UACJ Corporation

Business Briefing on Aluminum Can Recycling Business

October 19, 2026

Event Summary

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Kiminori Banno	Senior General Manager, Fukui Works, and Representative Director, President, UYAR
Muneyuki Shoda	Executive Vice President UACJ Yamaichi Aluminum Can Recycling Co., Ltd.
Kenji Nose	General Manager, Environmental Leading Department 'MONOZUKURI' Core Manufacturing Innovation Division
Kazuto Moriwaki	General Manager, Can Stock Marketing & Sales Department Flat Rolled Products Division
Motoyasu Sudo	General Manager, Investor Relations & Public Relation Department

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*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Sudo: It is time to commence Business Briefing on Aluminum Can Recycling Business of UACJ Corporation. Thank you very much for taking time out of your busy schedule to participate in this event.

Before we begin, I would like to go over a few important points.

This briefing is being videotaped and audio-recorded for the purpose of maintaining a record of the proceedings. We kindly ask that attendees refrain from making video or audio recordings. Also, today we will proceed using the explanatory materials posted on our company website. If you do not have the materials at hand, please visit our website.

I would now like to introduce today's briefing attendees from the company: Kaoru Ueda, Executive Officer, Chief Executive, Corporate Communications Division; Kiminori Banno, Senior General Manager, Fukui Works, and Representative Director, President, UYAR.

Banno: This is Banno. Thank you.

Sudo: Muneyuki Shoda, Executive Vice President of UACJ Yamaichi Aluminum Can Recycling Co., Ltd.

Shoda: This is Shoda. Thank you.

Sudo: Kenji Nose, General Manager, Environmental Leading Department 'MONOZUKURI' Core Manufacturing Innovation Division.

Nose: My name is Nose. Thank you.

Sudo: Kazuto Moriwaki, General Manager, Can Stock Marketing & Sales Department Flat Rolled Products Division.

I am Sudo, General Manager, Investor Relations & Public Relation Department and I will be serving as the moderator today. Thank you.

First, Ueda, Chief Executive of Corporate Communications Division would like to say a few words. Mr. Ueda, please go ahead.

Ueda: Thank you very much for taking time out of your busy schedule to participate in this event. I am Ueda, Executive Officer, Chief Executive, Corporate Communications Division. I would like to express my heartfelt gratitude to everyone watching online, and above all, to those who made the trip to Fukui to attend the event in person.

In recent years, the transition to a circular economy has become an urgent priority in order to achieve a sustainable society. In particular, promoting recycling is a key theme that lies at the heart of our company's medium-term management plan.

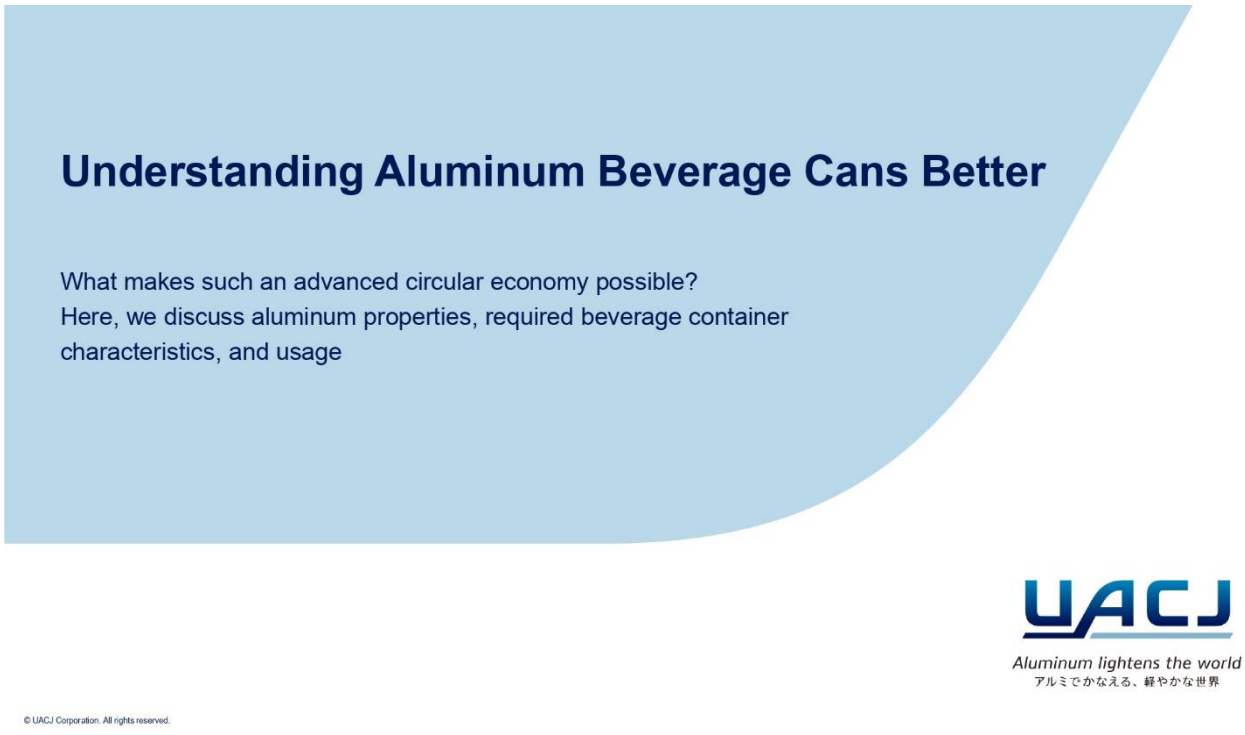
Today, I would like to provide you with a deeper understanding of the progress of our recycling business, which focuses primarily on aluminum cans in Japan, as well as our future outlook.

Although our time is limited, I would appreciate your attention.

Sudo: Thank you, Mr. Ueda. Next, I'd like to introduce today's program.

Today, we have two presentations scheduled, followed by a question-and-answer session. The first presentation, titled At the Forefront of Recycling - Aluminum Can Recycling, will be given by Nose from the Environmental Leading Department. The second presentation, titled At the Forefront of Recycling - Can Stock Market, will be given by Moriwaki from the Can Stock Marketing & Sales Department. Following both presentations, we will set aside time for a question-and-answer session.

Moving onto the presentation. Mr. Nose, please go ahead with the presentation, At the Forefront of Recycling - Aluminum Can Recycling.



Nose: I'm Nose, and I'd like to give a presentation on At the Forefront of Recycling - Aluminum Can Recycling.

First, I would like to explain aluminum beverage cans in greater detail, specifically, why the properties of aluminum make it suitable for beverage cans, and why it is highly effective in meeting today's demands for resource recycling.



I don't think there are many people who consciously think about the aluminum cans they use every day. Broadly speaking, I believe aluminum beverage cans have mainly three characteristics.

The first point is airtightness. I heard this a beer lover, and apparently, there's a trick to making the beer you buy at supermarkets or convenience stores taste better. I've heard that one tip is to buy items with a more recent manufacturing date.

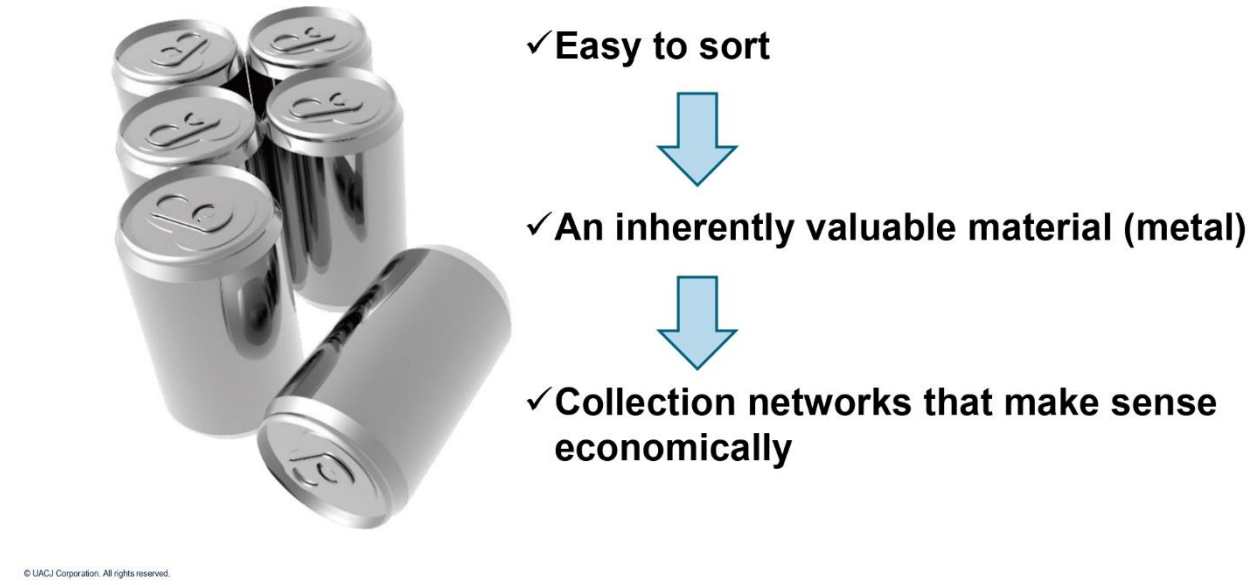
The explanation was that for beverages like beer, which are highly sensitive to flavor, freshness is directly linked to taste, and this is a major factor in their value to consumers.

When we consider why aluminum cans are so widely chosen for beverage container, it comes down to their overwhelmingly high level of airtightness. Unlike plastic containers, it does not allow even a small amount of gas to pass through, nor does it let light through, making it an excellent storage container.

Second, it also features light weight and thermal conductivity. This is expected to lead to economic benefits, such as improving energy efficiency at convenience stores or expanding sales opportunities for vending machines by reducing transportation costs and shortening cooling times.

Third, it is well-suited for mass production of identical items. I think you'll notice right away when you look at a beverage can that, of course, the packaging designs vary. However, as you may have noticed, there are only a few different sizes of those cans. When we consider aluminum beverage cans, they are made from a material that is particularly well-suited to mass production, where economies of scale are easily achieved, and the manufacturing process is designed accordingly.

These are the characteristics of aluminum beverage cans from the perspective of the aluminum material itself.



I'd like to explain today's topic, recycling.

When it comes to recycling, aluminum is often referred to as a model student, and among aluminum products, beverage cans in particular have a high recycling rate.

A major reason for this is that they can be distinguished at a glance. Of course, I think people would recognize a PET bottle when they see one, but when it comes to actually distinguishing it from other plastics or other resin containers, I think it would be difficult for the average person to tell them apart. On the other hand, when it comes to aluminum beverage cans, you can tell just by looking at their shape that they are made of aluminum, no matter where you are in the world.

This is actually a very important aspect of recycling, and one of its key features is that waste can be sorted at the point of consumption.

Furthermore, another major characteristic of aluminum, its value as a metal, also supports the key feature of a self-sustaining resource recovery system.

For these reasons, the process of collecting and recycling aluminum beverage cans based on economic rationality has developed significantly, particularly in Japan.

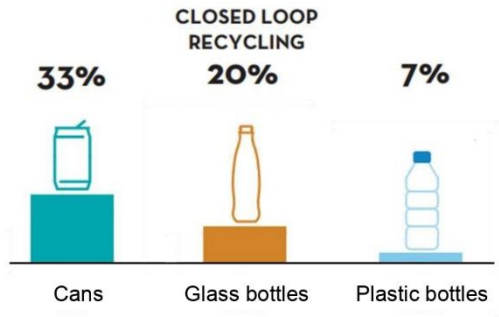
Container Stock Good for Recycling – Aluminum

Current worldwide beverage container recycling

Recycling rate: amount reused instead of discarded



Rate of recycling into the same type of container stock



Reference: *Aluminum, the Sustainable Option for Beverage Cans* (PDF)

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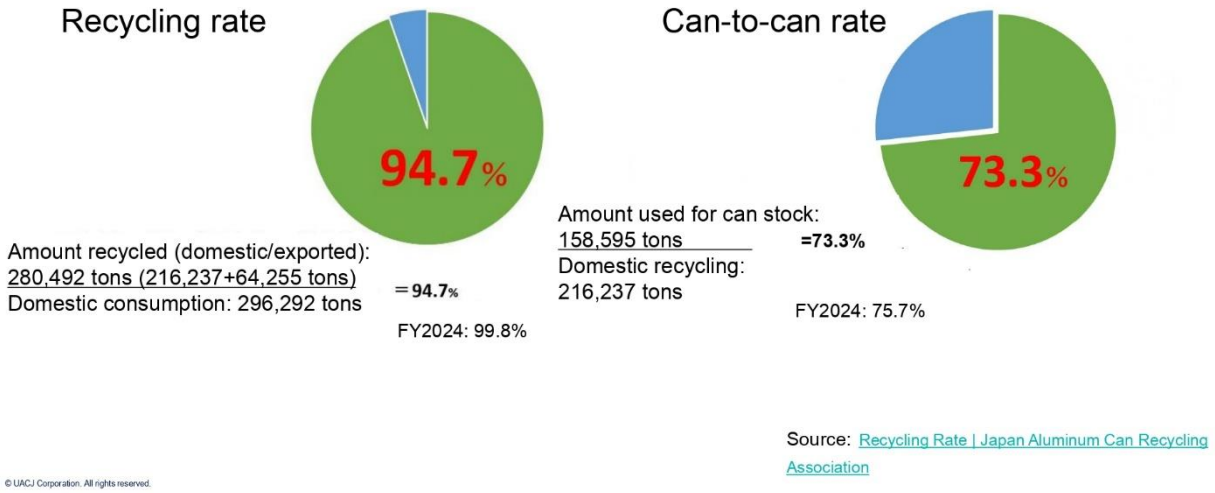
I would like to present some global data.

Here is data comparing the current state of aluminum recycling with that of other materials, such as glass bottles and PET bottles. Here, we refer to the amount reused instead of discarded as the recycling rate and provide the corresponding figures. The survey data is sourced from the International Aluminum Institute.

As you can see from the three charts on the left, even on a global scale, more than 70% of used aluminum cans are recycled. Furthermore, as can be seen from the three comparisons on the right, rate of recycling into the same type of container stock, referred to as CAN to CAN in the CAN context, is known to be overwhelmingly higher than that of other containers.

While efforts are being made across various fields to improve sustainability worldwide, I think you'll see that aluminum beverage cans are, even at this point, a highly sustainable and recyclable material.

Aluminum Can Recycling in Japan – High collection rate and quality

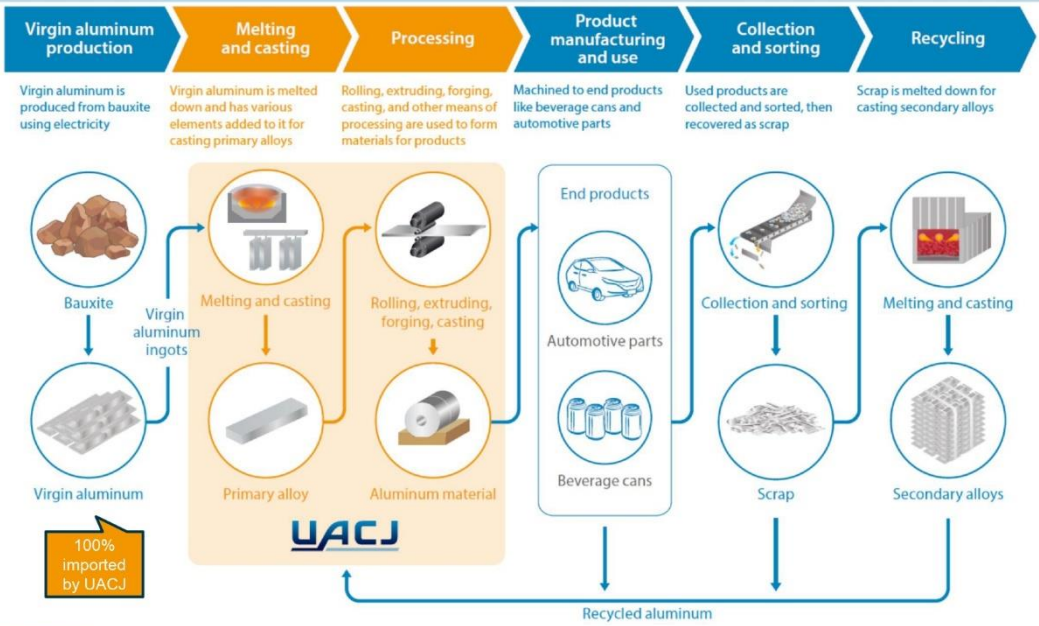


Source: Recycling Rate | Japan Aluminum Can Recycling Association

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This is the recycling rate for aluminum cans in Japan. I think you can see that this figure is overwhelmingly higher than the global average mentioned earlier. Although the figures vary from year to year, according to the latest data, approximately 95% of aluminum cans are recycled. And, surprisingly, the CAN-to-CAN rate, the percentage of aluminum cans that are recycled into new aluminum cans, reaches as high as about three-quarters. To put it simply, I think this shows that most of the aluminum cans we use every day are made from cans that have been used at least once by consumers.

Recycling Aluminum



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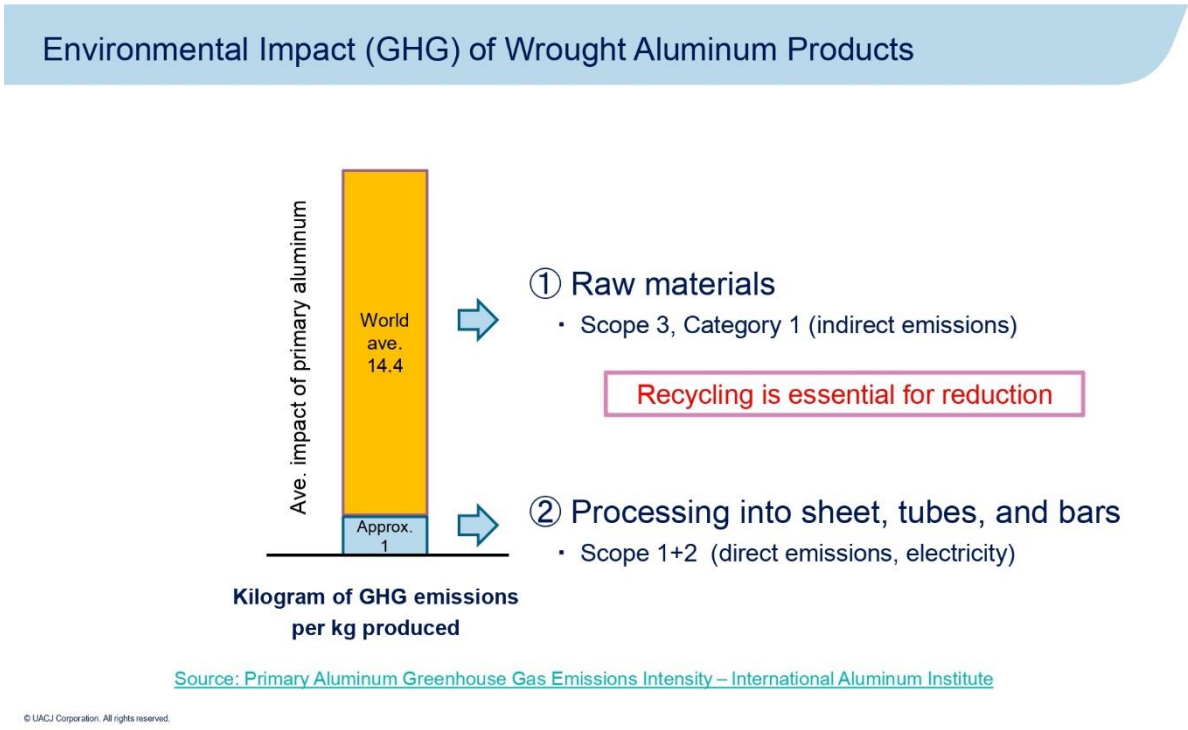
I would like to explain how increasing the recycling of aluminum beverage cans is linked to climate change, which is the most significant environmental issue of our time.

This diagram illustrates the recycling process for aluminum.

The diagram on the far left describes the production of virgin aluminum, the process of extracting aluminum, starting with mining. Following the supply chain and value chain from left to right, ideally, as indicated by the downward arrow, aluminum is reused in a circular manner as recycled aluminum.

At UACJ, our business begins with the import of virgin aluminum. We melt it down, adjust its composition, form it into a primary alloy, and then roll it to produce sheet metal for beverage cans.

I said ideally here because there are many fields where this cycle is not yet fully established. On the other hand, aluminum beverage cans are likely the most widely recycled material among the items we use in our daily lives, and a recycling system for them is already well established.



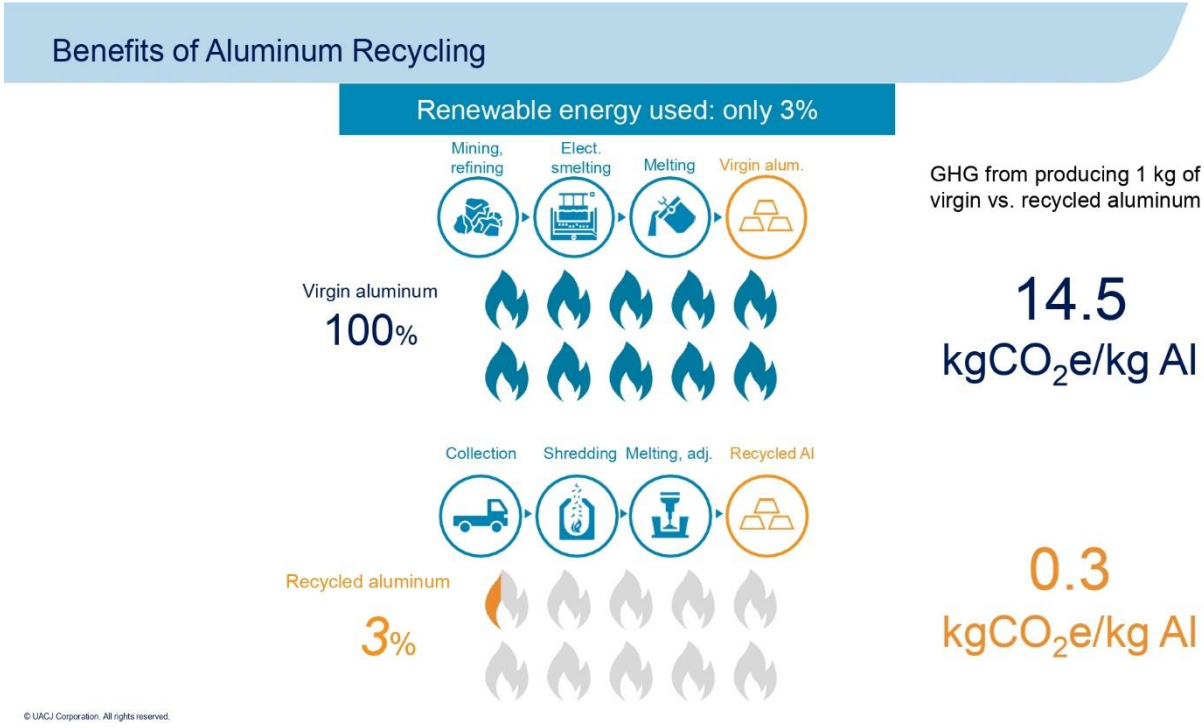
I'd like to compare just how important this recycling is by looking at greenhouse gas emissions.

This bar chart illustrates, on a per-kilogram basis, the greenhouse gas emissions associated with the aluminum sheet we ship, tracing those emissions all the way back to the mining stage.

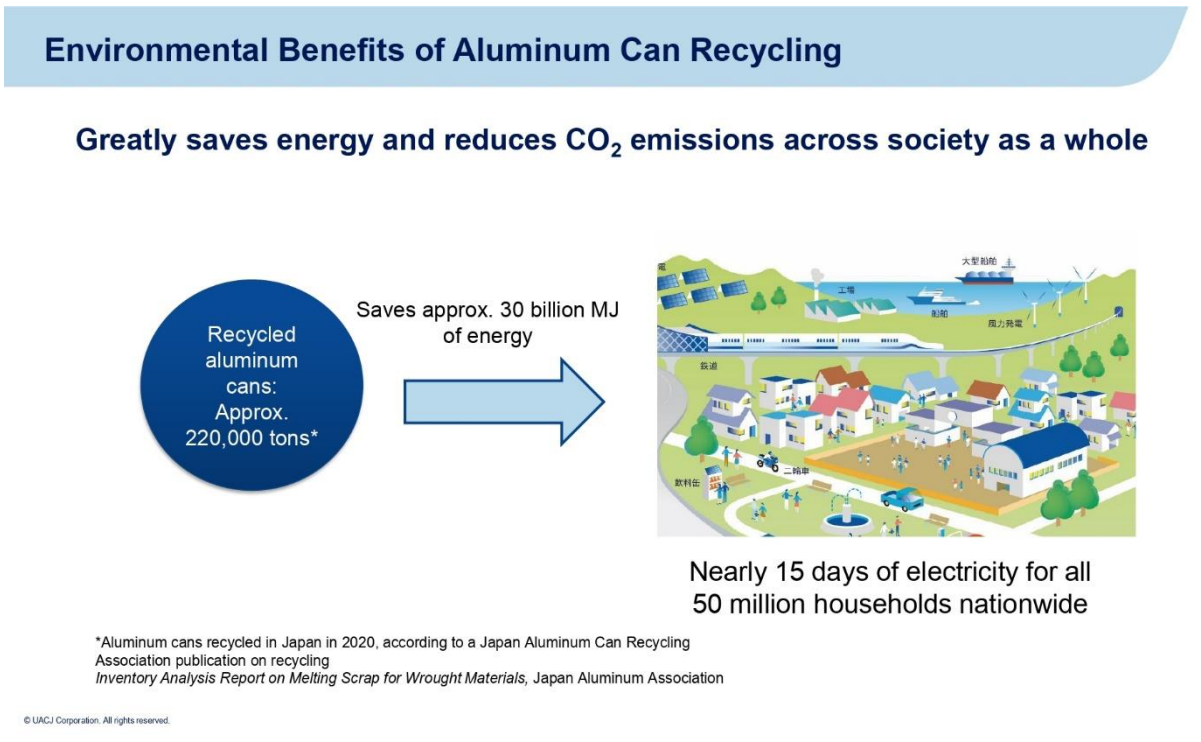
The production of virgin aluminum requires a great deal of electricity. The generation of that electricity results in high CO2 emissions. It is well known that the global average for virgin aluminum is 14.4 kilograms of CO2 per kilogram of aluminum. It takes 14 kilograms of CO2 emissions to produce 1 kilogram of aluminum.

On the other hand, in our company's production process, we emit approximately 1 kilogram of CO2 for every kilogram of aluminum we produce. Given the materials produced from this virgin aluminum, a key indicator is how much of this circle 1 portion, raw materials can be reduced.

Recycling is our trump card in this regard.

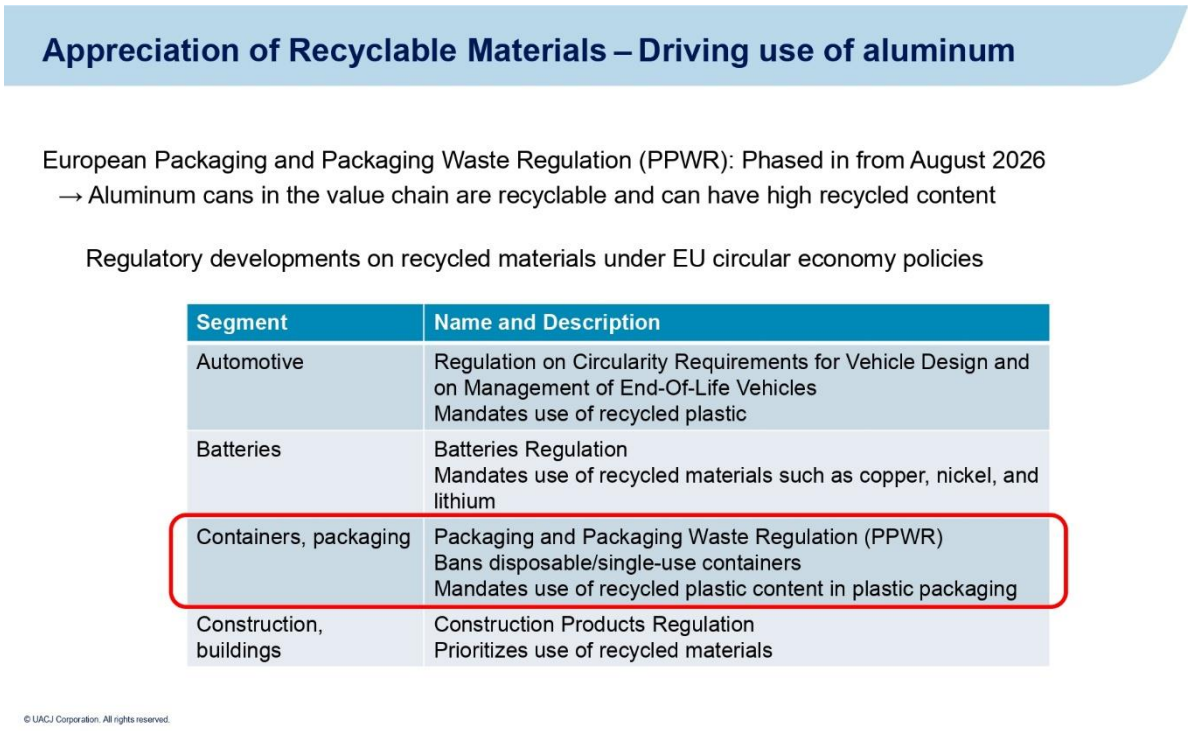


This diagram illustrates the benefits of aluminum recycling. While it is generally known that this can reduce energy consumption by 97%, re-melting aluminum produces only 3% of the CO2 emissions compared to smelting it from raw materials to produce the metal. This is why aluminum is said to be so well-suited for recycling. When viewed from a global perspective, this effect is immense.



According to data from the Aluminum Can Recycling Association, approximately 200,000 metric tons of aluminum cans are recycled throughout Japan.

Compared to producing virgin aluminum, recycling these aluminum cans saves approximately 30 billion megajoules of energy. This amount of energy is so large that it is equivalent to approximately 15 days' worth of electricity consumption for households nationwide.



Against the backdrop of climate change and resource recycling, I would like to explain what is currently required in the beverage can value chain and how UACJ is responding to these challenges.

In the consumer goods sector, the concept of the circular economy is taking on a new vaule.

This illustrates how European circular economy policies are increasingly calling for the use of recycled resources across various sectors. In particular, with regard to containers and packaging, the PPWR and the Packaging and Packaging Waste Regulations stipulate a ban on single-use containers. Primarily in Europe, single-use plastics are gradually being phased out as containers.

In this context, we are seeing a trend toward selecting resources, such as aluminum cans, as I explained earlier, that are well-suited for recycling. Our company is also implementing measures to address these issues.

ASI Performance- and CoC-Certified Materials

ASI Standard Name	Certification Mark	Criteria, Standards
Performance Standard	asi CERTIFIED PERFORMANCE	Does the factory or business meet ESG standards?
Chain of Custody Standard	asi CERTIFIED CHAIN OF CUSTODY	Are certified materials suitably tracked and managed, from mining until products are finished?



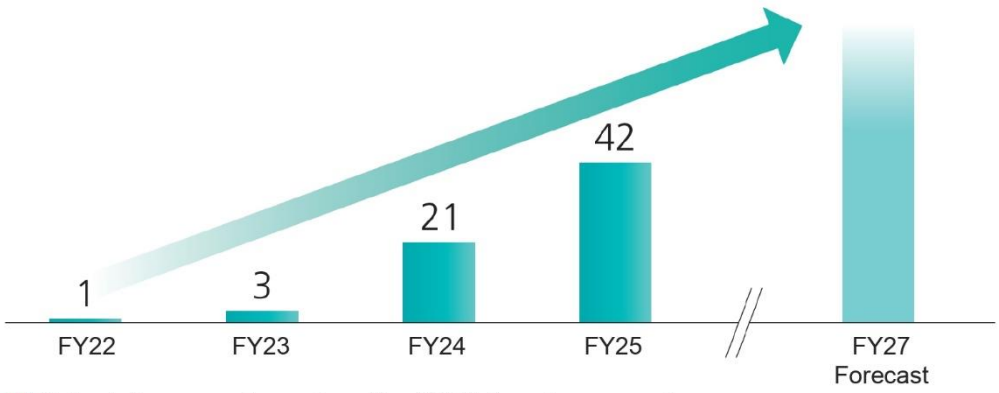
This document outlines our status regarding compliance with the ASI, the industry association known as the Aluminum Stewardship Initiative. There are two main criteria for ASI. These are the PS Standards, which apply to manufacturing facilities and business entities, and the CoC Standards, which apply to products. Under the CoC, the key question is whether products are manufactured using certified materials and whether those materials are properly managed. Our Fukui Manufacturing Plant is now also able to supply materials that meet these CoC standards.

Needs for a Circular Economy: ASI CoC-certified materials, counted as mass balance inputs

Recycled materials provide environmental assurance
More can stock customers around the world are requesting certified materials



Sales volume of ASI-certified materials



※ Calculations are based on the 2022 fiscal year as 1.

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Due to this growing global demand, sales volume of ASI-certified materials has expanded significantly over the past four years.

Further Improvements and Promising Technology

Measures supporting horizontal/closed-loop recycling

- **Development of easily recyclable alloys**
- **UBC separation technology**
  (better recycling with existing alloys)

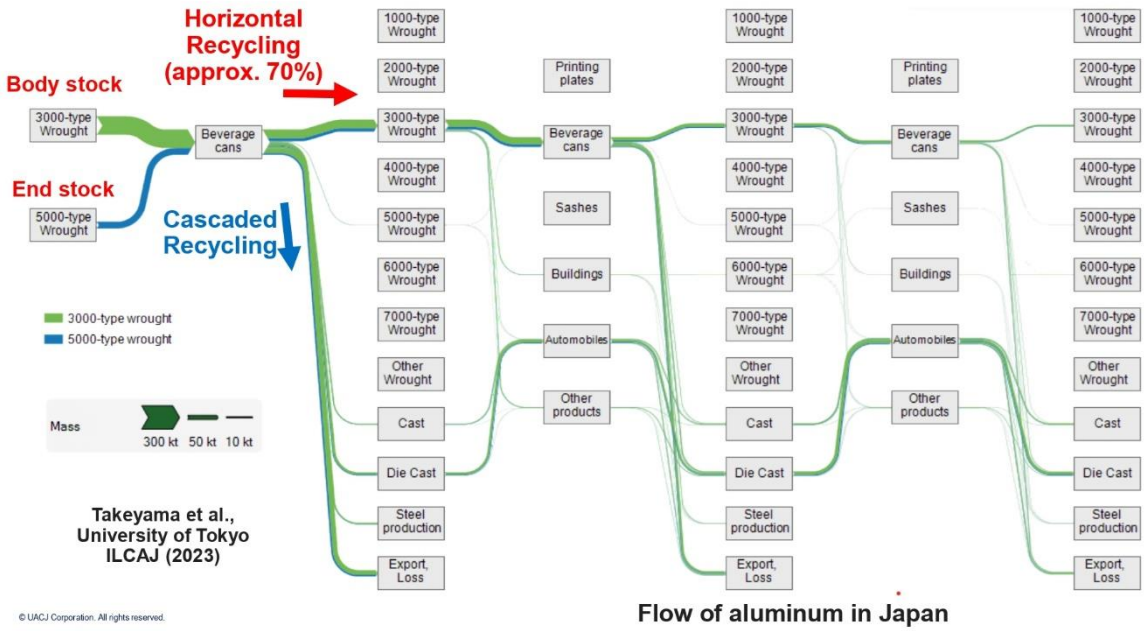
UACJ
Aluminum lightens the world
アルミでかなえる、軽やかな世界

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I would like to explain the measures we are taking to further improve the quality of aluminum that is already in this ideal state of circulation. With regard to aluminum beverage cans, there are two main initiatives. One is the development of alloys that are easy to recycle; Moriwaki will explain this later. Another is the technology for sorting used beverage cans, or UBC.

Considering Room for Growth – More horizontal recycling supports sustainability



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Flow of aluminum in Japan

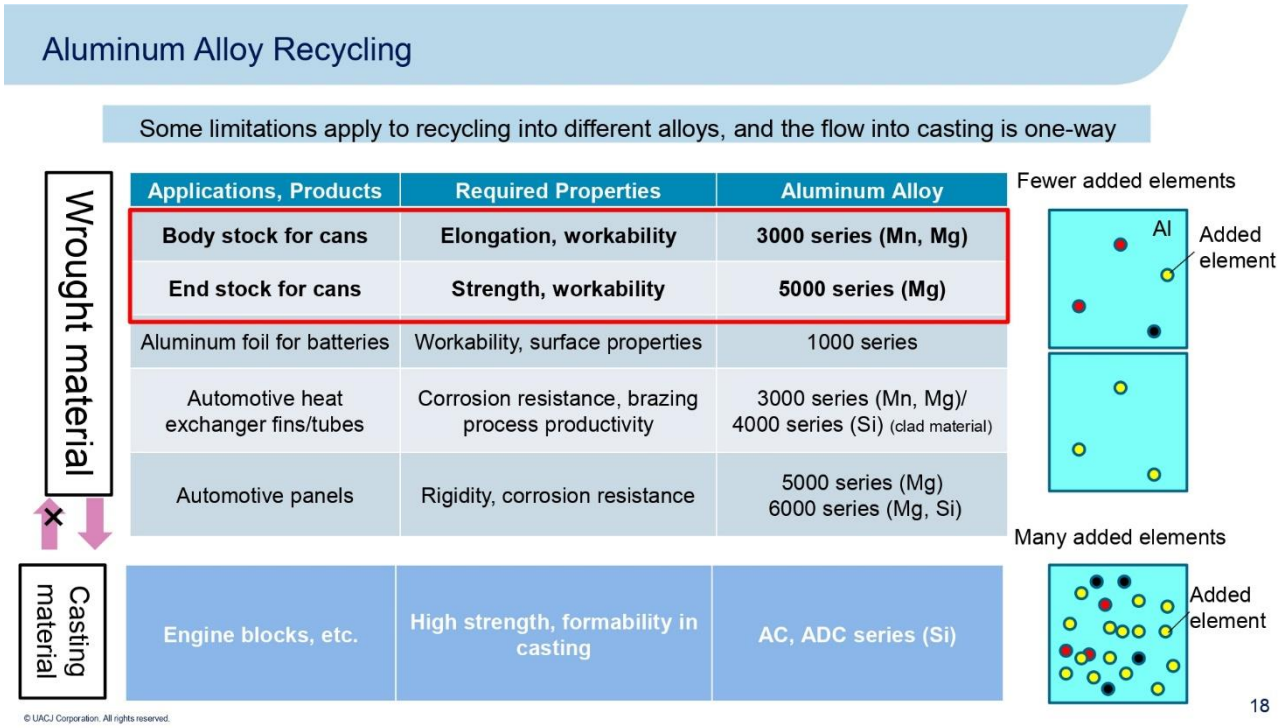
This diagram is a bit complex, but it illustrates the flow of aluminum in Japan, starting with the material used for beverage cans.

On the far left, we have listed the sheet metal we ship: body stock, which is 3000-series alloys for body parts, and shown below that, end stock, 5000-series alloys for the lids of beverage cans.

When these are turned into beverage cans, they are, of course, joined together to form a single beverage can.

As for how they are recycled after use, as you can see from the CAN-to-CAN rate of approximately 70% that I mentioned earlier, the horizontal recycling rate actually stands at around 70%. As for everything else, it is either recycled in a cascading manner or exported outside of Japan.

In this field as well, there is a need to enhance this horizontal recycling system, increase its level of horizontal integration, and improve its sustainability.



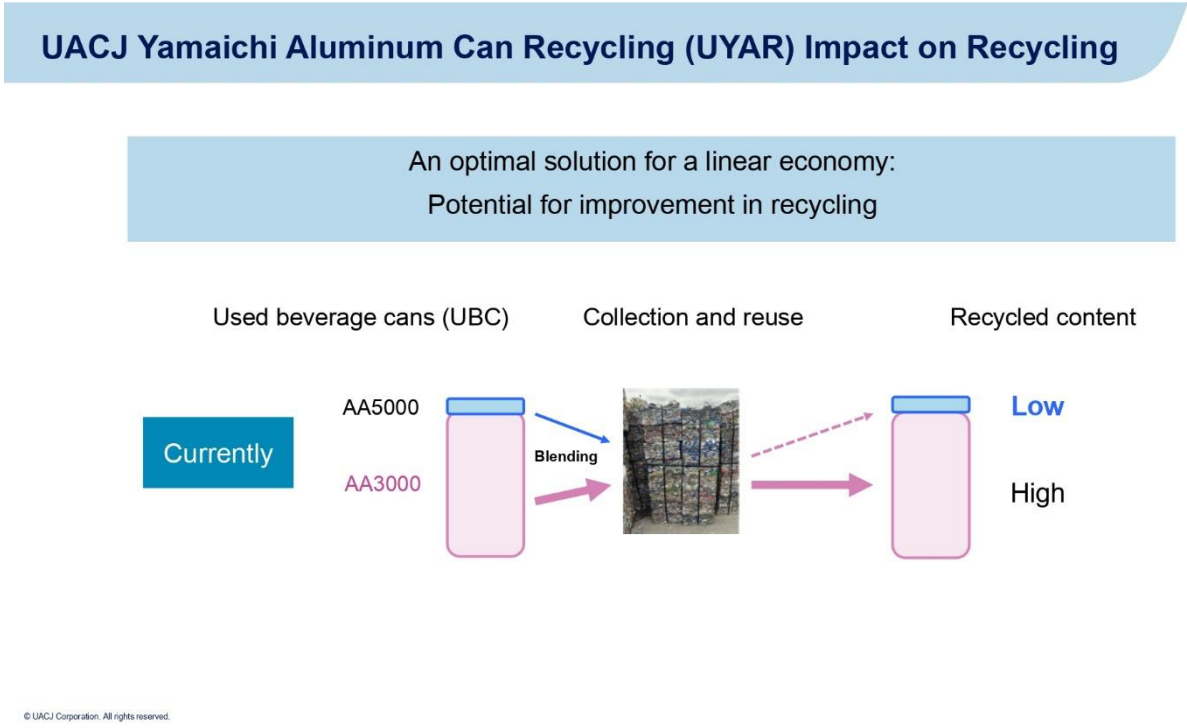
I'd like to explain the requirements for this recycling process in a little more detail.

Regarding the recycling of aluminum alloys, the table above lists wrought material, various alloys such as sheets and extruded bars, as well as finished products. Below is a list of casting material, mainly for the engine block.

Among these wrought material, the body stock and end stock for beverage cans are made from 3000-series and 5000-series alloys, respectively, as I mentioned earlier. This aluminum is produced by adding very small amounts of elements such as manganese and magnesium, which allow it to exhibit the properties required for each specific application, making it suitable for practical use.

The process of recycling aluminum differs significantly from that of iron and copper. That is a characteristic that once an element has been added, it cannot be removed. Therefore, there are certain limitations on recycling between alloys, such as the wrought materials described above, which exhibit significant changes in properties with the addition of only trace amounts of elements, and alloys like the casting materials described below, which contain numerous added elements, primarily silicon.

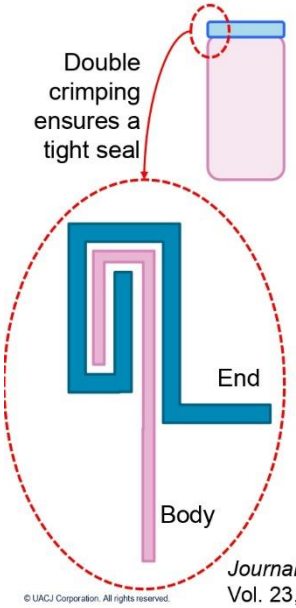
Simply put, it is possible to collect the wrought material and recycle it into the casting material below. On the other hand, there is a reverse limitation: even if we collect casting material, we cannot produce sheet metal such as beverage cans. This is a very important point when it comes to recycling.



I don’t think there are any of you who separate the body and the lid when recycling. For this reason, the two alloys are recycled in their mixed state.

Currently, while we can use a large amount of recycled material in the body of the product in this blended state, there are certain restrictions on its use in the lid. In terms of the percentage of recycled materials, the body has a higher percentage, while the lid has a lower percentage.

Impact of the End-Body Separation on Recycling



	Alloy	Si	Fe	Cu	Mn	Mg
End	5182	-0.20	-0.35	-0.15	0.20-0.50	4.0-5.0
Body	3104	-0.6	-0.8	0.05-0.25	0.8-1.4	0.8-1.3
Blend		-0.5	-0.7	0.07-0.23	0.6-1.2	1.4-2.0

Differences in composition determine the maximum recycled content

Separating the mixed material of UBC enables maximum use as container body and end material



AA5000 AA3000

For end material For body material

Journal of Packaging Science & Technology, Japan, Vol. 23, No. 6 (2014)

I have provided a more detailed list of typical types of elements.

As I mentioned earlier, the body and lid are very firmly joined together, which ensures a tight seal. With the UYAR product we're introducing today, the company has succeeded in improving the recycling rate by effectively separating the lid from the body.

UYAR Impact on Recycling – Revolutionary materials



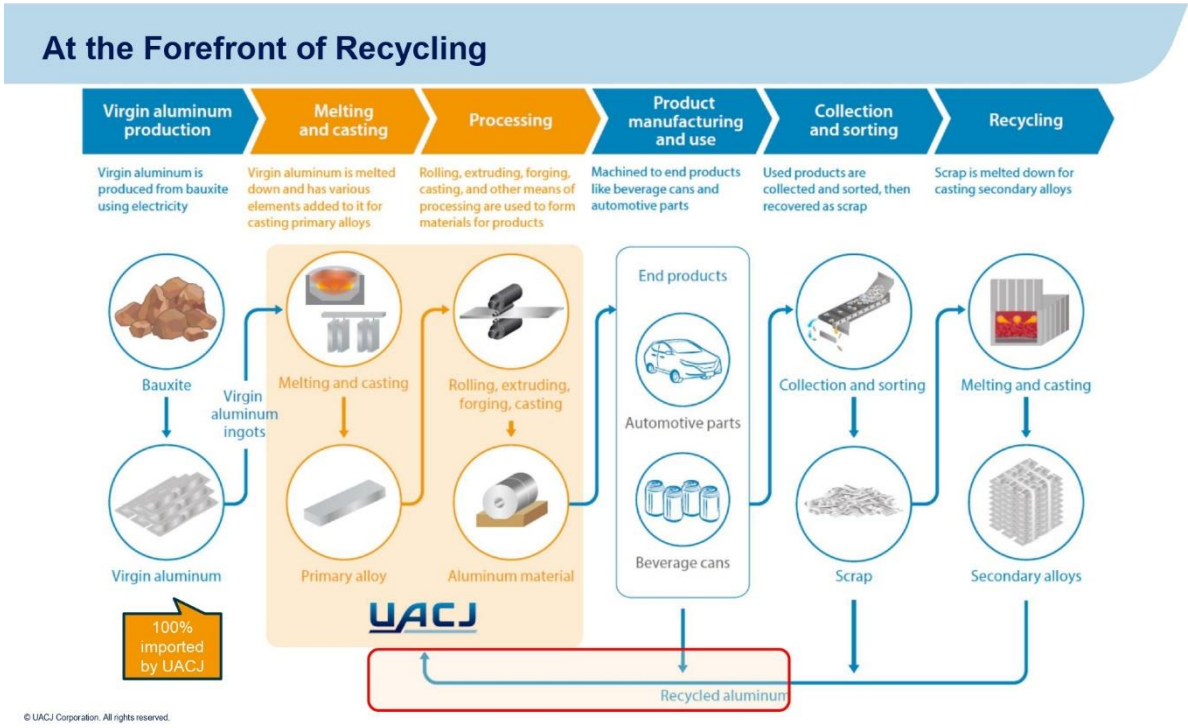
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Here is a diagram illustrating those differences.

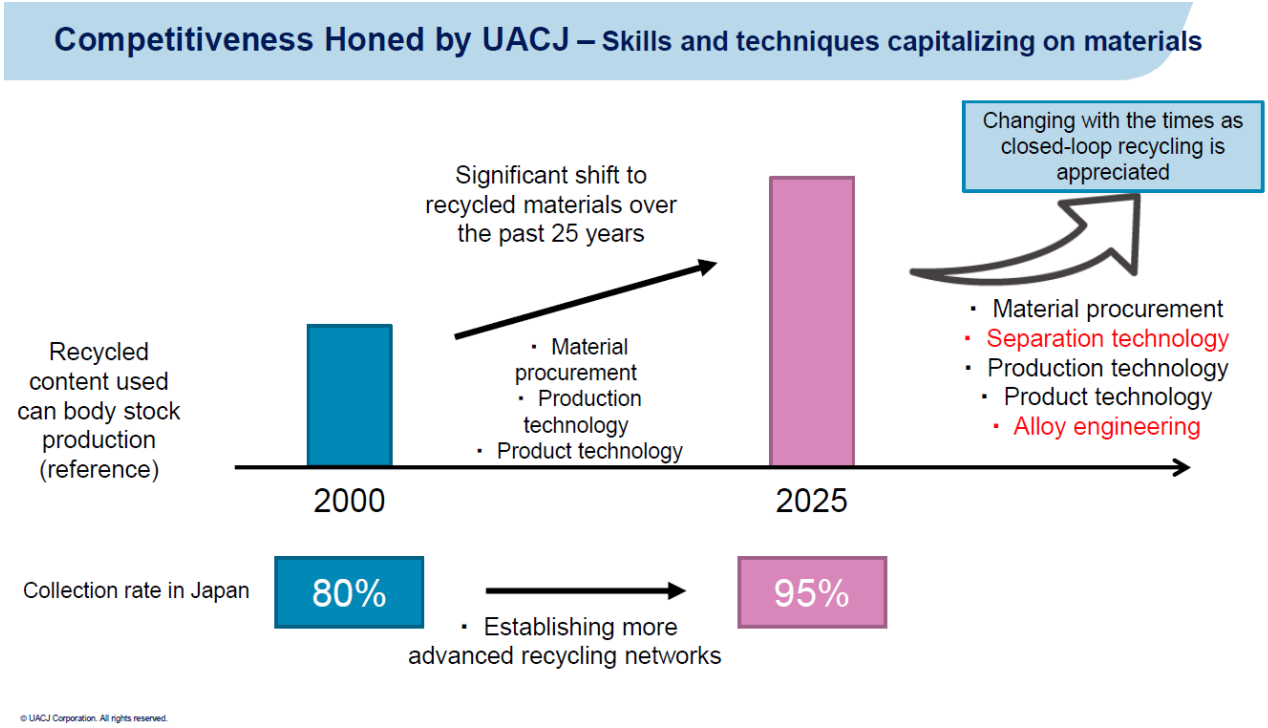
As I mentioned earlier, because we are currently unable to separate these materials, there are certain limitations on recycling.

On the other hand, in the future, this separation technology will make it possible to use recycled materials best suited for each component, the lid or the body, thereby increasing the proportion of recycled materials in the product as a whole.



This is the diagram that shows this recycling process once again.

The value of UYAR lies in its efforts to use more recycled resources, as indicated within the red circle.



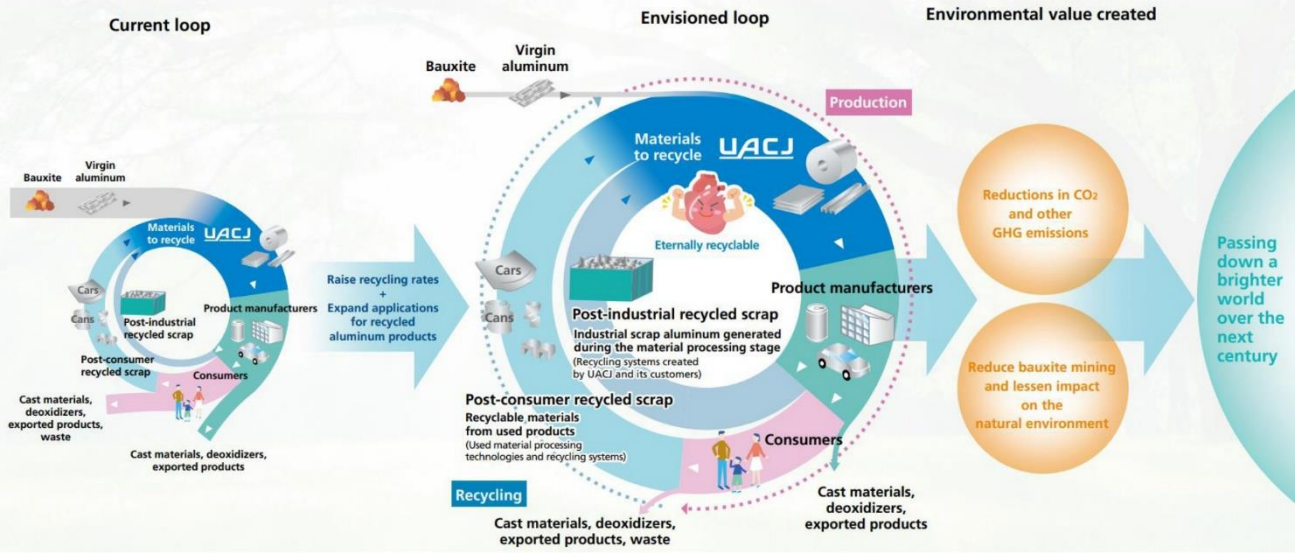
I'd like to briefly share a case study to illustrate whether this is actually possible.

This chart shows the percentage of recycled materials used in typical can body materials 25 years ago and today.

The proportion of recycled raw materials, which used to be about one-third, now stands at more than three-quarters. In step with Japan's efforts to improve recycling rates, our company has also refined our techniques for effectively utilizing these materials and secondary raw materials through a combination of raw material procurement, production technology, and product technology.

We are entering an era in which horizontal circulation will become a new source of value. Given these circumstances, we believe that our technology will prove even more valuable.

Wrapping Up: Central Roles of Aluminum in Recycling



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Finally, here is a summary. I have shown you this diagram many times before.

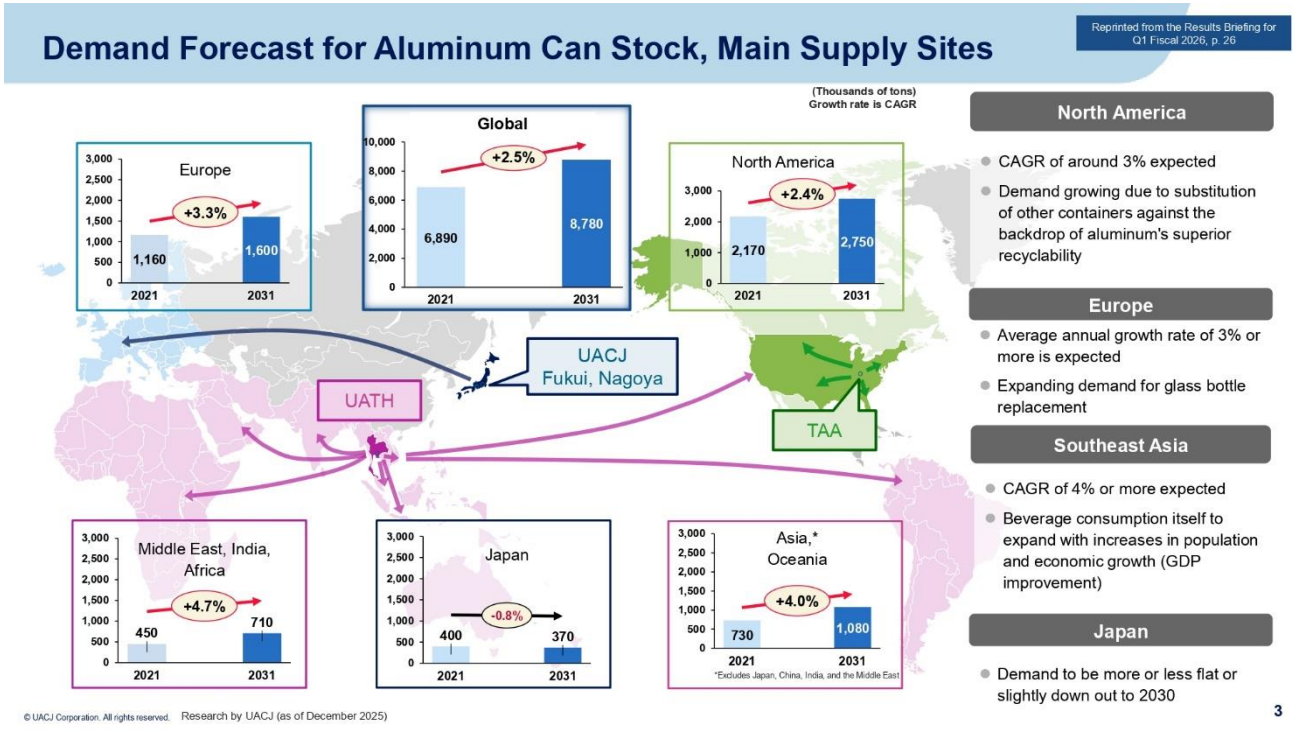
The aluminum industry, which has traditionally relied on bauxite and smelting, is gradually shifting toward the use of recycled materials. UACJ considers its role as the heart of the aluminum cycle to be one of its major contributions to society.

That is all from me. Thank you for your attention.

Sudo: Thank you, Mr. Nose. Next, regarding At the Forefront of Recycling - Can Stock Market, Mr. Moriwaki, please go ahead.



Moriwaki: I, Moriwaki, will now explain At the Forefront of Recycling - Can Stock Market. Here is the table of contents. We plan to proceed in two parts. First, we will cover Global Aluminum Can Production Volume and Growth Forecast and UACJ Sales Outlook associate with it, as well as Analysis of Business Environment for Domestic Aluminum Can Stock and Aluminum's Environmental Advantages, Ideal Can Stock Business.



This section presents the demand forecast for aluminum can stock and the main supply sources.

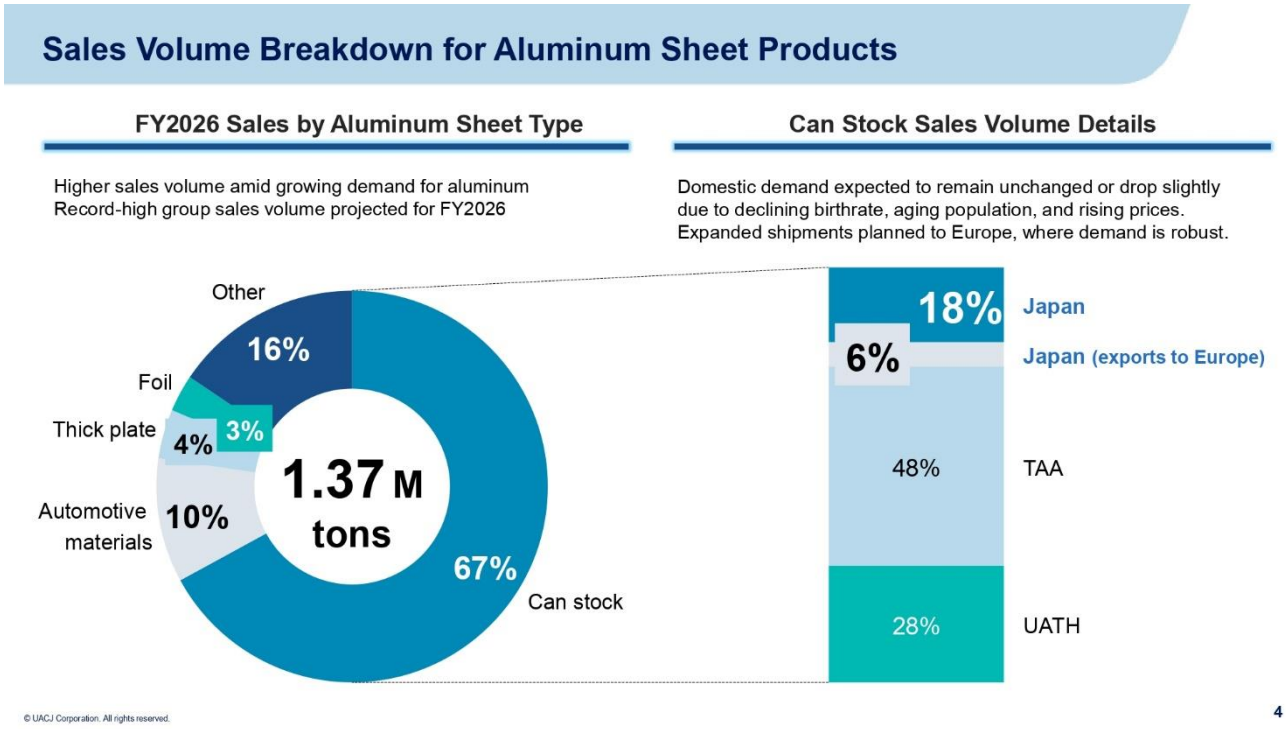
As for the aluminum can market, it currently stands at around 450 billion cans, and globally, it is projected to achieve 2.5% growth from 2021 to 2031.

In North America, we project an annual growth rate of about 3%; driven by the high recyclability of aluminum cans, demand for aluminum cans as a substitute for other types of containers is expanding.

As for Europe, an average annual growth rate of 3% or more is projected, and we expect demand for glass bottle replacements to continue to grow there.

We anticipate that Southeast Asia, Oceania, the Middle East, India, Africa, and the Global South will see an average annual growth rate of 4% or more. As the population grows and the economy and GDP expand, beverage consumption itself will increase.

As for Japan, on the other hand, while factors such as population decline, we anticipate the demand will remain largely flat or decline slightly.

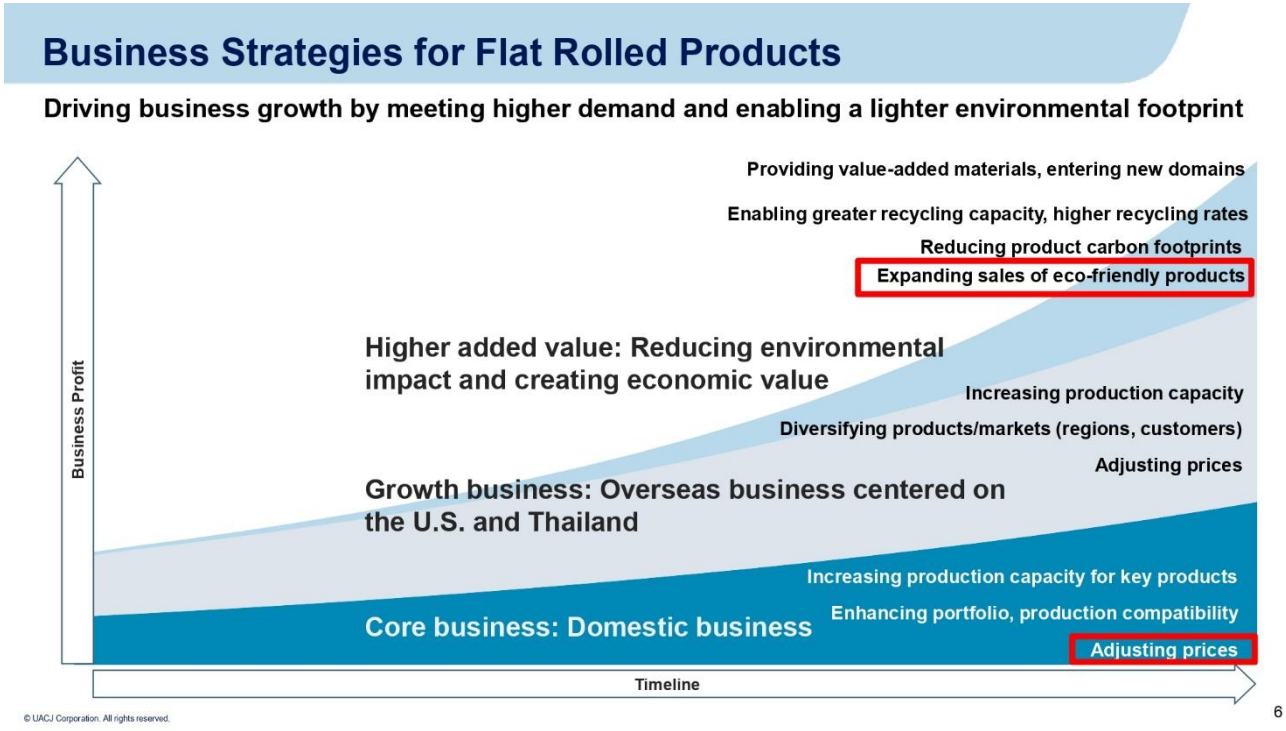


This is our sales volume forecast for our aluminum sheet products by product type.

In FY2026, it is expected to increase in line with growing demand for aluminum. This year, for FY2026, the Group's total sales volume reached a record high of 1.37 million metric tons. Can stock, which accounts for the largest share, represents 67%, or two-thirds, of the total, automotive sheet accounts for 10%, followed by heavy plate and foil.

In terms of the breakdown of can stock sales volume, Japan accounts for 18% for domestic sales and 6% for exports, for a total of 24%; TAA for nearly half, at 48%; and the remaining 28% is supplied to overseas markets through UATH.

In the Japanese domestic market, demand is expected to remain flat or decline slightly due to the declining birthrate, aging population, and rising prices; however, we plan to continue shipments to Europe, where demand remains strong.



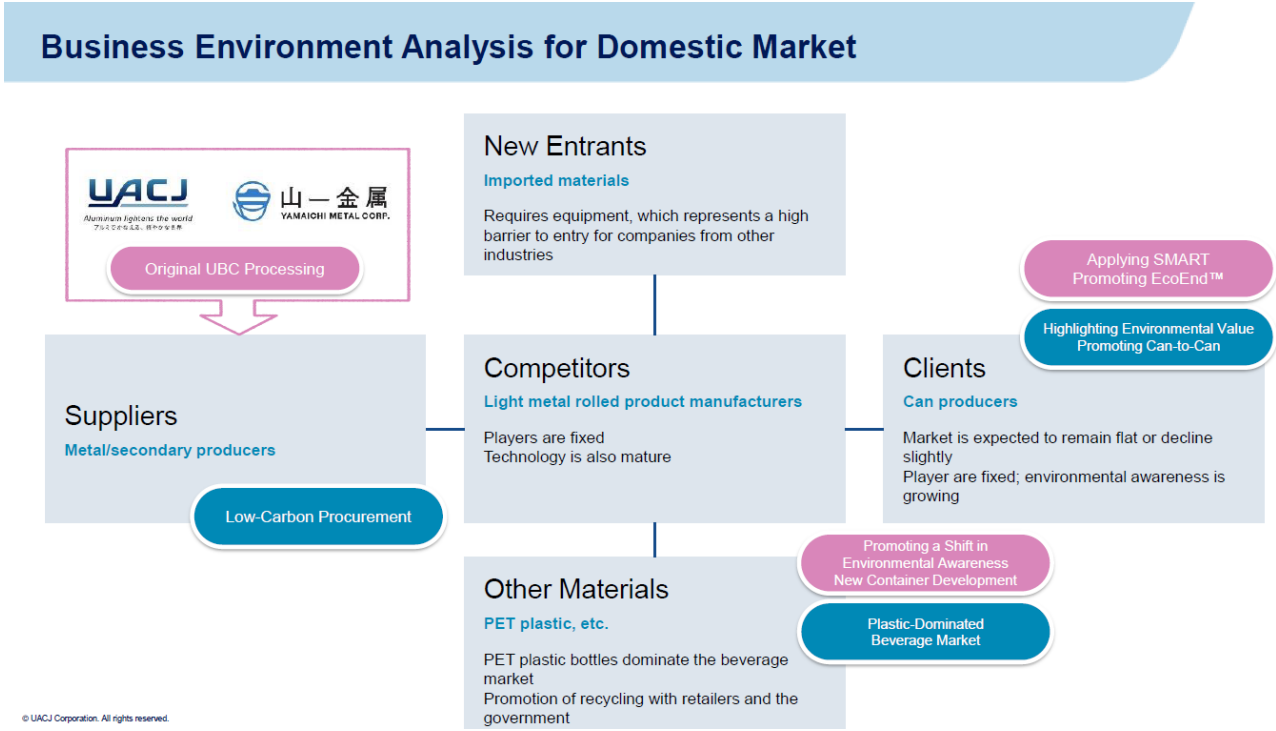
Next, I'd like to take a closer look at Analysis of Business Environment for Domestic Aluminum Can Stock - Aluminum's Environmental Advantages, Ideal Can Stock Business.

As for the overall growth strategy for the flat-rolled products business, we aim to drive business growth by meeting expanding demand and reducing our environmental impact.

Our core business is the domestic flat-rolled product business, where we are focusing our efforts on increasing production capacity for our key product lines, enhancing our portfolio and production compatibility, and adjusting prices.

As part of our growth business, we are expanding our overseas operations, primarily in the US and Thailand, to tap into growing international markets. We are working to increase our production capacity and to diversify products/markets (regions, customers). We are also working to adjust prices in this area as well.

From the perspective of higher added value, specifically in terms of reducing environmental impact and creating economic value, we are focusing our efforts on expanding the value of our materials and entering new domain, enabling greater recycling capacity and higher recycling rates, reducing product CFP or carbon footprints, and expanding sales of eco-friendly products.



This section provides the business environment analysis for the beverage can market.

First, regarding our supplier on the left: in addition to procuring low-carbon ingots made using renewable energy, we are able to procure materials through a unique UBC processing method in collaboration with Yamaichi Metal Corporation..

Regarding new entrants, since this is a capital-intensive industry, we believe the barriers to entry from other industries are high. As for imported materials, given the current weak yen, this also serves as a barrier to entry..

As far as competition is concerned, the field of domestic light metal rolled product manufacturers is already well-established, and since existing technologies have reached a mature stage, we do not anticipate any major developments.

As for other materials, I believe that PET and similar materials are heavily concentrated in the beverage market and offer high economic efficiency. However, while efforts are being made to promote recycling involving retailers and the government, the key for us is how to use this to foster a shift in environmental awareness and drive the development of new containers.

As far as customers are concerned, the market for can manufacturers is flat or showing a slight decline. While the player base has become somewhat stagnant, environmental awareness is growing significantly. In response, we want to promote ALmitas SMART and EcoEnd™, raise awareness of CAN-to-CAN technology, and highlight our environmental initiatives.

Initiatives Further Promoting Aluminum Can Brands

Proposing value-added products



- ✓ Standing apart from competitors with environmentally conscious products that improve recycling rates and lower GHG emissions (SMART, EcoEnd™)
- ✓ Another competitive advantage is our higher manufacturing capacity for value-added materials

Fostering more widespread demand



- ✓ Securing ongoing orders from clients whose relationships with UACJ we have fostered through technical collaboration, executive exchanges, and other initiatives
- ✓ Building new relationships with businesses and local/national governments → Expanding the aluminum beverage container market (cups, bottles)

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I'd like to go into a bit more detail regarding the initiatives we're undertaking to further promote our aluminum can brand.

There are two main areas: proposing value-added products and fostering more widespread demand.

One is standing apart from competitors with environmentally conscious products that improve recycling rates and lower GHG emissions, such as ALmitas SMART and EcoEnd™, a product within that line. Compared to our competitors, I believe we have manufacturing capacity for value-added materials, so we intend to leverage this to advance our differentiation.

In terms of fostering more widespread demand, which essentially means growing the market, we are currently focusing our efforts on securing ongoing orders from clients whose relationships with UACJ we have fostered through technical collaboration, executive exchanges, and other initiatives, while also building new relationships with businesses and local/national governments. We are expanding the range of aluminum beverage containers.

Starting on the next page, we'll explain in a bit more detail about EcoEnd™ and the promoting popularity of aluminum cans.

Expanding Sales of Next-Generation EcoEnd™ Beverage Can Lids

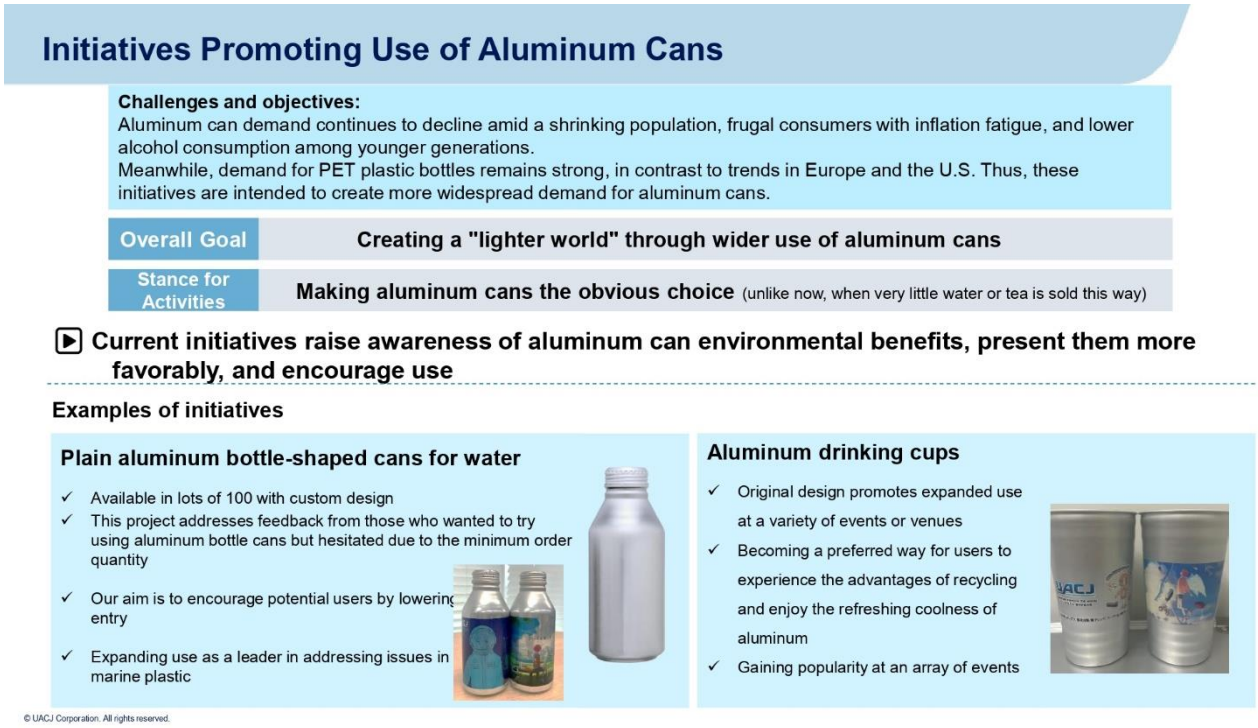
Wider launch of EcoEnd,™ which reduces GHG emissions by nearly 40%



It says Expanding Sales of Next Generation EcoEnd™ Beverage Can Lids.

As you may already know from our website and other sources, we are currently expanding the market launch of EcoEnd™, which reduces greenhouse gas emissions by approximately 40%.

In collaboration with Toyo Seikan Co., Ltd., we have developed EcoEnd™, a beverage can lid that reduces greenhouse gas emissions generated during the manufacturing process by 40%. Since the thickness of this lid remains unchanged from the previous model, the equipment used to attach the lids during beverage filling does not require any modifications either. This product has finally entered full-scale mass production, and its market launch is expanding. It is now available for purchase nationwide.



Next is the initiatives promoting use of aluminum cans.

Regarding the challenges and objectives, we believe that aluminum can demand continues to decline amid a shrinking population, frugal consumers with inflation fatigue, and lower alcohol consumption among younger generations. Meanwhile, demand for PET plastic bottles remains strong, in contrast to trends in Europe and the US. Thus, these initiatives are intended to create more widespread demand for aluminum cans.

Our overarching goal is creating a lighter world through wider use of aluminum cans. Making aluminum cans the obvious choice. Currently, canned water and tea are mostly not available in stores, so we'd like to steadily expand our selection of these products.

We are working on initiatives currently to raise awareness of aluminum can environmental benefits, present them more favorably, and encourage use.

A specific example of initiatives is plain aluminum bottle shaped cans for water. We are developing a system that allows us to offer original designs in lots of 100 units. This project was made possible in response to feedback from customers who had previously considered using aluminum bottle cans but had hesitated due to the high minimum order quantity. By lowering the high barrier to entry, we view this as a catalyst for expanding adoption once consumers have experienced the benefits of bottles and cans, and we are seeing this expand year by year.

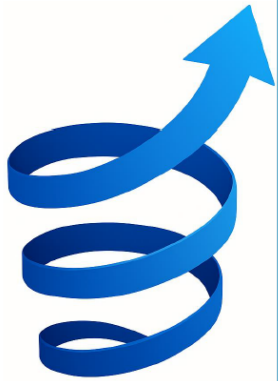
As for the aluminum cups use our original designs on a regular basis, they have become very popular at various events.

Creating Environmental Value Through Value-Added Materials

Currently promoting the economic benefit that the environmental value of a smaller footprint represents

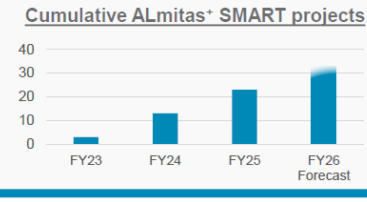
Smaller Environmental Footprint

- Procurement of virgin aluminum made using renewable energy
  - ✓ Recycled raw materials
  - ✓ Green virgin aluminum
- Capital investment supporting recycling
  - ✓ Fukui: UBC melting/recycling system
  - ✓ TAA: Shredder line expansion
  - ✓ UATH: Scrap furnace expansion
  - ✓ Oyama: Advanced casting system
- Development of alloys applying recycled raw materials
- Procurement of renewable energy



Turning Environmental into Economic Value

- Expanding sales of eco-friendly products
- Tangible forms of environmental value
- Third-party certification
- Promotion of environmental value



ALmitas+ 8 customer advantages from the value of aluminum and UAJC technology

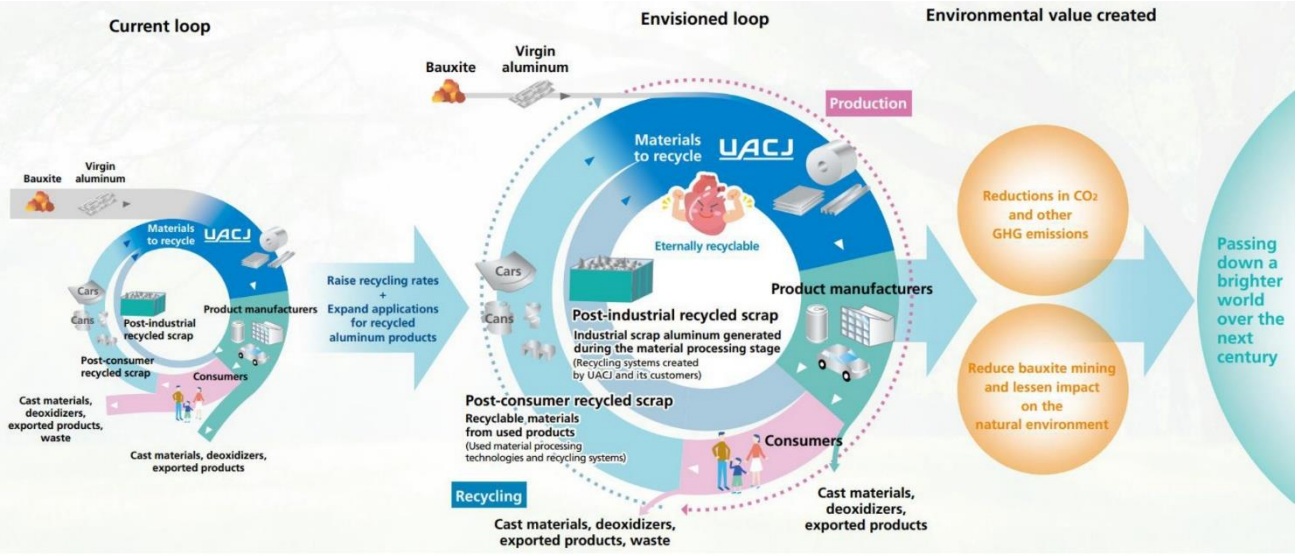
Aesthetics, designability | Light | Original, practical | Easy fabrication | Efficiency | Sustainability | Durability | Co-creation

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When it comes to reducing our environmental impact, we are not only focusing on sourcing green raw materials but are also prioritizing investment in recycling facilities to determine how best to utilize recycled materials. Development of alloys applying recycled raw materials—this is the EcoEnd™ I mentioned earlier.

In terms of turning environmental into economic value, we plan to promote environmental value by expanding our lineup of eco-friendly products, promoting tangible forms of environmental value, conveying a more tangible sense of it to customers, and obtaining third-party certification—all to meet customer requests. We intend to promote environmental value through these initiatives.

Addressing Social Issues: Aluminum circularity at the heart of a circular economy



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Finally, as mentioned earlier in Nose's segment, in terms of solving social issues, we need to shift from the conventional approach to a circular model and expand the market. We aim to give back to society the environmental value.

That is all from me. Thank you for your attention.

Sudo: Thank you, Mr. Moriwaki.

Question & Answer

Sudo [M]: We will now take your questions.

Yamaguchi [Q]: This is Yamaguchi from SMBC Nikko Securities. First question. On page 21 of the presentation 1, I believe the discussion was about how making these horizontal environmental investments and separating technology will be the key. Since we're laypeople, we found the technical aspects a bit difficult to grasp. Could you please explain, to the extent you're able, how you plan to overcome these challenges? We'd appreciate it if you could share some technical details with us.

Sudo [M]: We will answer the first question. From Nose.

Nose [A]: As you pointed out, this is a very crucial point. Broadly speaking, there are various production technology challenges related to classifying alloys and using them efficiently. We are now beginning to realize the use that is suitable to this kind of horizontal circulation, having overcome those challenges. That is what we can tell at this point.

Yamaguchi [Q]: Is it correct to understand from your answer that your company is beginning to see some progress in this regard within the joint venture? For the future.

Banno [A]: As Nose mentioned earlier, we are still in the middle of the process.

Yamaguchi [Q]: In Part 2, expanding sales of Yamaichi's products made with your company's secondary raw materials will be key. Every year at various ESG briefings and other events, or when we've had the opportunity to meet, I've had the chance to ask about this and even received Hokkaido beer. I've also heard that the initiative is still expanding, so I'd like to ask you to elaborate on that aspect of its ongoing expansion.

Moriwaki [A]: In the Kanto region, EcoEnd™, primarily in the form of beer and similar products, is already available for purchase, sales have started in Okinawa Prefecture as well. As we've confirmed that it has already been launched in the market, so it's now available nationwide.

Yamaguchi [M]: I haven't had much luck so far, so I'm just asking for now, but I still haven't had any luck yet. I'm waiting for it to come my way.

Matsumoto [Q]: My name is Matsumoto from Nomura Securities.

For first question, I suppose you have a rough idea of how to separate the end stock from the body stock, but when do you plan to start? First of all, regarding the 80% in 2030, it might not be included, but could you explain your thinking on that point?

Nose [A]: When the UACJ recycling rate target was set, these activities had not yet been factored in.

As for recycling rates, while they are very high for beverage cans, there are various other product categories where recycled materials are difficult to obtain, or where it takes a very long time for recycled materials to become available in the first place, as well as products, such as foil for batteries, where recycled materials cannot be virtually unusable. As a result, our recycling rate is heavily influenced by our product portfolio.

Taking all of that into account, we have set a target of an 80% UACJ recycling rate by 2030. With regard to this end/body stock matter, it is expected to have an effect that will further increase the already high recycling rate of beverage cans.

Matsumoto [Q]: When do you plan to start?

Banno [A]: We are in agreement on the approach within the framework of the current 2,000-ton production. We will also consider increasing it. With that in mind, we will consider the timeline as well.

Matsumoto [Q]: For example, Steel Dynamics in the US has set a target of 80%, and Novelis, I can't remember exactly when, but I think they set around 70% or 75%. Since different companies use different standards, it's hard to tell, but regarding your company, specifically in terms of UBC and this technology for using recycled materials, I'd like to know where you stand compared to the world's leading competitors.

Nose [A]: That is a very difficult question. As you pointed out, the definitions of the circularity index, the very basis of circularity, vary among companies.

When we consider what causes this, we find that the most appropriate circular model varies depending on each company or within each product's value chain. As a result, the recycling metrics themselves vary depending on each company's approach, making it quite difficult to compare them. That is the reality of the situation.

Our basic strategy is to maximize the recycling rate as much as possible for each product line and aluminum material category that society demands, thereby reducing the amount of virgin aluminum we use.

It is difficult for me to comment specifically on the competitive dynamics in one-on-one dealings with each company, but there is competition in each respective field. One aspect of competition in the beverage can industry, as I mentioned earlier, revolves around factors such as the extent to which companies can supply materials that have obtained certification, such as ASI certification.

Goroh [Q]: I am Goroh from UBS Securities.

Relating to what you just discussed, my first question is that, whether at our facilities in Thailand, Japan, or US, I understand that your company itself uses recycled metal at a rate of about 80% for beverage cans. In your regular discussions regarding UBC supply and demand, I believe the main point is that demand will continue to rise in the future, leading to a tightening of the market.

On the other hand, when it comes to waste generation, or rather, collection, there are distinct characteristics across regions and countries. I believe that even in the US, some cities have now started separating waste into recycling bins and regular trash. Given that your company is in a position to influence these matters in the US as well, could you please explain how your company might influence the supply-and-demand balance in this area and whether any changes are expected?

Second, while I realize this might be a bit difficult to answer, we've been hearing from you all along that the key lies in the penetration, or perhaps I should say, customer understanding, of products like ALmitas and the newly launched ™, and in how much customers recognize their value.

For example, I imagine that users, the beverage industry, and the can manufacturing industry have each set their own Scope 3 reduction targets. While I feel there is ample room to further expand on these commitments through your company's efforts, I would appreciate it if you could explain the latest developments regarding changes in user awareness in this area.

Nose [A]: First, regarding the recycling rate, specifically, improving the collection rate and the rate at which materials are returned to production as cans, Japan has one of the highest recycling rates in the world. It is also said that recycled aluminum are of high quality.

We have been analyzing several reasons, and one of them is that municipal waste collection systems are highly developed. As a member of the general public, I make sure to wash my recyclables properly and put them out for collection. I believe that the fact this is being done throughout Japan is what's behind the very high recycling rate of 95%.

I currently serve on the IAI's beverage can field committee, and in that capacity, I often hear comments that Japan's cultural background appears to be a factor contributing to this high recycling rate.

As for the global situation, as you pointed out, there are some differences even among developed countries. In Europe, countries are beginning to successfully increase recycling rates by implementing legal regulations such as extended producer responsibility or deposit-return systems. On the other hand, I believe the recycling rate in the US is currently around 40%. Given the country's vast land area, we recognize that it is a country or region that still has room for improvement.

We recognize that advocacy and lobbying regarding the legal system are also extremely important areas. In Japan, our company, along with others, has joined the Ministry of Economy, Trade and Industry's Circular Partners aluminum WG initiative, and we are working alongside the Aluminum Association to further advance this circular economy.

Moriwaki [A]: Regarding Scope 3 carbon reduction plans, from the perspective of economic rationality, I think it might take some time. In recent years, recycling has become the norm are growing, and each company has its own various targets for 2030 and 2050.

We feel their expectations to utilize aluminum recycling for achieving them, and as needs for third-party certifications gradually increase,, so we recognize that environmental awareness has really shifted.

Since this area is set to become increasingly concrete going forward, we will also steadily expand our menu of third-party certification and provide solid value in terms of the environment.

Goroh [Q]: Recently, regarding value addition, for example, in the steel industry, price projections have been specified in concrete terms, so while they aren't major deals, there are several examples as completed transactions. Could you tell me the situation around it?

Moriwaki [A]: EcoEnd™ is being recognized for a certain amount of value, and we intend to focus on having them understand the value of our eco-friendly products to build a win-win relationship with our customers.

Shirakawa [Q]: I am Shirakawa from Morgan Stanley Securities.

My first point is a follow-up to Mr. Goroh's first question. As various companies will increasingly need recycled materials in the future, and this is already the case now, prices for recycled materials are rising. I think that recycling could further tighten the supply-demand balance, potentially making it impossible to achieve the margins you had hoped for. Please tell us your thoughts on the risk that margins may become impossible to maintain due to tightening supply and demand for recycled materials.

My second point concerns recycling in general. When I visited the Nagoya Plant in 2024, I was told that, in the area of upcycling, you were collaborating with NEDO on a vertical high-speed twin-roll casting method. I was wondering if there have been any technical advancements in that area. I believe there was mention of wanting to put this into practical use by 2030. Could you tell me if there have been any changes to that timeline?

Nose [A]: While I can't disclose specific costs, when I consider what will become the key competitive factor as everyone moves toward a circular economy, I recognize that competition over whether we can implement the most rational horizontal recycling efficiently is occurring, and will occur, including in different fields.

Among these, there are various recycling technologies; as I mentioned earlier, there are methods to broaden the scope on the alloy side, like EcoEnd™, and there is also expanding the overall proportion and volume by employing separation technologies like those demonstrated in UYAR as one approach.

With that in mind, when it comes to separation technology, or expanding the scope of alloys, implementing this as a material maker of flat-rolled and extruded products like our company involves additional competitiveness. To put it simply, what this means is that, unlike virgin metals, recycled materials inevitably have variations in quality.

While utilizing recycled materials, the question is how to meet certain product requirements. In that regard, by adding to our alloy development technologies or the production technologies needed to utilize them, we'll be making modifications one step further upstream so that this will become our new differentiation factors, and this will become our strength in terms of being able to coordinate everything totally.

While I cannot provide specific figures regarding direct costs, I understand that our basic approach and strategy is to compete in that area. I'm sorry I can't give you a direct answer.

Shirakawa [Q]: The second point is NEDO. What is the current progress?

Nose [A]: Since this is a NEDO project, I'm afraid we cannot disclose the latest progress from our side. We compile summaries by period and by fiscal year, and these are compiled into a document, so please wait for its publication.

Sudo [M]: We would like to make that question as the last one. For further inquiries, please contact the IR Department.

This concludes Business Briefing on Aluminum Can Recycling Business of UACJ Corporation. We will continue to strive to meet the expectations of our shareholders and other stakeholders, and we look forward to your continued support and encouragement of our company.

Thank you for taking time out of your busy schedule to join us today.

[END]

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Document Notes

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