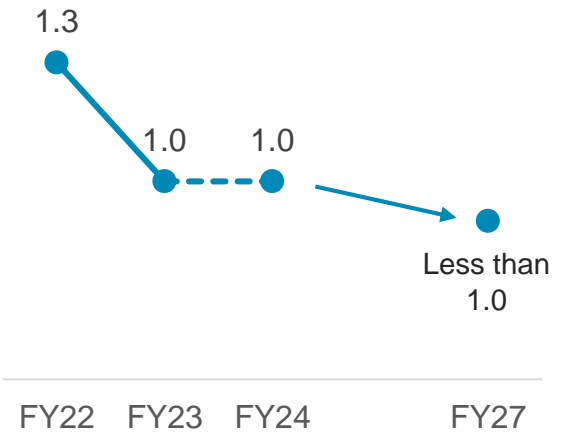
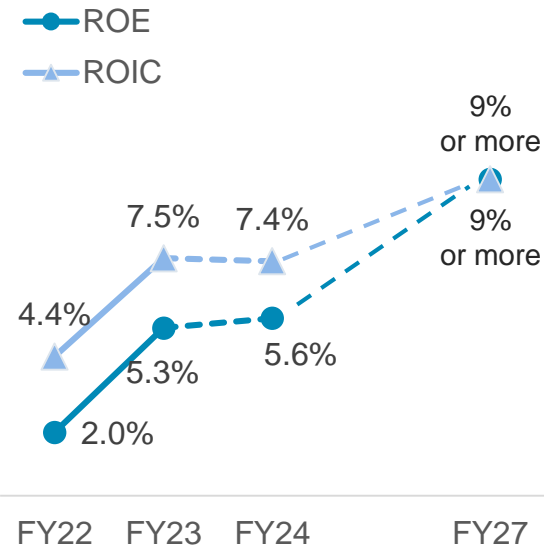
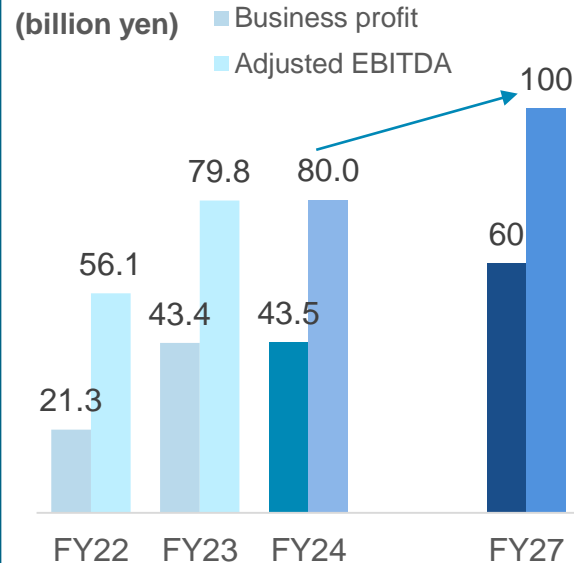
Debt-to-equity ratio^{*3}

Less than 1.0

(billion yen)



(billion yen)



*1 Adjusted EBITDA = EBITDA minus inventory valuation effects

*2 ROIC is calculated based on pre-tax business profit

*3 Debt-to-equity ratio excludes subordinated loans

[Assumptions for FY27] LME: US\$2,200/t; Exchange rate: ¥140/US\$

Fourth Mid-Term Management Plan Positioning

Fourth Mid-Term Management Plan

Becoming a value-adding materials company

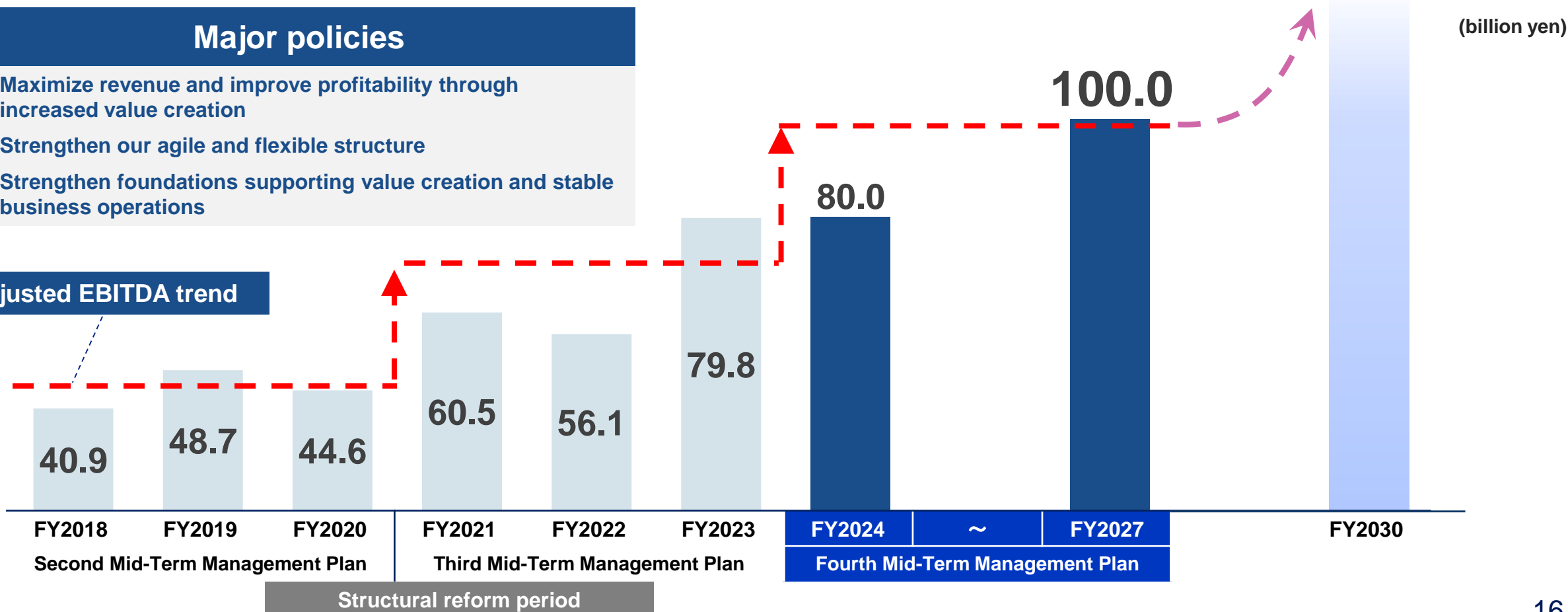
Value, Connect, and Lightens the World

UACJ VISION 2030

Major policies

1. Maximize revenue and improve profitability through increased value creation
2. Strengthen our agile and flexible structure
3. Strengthen foundations supporting value creation and stable business operations

Adjusted EBITDA trend



4. Shareholder Return Policy



Dividend policy and Increasing share value

Working to ensure stable/consistent dividends and increase shareholder value, with a target dividend payout ratio of 30% or more

Dividend policy: Aim for stable and consistent dividend payments, with a target dividend payout ratio of 30% or more of net profit*

*Net profit = Profit attributable to owners of parent

**Dividend
payout ratio**

**Third Mid-Term Management Plan Period
(FY2021 to FY2023)**

**Policy: 20% to 30%
(actual three-year average: 24.8%)**



Increased

**Fourth Mid-Term Management Plan Period
(FY2024 to FY2027)**

30% or more

Enhancing share value: Ensure steady profit and cash flow while continuing to engage with capital markets to improve share value



Higher total shareholder return (TSR)



Aluminum lightens the world

アルミでかなえる、軽やかな世界