

Maximizing the potential of aluminum to offer more value and grow sustainably

Shinji Tanaka

Representative Director, President

From a widely used metal to a specialized material that can provide solutions for today's problems

It has now been 140 years since the large-scale industrial production of aluminum began in 1886. Historically, aluminum is a relatively new material compared with metals like iron and copper, which have been used since ancient times. Nevertheless, its applications grew rapidly and today it is found everywhere in our society, such as in beverage cans, containers, automobiles, aircraft, machinery, electronic devices, and building materials. Aluminum's true value and potential, however, have yet to be fully recognized. Aluminum has a higher strength-to-weight ratio than steel, so it can help reduce the overall weight of products. It has excellent thermal conductivity, is easy to shape and process, and is highly recyclable. For these reasons, aluminum can greatly contribute to sustainability.

Awareness of these genuine benefits of aluminum has recently become more widespread. As issues concerning climate change, resources, energy, and economic security take the spotlight, we are seeing more and more public interest in aluminum's contributions to decarbonization, resource recycling, and supply chain resilience. Since my appointment as president, I have been explaining aluminum's benefits and future potential in my discussions with investors and stakeholders. I believe they have gradually become more aware of this and, consequently, raised their expectations for the UACJ Group.

This shift has also been reflected in Japan's national policy. In June 2025, the government declared its intention to facilitate the recycling of plastics, aluminum, and other metals as part of its national policy (according to a draft outline of the Basic Policy on Economic and Fiscal Management and Reform 2025 issued by the Cabinet Office). Then in June 2026, the government designated aluminum among low-carbon metals and materials in its 17 strategic sectors targeted for public-private investment, and included the aerospace and defense industries in this policy, which are important industries for UACJ. This was the first time for aluminum to be specified in a government policy in Japan, and it represents a milestone and major progress for the Company, as we have been championing aluminum's benefits for many years.

These developments indicate how aluminum's status in the world has risen. Previously regarded as just a widely used metal, aluminum is now recognized as a specialized material that can provide solutions for today's problems. While this represents a significant tailwind for UACJ, it also means that it has an even greater responsibility as a leading manufacturer of aluminum products.

The principles of fully understanding the workplace and respecting diversity

I have closely followed two guiding principles over the course of my career. The first is to fully understand our factory operations. For a long time, I was based at the Company's Nagoya Works, where the equipment, risks, and organizational culture are distinct for each type of production process, which includes casting, hot rolling, cold rolling, and coating. I was in charge of a number of production processes there, and discovered that because safety precautions and team dynamics differ depending on the process, sound decisions cannot be made without a grasp of how things actually work in each section of the factory. During my time at Nagoya Works, I learned this principle of understanding what happens on the shop floor from my supervisors and senior employees, and grounded it in my experience. Specifically, I learned five basic principles of action: understand how our factories operate, know our products inside and out, recognize how everything actually works, act rationally, and make decisions based on established rules. Although we mainly follow these five principles when solving problems and making improvements in our factories, I firmly believe that comprehending workplace realities and rationally understanding how everything actually works are essential for steering a company toward success.

The second guiding principle I have followed is to build a consensus through dialogue while respecting diversity. It was also at Nagoya Works where I learned this during my time in charge of various production processes, but I came to really appreciate its importance through my experience as an executive manager at UACJ (Thailand) Co., Ltd., where I worked for four and a half years from 2016. I was assigned to build an all-new factory and organization and then get production up and running in Thailand. In an environment where everything



Shinji Tanaka explaining total productive maintenance activities in 1995 as an Assistant Superintendent of Nagoya Works' flat-rolled aluminum factory



Shinji Tanaka giving a speech at an occupational health and safety conference in 2018 as vice president of UACJ (Thailand) Co., Ltd.

seemed different, from the culture and value systems to work conditions and communication styles, I gained a fresh understanding of how difficult and rewarding it is to get all members working together to accomplish the same goals.

While I have personally embraced these two guiding principles, they have been embedded in the Company's corporate culture for many years, and were reflected in the UACJ Way guidelines for conduct we established in 2020. I believe they will continue to be upheld and valued by all of the Group's employees in the years to come.

Creating aluminum materials with even more added value together with our customers

The overarching goal of our current mid-term management plan is to supply aluminum materials with even more added value than before. Aspiring to be more than just a supplier of aluminum materials, we want the Group to co-create added value by having all employees envision how our materials can be used in products and benefit society, and create new value together with customers.

To accomplish this, we are pursuing three key policies: execute growth and added value strategies starting with aluminum recycling; improve operational resilience by increasing the asset turnover ratio and stepping up our response to climate change; and strengthen business foundations by recruiting and training diverse talent and enhancing employee engagement. During the first two years of the mid-term management plan (April 2024 to March 2026), we worked to build more solid foundations for growth so that we could capitalize on the results over the plan's final two years (April 2026 to March 2028).

The mid-term management plan proceeded largely on track during its first two years, and while progress varied by business segment, results in some segments exceeded the targets of the plan. Our business profit forecast for the fiscal year ending March 2027 was initially set at ¥65 billion under the plan, but in light of changes in the Group's operating environment, we raised the forecast to ¥86 billion when we announced first-quarter results.

As we add more value to our aluminum products, we are also working to ensure that UACJ is accurately valued in the market as a leading aluminum product manufacturer. During the period of our previous mid-term management plan, we focused on boosting profitability by changing our method for setting product prices, specifically by raising rolling margins and introducing an energy surcharge system. Looking ahead, we intend to reflect added value in product prices in order to ensure sustainable growth and to raise the Company's market value going forward.

Aiming for sustainable growth with a portfolio strategy based on the realities of each business

It was not always smooth sailing, of course, during the first two years of the mid-term management plan. We were confronted with a number of developments around the world that had not been foreseen at the time of formulating the plan, including rising global inflation, tariffs imposed by the US government, a slump in the US market for electric vehicles (EVs), and war in the Middle East.

We have mitigated the direct impact of risks from the war on the Group's operations by diversifying suppliers and securing alternative sources of materials. If the war is prolonged, however, rising market prices for oil and other commodities could lead to higher costs of raw materials. Furthermore, shipping disruptions and unstable supplies of petroleum-based materials could impede our customers' manufacturing operations, which would



adversely impact the Company's business profit. Therefore, these risks were taken into account in our earnings forecast for the fiscal year ending March 2027.

▶ See "Supply Chain Initiatives" on page 88

Meanwhile, the tariffs imposed by the US government could actually create growth opportunities for the Group, as a decline in imports to the US resulting from the tariffs could benefit UACJ's subsidiary Tri-Arrows Aluminum Inc., a major aluminum product manufacturer in the country. Tri-Arrows Aluminum has been taking steps to meet rising demand for can stock in North America, such as by expanding its hot-rolling production capacity starting from this fiscal year.

In response to plateauing demand for EVs in the United States, we have substantially reduced investment in our aluminum automotive parts business and redirected the investment funds to our can stock business, recycling operations, and aerospace and defense materials business. This was part of a revision to our investment allocation plan

in consideration of the factors mentioned above.

The can stock business accounts for 60–70% of the Group's total sales. The global market for can stock is projected to grow steadily by around 3% annually, and is relatively unaffected by broader economic and market conditions. In contrast, the markets for aluminum automotive parts and thick plates for semiconductor production equipment are expected to grow at very high rates, but are easily impacted by EV demand and semiconductor market conditions, respectively. The aerospace and defense industries operate based on long-term plans spanning five to 20 years, so we can expect to secure a steady stream of orders going forward.

We are pursuing a business portfolio strategy that reflects the specific characteristics of these markets and industries. Concretely, we have positioned the mainstay can stock business as a stable source of earnings, and will work to add more value to products and stimulate new demand by offering fabricated materials such as aluminum automotive parts. In businesses that face highly volatile market conditions, including the thick plates for semiconductor production equipment business, we will carefully manage investments in consideration of changing market conditions with a view to mitigating risks and creating growth opportunities. At the same time, given our expectations for our aerospace and defense materials business to expand in the future, we are stepping up investment in this business to build a solid source of growth over the medium and long terms.

Expanding the scope of recycling with aluminum at the center

Aluminum recycling is an essential strategy for enabling the Group's shift to supplying aluminum materials with even more added value than before. The metal can be recycled almost endlessly, and the energy needed to produce recycled aluminum is only about 3% of the amount needed to produce the same volume of virgin aluminum in the smelting process. Accordingly, by supplying recycled aluminum to customers, we can offer them more environmental value in the form of vastly reduced energy consumption at the manufacturing stage. In addition, in countries like Japan that depend entirely on imports of virgin aluminum, aluminum recycling facilitates domestic resource circulation, thereby strengthening economic security.

Three of the Group's materiality issues are related to the environment—leading efforts to build a circular economy for aluminum, taking measures to address climate change, and supporting environmental health and nature—and aluminum recycling plays a central role in all of these issues. Building a circular economy through aluminum recycling is

Envisioned business growth



Global initiatives for expanding aluminum beverage can recycling



an effective means for reducing greenhouse gas emissions, the main driver of climate change. At the same time, the use of recycled aluminum can lead to less virgin aluminum consumption and, therefore, reduce the need for new bauxite mining, helping halt environmental damage and nature loss.

To accelerate these initiatives globally, the Group has installed aluminum recycling facilities at its factories in Japan, the US, and Thailand. We are aiming to increase the UACJ recycling rate*1 to 80% by 2030, and while the rate has steadily increased, we recognize that more facilities are needed to achieve our target. Toward this end, UACJ Yamaichi Aluminum Can Recycling Co., Ltd., a company jointly established by UACJ and Yamaichi Metal Co., Ltd., began operating a processing system for recycling used beverage cans at Fukui Works in January 2026. By efficiently integrating this processing system with flat rolled aluminum production, we are aiming to recycle a greater volume of used beverage cans and reduce CO_2 emissions.

In Japan, almost 100% of used beverage cans are collected for recycling, but other types of used aluminum products must be recycled in the future. In reality, however, outside the beverage can industry, systems for collecting and recycling used products have not been sufficiently established. Therefore, through partnerships with regional communities and companies from various industries, including manufacturers we supply products to, we are working to build and strengthen recycling chains, which include separating and sorting collected used products by their materials.

In this way, we intend to harness the power of a wide range of stakeholders to build a circular economy for aluminum, and position this initiative at the core of our efforts to greatly expand the scope of recycling in the future. As an industry leader, UACJ has a responsibility to play this role, and as the Company's president, I am determined to see it through.

▶ See "Environmental Strategies—Close Up" on page 48

UACJ's corporate slogan is "Aluminum lightens the world." For us, "lighten" means to reduce the impact of environmental loads and issues faced by society, and, consequently, to help make people's lives more comfortable. I believe that a business model centered on recycling is the best solution for realizing such a "lighter" world.

*1 The UACJ recycling rate is an indicator of the proportion of aluminum it recycles, calculated by dividing the amount of used and scrap aluminum by the total amount of aluminum melted down in furnaces.

Channeling the environmental value we create into business growth

To expand the scope of aluminum recycling, it is essential to create economic value from the environmental value generated through recycling. While businesses have a social responsibility to contribute to society through recycling, that alone will not be enough to broadly expand recycling activities across industries and society on a lasting basis. Therefore, UACJ is building a framework for making companies more valuable by creating environmental value through recycling. That means increasing earnings (specifically earnings before interest, taxes, depreciation, and amortization [EBITDA]) through recycling operations, and reinvesting those earnings in ways that generate more environmental value. By accelerating that virtuous cycle, we intend to take the lead in building a circular economy for aluminum.

This strategy is supported by major trends in the world today. Amid rising global environmental awareness, full-blown carbon emission trading systems were rolled out in 2026, particularly the Carbon Border Adjustment Mechanism (CBAM)*2 in Europe and the Green Transformation Emissions Trading System (GX-ETS)*3 in Japan. This shows how the conversion and trading of environmental value into economic value is now the norm. Against this backdrop, UACJ has been receiving a growing number of inquiries about its UACJ SMART series of environmentally conscious products. By making sure to capitalize on this trend, we intend to steadily create environmental value and channel it towards business growth.

*2 CBAM is a system introduced by the European Union for equalizing carbon cost burdens among EU-based companies and imported goods. It requires companies to purchase CBAM certificates commensurate with CO_2 emissions from manufacturing when importing products such as steel and aluminum.

*3 GX-ETS is an emissions trading system launched by the Japanese government pursuant to the country's law on promoting a green transformation. The system allocates CO_2 emission units to major emitters, and encourages them to reduce greenhouse gas emissions by trading the units.

Fostering workplace environments that allow motivated employees to realize their full potential

With a view to enhancing human capital, which we regard as a foundation for the Group's sustainable growth, we created a new framework for human capital management as a means for executing human resources strategies, as well as our UACJ People Statement, which focuses on empowering our people through teamwork to create a "lighter" future. Based on these guidelines and strategies, we are taking proactive steps to enhance the well-being of all of the Group's employees while fostering workplaces that enable their diverse members to thrive on the job. We are also improving and bolstering the health management programs we have in place on an ongoing basis.

In Japan, many industries are dealing with labor shortages, and we are also facing difficulties in securing the talent we need. In such a tough labor market, we understand the importance of conveying the excitement and appeal of working for UACJ in order to attract as many ambitious people as possible.

Our work does not only involve manufacturing and selling materials. It also offers opportunities for creating value in all kinds of ways, such as developing new applications

for aluminum, reducing environmental impacts through aluminum recycling, and collaborating with customers to release new products to the market. I experienced this myself when helping develop components for a global manufacturer, and participated firsthand in the entire process of crafting materials together with the customer, integrating the components into the final product, and launching it to the global market. To this day, I remember the joy and sense of accomplishment I felt when doing that work. I intend to create diverse opportunities for showing people how our work goes beyond supplying materials—it is highly rewarding and has potential for creating value.

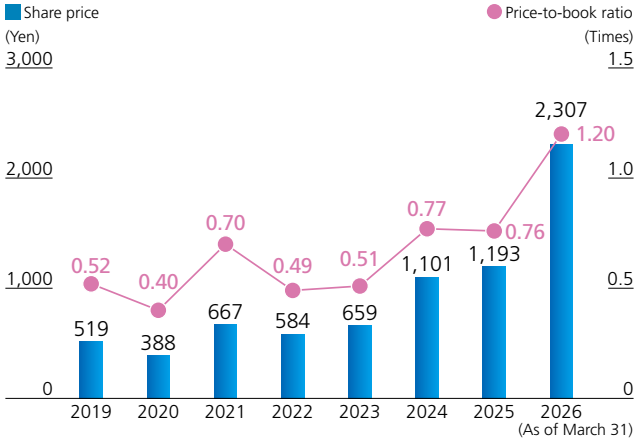
Actually, a growing number of people have been seeking to join UACJ. They are particularly interested in aluminum's expanding range of applications in recent years as well as its potential for solving environmental problems through recycling. I believe the Group's management can play a big role in the future by enabling people who are aware of such issues to make the most of their individual abilities.

Aiming to increase UACJ's market capitalization to ¥1 trillion

Since UACJ was established through a merger in October 2013, it has grown as one of the world's top aluminum products manufacturers, thanks to the success of its proactive investments in growth and structural reforms of its businesses. In October 2025, the Company's price-to-book ratio exceeded 1.0 for the first time and its market capitalization reached the ¥500 billion mark. To build a broader base of investors, however, we will need to boost profitability and scale up the Company's businesses in order to demonstrate its ability to grow sustainably. Toward that end, we are executing the growth strategies of our current mid-term management plan at a faster pace while doing everything we can to increase business profit and EBITDA, and to raise return on equity above the cost of capital, which means increasing the equity spread. In the future, our goal is to increase the Company's market capitalization to ¥1 trillion.

Looking ahead, we will work to maximize the potential of aluminum and create new value in order to help solve issues facing our customers and communities. In these ways, we will aim to raise the Company's value and ensure that it grows sustainably going forward. As we pursue these endeavors, I look forward to the ongoing support of the Company's shareholders, investors, and all other stakeholders.

UACJ's share price and price-to-book ratio*4



*4 The share price figures have been retroactively adjusted for stock splits. The price-to-book ratio figures have been rounded to the second decimal place.

Increasing the equity spread and raising shareholder value

	Fiscal 2023 results	Fiscal 2025 results	Fiscal 2027 targets
Return on equity	5.3%	12.2%	9%
Cost of capital*5 (Beta value)*6	9% (1.62)	About 8% (1.10)	About 7%

*5 UACJ's estimate

*6 The beta value is a metric for measuring a stock's volatility in relation to the market

Meetings between management and employees foster a corporate culture rooted in the UACJ Group Philosophy

With the renewal of the UACJ Group Philosophy in 2020, the Group began holding meetings between managers and employees to increase awareness of the philosophy, improve employee engagement, and promote the UACJ Way as a set of guidelines for conduct. By engaging in frank discussions about the philosophy and the UACJ Way in the meetings, the participants have been fostering a corporate culture rooted in the philosophy.

In addition, since his appointment as president, Shinji Tanaka has been holding meetings aimed at strengthening bonds with employees in various regions. The purpose of the meetings is to have employees learn more about aluminum, which is essential for executing strategies, through their discussions with the president, and to foster collaboration beyond divisions by building relationships among the participants.

The scope of the meetings has been steadily expanding. The combined number of meetings on the philosophy (led by the chairman of the Board) and meetings aimed at strengthening bonds (led by the president) totaled 69 between April 2025 and March 2026, with 350 participants attending. Since they were initiated in 2020, the meetings have been expanded to include workplaces and subsidiaries around the world, and over 10,000 people have participated to date in all meetings (including those led by department heads).

Thanks to their direct discussions with management in these meetings, employees increasingly identify with the Group's management vision and philosophy, as indicated by the results of employee engagement surveys.*7

*7 In the employee engagement surveys, employees were asked to rate how much they identify with the Group's management vision and philosophy on a scale of one to five. The average score increased from 2.77 in fiscal 2019 to 3.28 in fiscal 2025.



President Shinji Tanaka (far left) and members of UACJ Foundry & Forging (Vietnam) Co., Ltd., in a meeting aimed at strengthening bonds