

Leveraging its leading-edge material technologies and international supply network, the UACJ Group will contribute to a better world and healthier environment over the next decade.

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Unfortunately, the COVID-19 pandemic continues to spread around the world and a vast number of people have been infected. On behalf of the entire UACJ Group, I would like to express my sincere condolences to those who have lost loved ones due to the coronavirus, and my deepest appreciation to the health care workers on the front lines of this crisis.

Review of our first and second mid-term management plans

Although targets were unachieved, we positioned the UACJ Group for future growth by establishing an international supply network

Successes and failures under the first two mid-term management plans

UACJ Corporation (hereafter, “UACJ” or “the Company”), has implemented two mid-term management plans since its establishment in March 2013, the first spanning from fiscal 2015 to 2017, and the second from fiscal 2018 to 2020, ended March 31, 2021. The overarching objective of both plans was to expand business internationally, which was the purpose of UACJ’s establishment through a merger of two of Japan’s leading aluminum product manufacturers. Those two companies recognized that demand for aluminum products would decrease in Japan in line with the country’s declining population, but rise over the long term in other regions of the world, particularly North America and Asia. By merging, the companies could continue growing as a global aluminum product manufacturer by generating synergies, streamlining operations in Japan, and allocating capital and human resources to growth businesses abroad.

Under the first and second mid-term management plans, UACJ designated North America and Asia as growth markets, and, with a medium- to long-term outlook, implemented large investments to expand production capacity at its US subsidiaries Tri-Arrows Aluminum Inc. and UACJ Automotive Whitehall Industries, Inc., and construct production facilities in Thailand for its subsidiary UACJ (Thailand) Co., Ltd. The goal was to generate returns on these investments and increase earnings during the period of the second mid-term management plan. Due to various external and internal factors, however, key targets set in the second plan were unachieved. As the Company’s president, I take responsibility for this unsuccessful outcome, and would like to apologize to stakeholders for failing to meet their expectations.

Among the main external factors, the global market for aluminum products rapidly deteriorated following a slowdown in China’s economy in 2018 and 2019, which was exacerbated by its trade war with the United States. As a result of this trade war, demand for aluminum thick plates dropped sharply. Unfortunately, however, UACJ had already expanded its production facilities during the first mid-term management plan in order to meet brisk demand in Japan for thick plates used for LNG tankers and liquid crystal and semiconductor manufacturing equipment, demand for which had been stronger than expected. Consequently, the Company’s thick plate business became very volatile, and, compounded by falling prices of aluminum ingots, financial results worsened substantially.

Turning to the internal factors, construction of a production plant’s foundation in Thailand was delayed during the period of the second plan due to unforeseen problems with the site’s ground conditions. Consequently, the scheduled startup of hot and cold rolling lines was postponed by about six months, so stable operations and revenues were achieved later than expected. In addition, while management had planned to rationalize manufacturing facilities in Japan in anticipation of declining domestic demand, we decided to put off that initiative because, as previously mentioned, domestic demand for thick plates was stronger than expected following the launch of the first mid-term management plan. Consequently, earnings deteriorated because costs were not reduced. In retrospect, our decision was very regrettable. Despite the temporary increase in demand, we should have followed through on the original initiative to rationalize the facilities into a more productive and profitable production network in preparation for the future, especially at a time when business conditions were favorable.

Initiating structural reforms during the second mid-term management plan

To recap, while the Company executed its forward-looking growth strategy of investing in production facilities in the United States and Thailand, the global market for aluminum products rapidly worsened following the economic slowdown in China and its trade war with the US. Furthermore, management was slow to respond to changing market conditions. The combination of these external and internal factors led to a decline in the Company’s earnings capacity while dragging down profitability and weakening the financial structure. To overcome these issues and avoid the same mistakes made during the period of the first mid-term

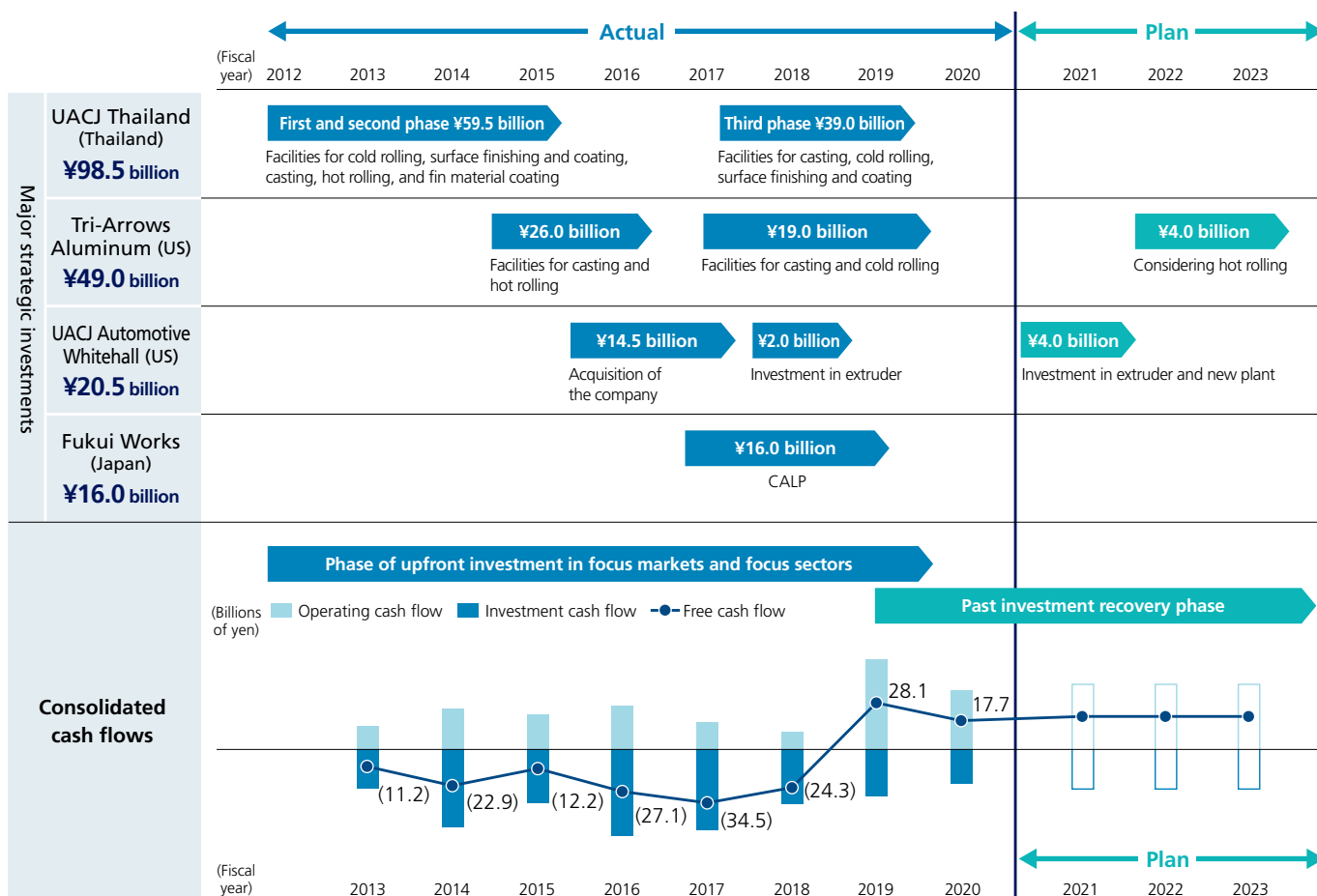
management plan, we launched a set of structural reforms in October 2019—ahead of other company's in the industry—even though the second management plan was still underway. The reforms focused on increasing earnings capacity by rationalizing production in Japan and generating returns on large investments in the US and Thailand, as well as reforming the financial structure and improving management organizations and systems.

We created a roadmap for the structural reforms, and measures to complete them have been proceeding on schedule for the most part. Large investments were largely finished up in fiscal 2019, including the first phase of investments in UACJ (Thailand), expansion of Tri-Arrows Aluminum's manufacturing facilities, and the installation of a new automotive parts production line at Fukui Works, one of UACJ's main plants in Japan. As a result, the financial structure steadily improved. For example, the Company achieved

positive free cash flow for the first time since its establishment, posting ¥28.1 billion in fiscal 2019 followed by ¥17.7 billion in fiscal 2020. I believe this progress was an outcome of our management reforms, through which we overhauled our director and officer systems and put new systems in place to speed up decision-making and business execution.

Since fiscal 2020, the COVID-19 pandemic has impacted the UACJ Group's operations in various ways, such as delaying startups of manufacturing equipment. Our customers have also suspended operations, resulting in delayed product orders and lower sales volume. Fortunately, however, we were able to minimize the impact of the pandemic on the Group's performance by implementing the structural reforms ahead of our competitors. Furthermore, our shift to a more robust business structure through the reforms has ensured stable ordinary income results since the second half of fiscal 2019.

Breakdown of investment in production capacity expansion and cash flows



Leveraging the potential of the Group's international supply network

Our greatest accomplishment over the course of the first two mid-term management plans was to establish an international supply network by expanding beyond Japan to the United States and Thailand. Huge pieces of equipment are used in the flat-rolled aluminum industry, and at least five years are needed from the time of planning a new investment to the startup of equipment and reaching full operating capacity. Although we experienced delays in starting up operations and generating earnings, all of the manufacturing facilities we expanded in the US, Thailand, and Japan are now fully operating, and returns on these major investments are being realized.

Despite the uncertain economic outlook due to the pandemic, demand for aluminum can stock is rising in North America amid a shift from plastic containers to aluminum cans. In fact, the growth is projected to be so fast that supply could fall short in the future. To meet this growing demand, Tri-Arrows Aluminum is operating its expanded manufacturing facilities at full capacity, and UACJ (Thailand) is supplying can stock to North America. The ability to leverage this international supply network is a major competitive advantage for the Group. In both the North American and Asian markets, demand for aluminum products is projected to grow steadily, especially can stock and automotive parts. The Group's international supply network will be essential for successfully tapping this demand. Therefore, I am certain that the strategy taken by the Company since its establishment to proactively invest in production capacity expansion with the goal of becoming a global competitor was absolutely the right path to pursue.

Our long-term vision and materiality issues

Envisioning the next decade, UACJ will fulfill its social responsibility while placing priority on sustainability

Putting our corporate philosophy into practice

We formulated the UACJ Vision 2030 to clarify the long-term direction of our new mid-term management plan launched in fiscal 2021, as well as the structural reforms we have been implementing since October 2019, based on the UACJ Group's corporate philosophy.

We recently revised this philosophy, recognizing that for the structural reforms to be successfully implemented, all members of the Group must work towards the same goals in unison. Therefore, we reviewed the Group's common purpose and expressed it in the philosophy, which is comprised of purpose, vision, and values statements, along with a set of basic guidelines for all employees to follow called the UACJ Way. Based on this corporate philosophy, the UACJ Vision 2030 provides a clear roadmap for realizing the kind of enterprise we want the UACJ Group to become by 2030. Various members of the Group participated in the creation of this long-term vision, from young employees to junior- and middle-managers. Together they held many discussions about how to put the corporate philosophy into practice, and how the Group can contribute to society at a time when social structures are changing, technological innovations are advancing, and the need for sustainability is growing. Through these discussions, we specified four ways through which the UACJ Group can contribute: provide products that contribute to societal development by capturing demand in growing industries and markets, enhance aluminum materials in the supply and value chains to bring economic benefits to communities worldwide, develop all-new products and business models that offer solutions for challenges facing society, and lower environmental impact by reducing CO₂ emissions across product lifecycles.

Creating new businesses over the next decade

We recently asked junior and mid-career employees to tell us which new business areas they would like to be involved in a decade from now. We narrowed down their responses into three areas: mobility, lifestyles and healthcare, and environment and energy. For the Group to make contributions in these business areas, it will be important to create new added value while leveraging its strengths—diverse production capabilities, an international supply network, and a solid customer base.

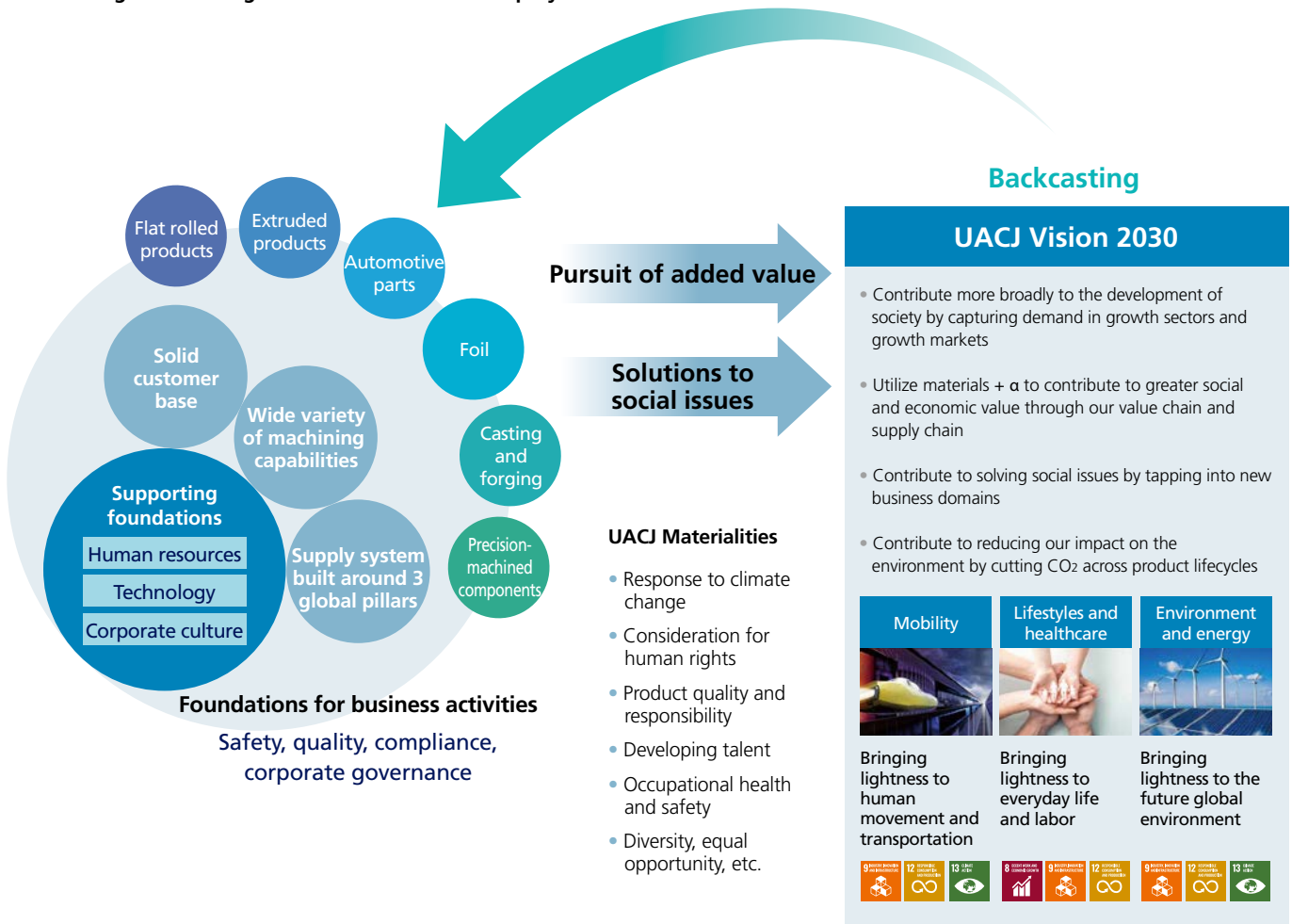
As we gain a foothold into these business areas, I see no reason to stay within the bounds of aluminum products. For example, we could create a new business by applying our aluminum recycling technology to extract and reuse metal components from marine debris. By effectively using technology in this way while drawing from our business know-how and network of operations, we can draw from our expertise in aluminum products to expand into new business areas.

As part of the UACJ Vision 2030, the Group will work to help realize a sustainable planet. Toward that end, we have created a basic policy on sustainability and, on that basis, specified six materiality issues that are related to the UN's Sustainable Development Goals. Placing great importance on these issues, all of the Group's employees will carry out related action plans going forward. Among the issues, our response to climate change is particularly important. We will aim to make the Group carbon neutral by 2050, while helping reduce CO₂ emissions throughout society by supplying aluminum auto parts that make vehicles lighter, which improves fuel efficiency, and by making the most of aluminum's recyclability, thermal conductivity, and other beneficial properties.

Under the vision, we have set the following targets for

fiscal 2030: net sales of ¥800 billion, an operating income-to-sales ratio of 6%, return on equity (ROE) of 10%, and return on invested capital (ROIC) of 10%. To achieve the net sales target, the Company will need to generate about ¥200 billion more than its result in fiscal 2020. Our net sales target for fiscal 2023, the final year of the new mid-term management plan, is ¥700 billion, which we expect to achieve by completing structural reforms and making maximum use of production capacity at manufacturing plants operated by UACJ (Thailand), Tri-Arrows Aluminum, and UACJ Automotive Whitehall. The difference between the fiscal 2023 and 2030 targets is ¥100 billion, and we plan to generate that amount by carrying out new investment projects and developing all-new products and business models.

UACJ's long-term management vision for the Group by 2030



Overview of the third mid-term management plan

Guided by our long-term vision, we are working to complete structural reforms and position the Group for future growth

Main policies of the new mid-term management plan

As a first step towards realizing the UACJ Vision 2030, we began the current fiscal year by launching a new mid-term management plan in April 2021. The plan has three main policies: complete the structural reforms initiated under the previous plan, position the Group for future growth, and contribute to achieving a lighter world. First and foremost, completing the structural reforms will be essential for the Company to reach the next stage of growth. As previously mentioned, measures to complete the structural reforms have been proceeding largely on schedule. Rationalizing production in Japan is almost completed. Looking ahead, we will focus on improving the product mix and optimizing production at all production plants while playing close attention to current and emerging trends.

Making the most of the Group's three-country manufacturing network

To position the Group for future growth, we plan to expand businesses that offer products with added-value, target growth markets and industries, enter new business areas, and develop human resources, organizations, and technologies needed to drive growth going forward. All of these actions are important, but our biggest challenge will be to capture as much demand as possible for aluminum can stock in North America and Asia.

Amid a shift away from plastic, global demand for can stock is on the rise, particularly in North America and Asia. In North America, especially, aluminum canned beverages have emerged as premium products, and new types of products sold in aluminum cans, such as hard seltzers, have been successively put on the market. Demand for can stock in North America is projected to grow by about 500 thousand tons annually through to 2025. Against that backdrop, we are planning to increase production capacity at Tri-Arrows Aluminum in the future. It has already concluded contracts covering all of its production output over the next five years,

and is looking to increase production and conclude long-term contracts effective from 2026.

To capture as much of this growing demand as possible, we will focus on maintaining a stable supply of can stock by making the most of the Group's international manufacturing network, while examining ways to boost overall production capacity. For example, Tri-Arrows Aluminum's cold rolling and casting equipment is still not operating at full capacity, so by installing equipment at the later stages of production, such as hot rolling lines, the company could make use of its unused capacity to increase production of can stock and other products. Similarly, UACJ (Thailand)'s hot rolling equipment is operating below capacity, so by installing finishing lines for specific applications, it could increase overall output. Having these manufacturing facilities in the US and Thailand along with those in Japan will be the Group's biggest competitive advantage in the aluminum can stock market in the coming years. In all three countries, we intend to maximize productivity by enhancing production management at each manufacturing plant.

Supply added-value products to new markets

While capturing strong global demand for can stock, we will need to cultivate new businesses that drive the UACJ Group's growth in the future. An exemplary example is the Group's automotive parts business. UACJ Automotive Whitehall is set to begin supplying automotive bumpers to the North American market by 2022. Ahead of this product launch, UACJ already started manufacturing aluminum bumpers for Japanese automakers in 2021. While operations in Japan and the United States differ, by effectively applying our expertise and technologies developed in Japan, we will be able to successfully supply products to the North American market, the Group's largest and most important market.

Financial and non-financial goals for fiscal 2023

By steadily implementing the major policies described above, the Group will work to achieve the financial targets of the new mid-term management plan by fiscal 2023. These targets include net sales of ¥700 billion, operating income of ¥30 billion, return on equity (ROE) of 7.5%, and return on invested capital (ROIC) of 6.0%. In addition, we have set fiscal 2023 non-financial goals for the aforementioned six

materiality issues, which correspond with four of the UN's Sustainable Development Goals.

Some goals of our first and second mid-term management plans were unachieved. Taking that very seriously, we initiated measures to improve management as part of the structural reforms, specifically to increase the efficiency and speed of management decision-making. The progress of these measures is being closely followed by the Board of Directors and in newly organized management planning meetings, which are held frequently. In these ways, we intend to avoid repeating past mistakes during the period of our third mid-term management plan now underway. We are now better equipped to promptly identify changes in the operating environment and issues at the business execution stage, allowing us to respond with appropriate measures to ensure that our goals are accomplished.

Working towards a sustainable future

Promoting recycling to reduce environmental impacts while expanding applications and markets for aluminum

Aluminum lightens the world

In 1898, one of UACJ's founding companies, Sumitomo Copper Rolling Works, began operating Japan's first flat-rolled aluminum business. For over a century since that time, applying skills and technology to broaden the possibilities of aluminum has been our mission. With confidence and pride in our historical achievements, we must imagine what we can accomplish in the future. To express that stance, we created UACJ's tagline, "Aluminum lightens the world," when revising

Targets of the new mid-term management plan

Financial indicators		Future financial and ESG targets		
Financial indicator	FY2023	Six materialities	Evaluation indices	FY2023 targets
Net sales	¥700.0 billion	Response to climate change	Reduction of CO ₂ emissions across the supply chain (compared with FY2019 BAU ³)	22% reduction (FY2030 target)
Operating income	¥30.0 billion		Product quality and responsibility	Number of significant product quality defects
Operating margin	4.2%	Occupational health and safety		Number of customer complaints
Ordinary income	¥25.0 billion		Consideration for human rights	Number of serious accidents
D/E ratio ¹	1.2 times or less	Diversity, equal opportunity, etc.		Total workplace accidents ⁴
ROE	7.5%		Developing talent	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results
ROIC ²	6.0%	Successor candidate planning implementation rate		Proportion of employees receiving training related to the Code of Conduct, human rights, and harassment
			Number of persons benefiting from activities to support education related to key areas	Proportion of female managers (including officers, in Japan)
		Rollout across domestic group companies		Number of persons benefiting from activities to support education related to key areas

¹ D/E ratio: Factoring in subordinated loan

² ROIC: Calculated based on operating profit before tax

³ Compared with FY2019 BAU (Business as usual)

⁴ Total workplace accidents: An indicator to assess the occurrence of workplace accidents (frequency), calculated by converting the number of deaths and serious injuries from workplace accidents (including those that did not result in a loss of work time) for the total number of working hours during the period being measured, converted based on a factor of one million hours.

our corporate philosophy.

By supplying high-quality aluminum products, the UACJ Group is improving people's lives and helping realize a sustainable planet. To contribute to a healthier global environment, we will continue raising awareness and providing eco-friendly products.

Growing possibilities for aluminum products

Over the next decade of our UACJ Vision 2030, we expect aluminum to be used in a broader array of applications and industries. In the automobile industry, the world's leading automakers have successively declared their intention to shift from gasoline-powered vehicles to eco-friendly electric vehicles, and as this shift progresses, they will increasingly use aluminum parts and components to reduce overall vehicle weight. We also foresee growing demand for various other aluminum products, including materials for storage batteries and semiconductors, for which the metal's excellent thermal conductive and non-magnetic properties are needed.

We also believe that resource recycling will make great strides in the future, and, accordingly, aluminum will be widely adopted as a material because it is very easy to recycle. Amid growing environmental awareness, the move away from plastic is accelerating, especially in North America and Europe. Accordingly, aluminum is increasingly being adopted as an alternative because it is more likely to end up in a recycling bin than a waste bin. Using recycled aluminum can reduce environmental impacts over product lifecycles, since producing aluminum by recycling scrap emits 97% less CO₂ than by producing virgin aluminum in the smelting process. To promote widespread recycling, UACJ is working to accelerate the development or recycling technologies through joint research and development with Japan's New Energy and Industrial Technology Development Organization. The Company is also carrying out recycling initiatives in its supply chain, and facilitating recycling of other products besides aluminum cans and containers.

As markets and applications for aluminum expand, the metal will, of course, increasingly face competition from other kinds of materials. Aluminum has been highly regarded for its material properties, such as its light weight, and was seen as a promising alternative to steel in the past. Nevertheless, other materials released in the market became solid competitors, including high-tensile steel for automotive parts and plastics for aircraft. Competition among industrial materials has always been fierce, and a material cannot dominate a market based



only on its properties. Therefore, to avoid such deadlocks, we are striving to maximize the potential of aluminum's beneficial properties, particularly its light weight, thermal conductivity, and recyclability, to create products with added value and establish aluminum as the material of choice among customers. Furthermore, we are aiming to develop solutions with our customers by promoting collaboration and synergies among the Group's six businesses: the flat rolled products, automotive parts, extrusion, foil, casting and forging, and precision-machined components businesses.

Guided by our UACJ Vision 2030, we are determined to accomplish the targets and objectives of our new mid-term management plan and pave the way for the Group's sustainable growth. By maximizing the potential of aluminum and other materials to provide more advanced material technologies and services, the UACJ Group will work to bring benefits to people and help make a better world and healthier environment. As we pursue these endeavors, we ask for the continued support of the Group's many stakeholders around the world.