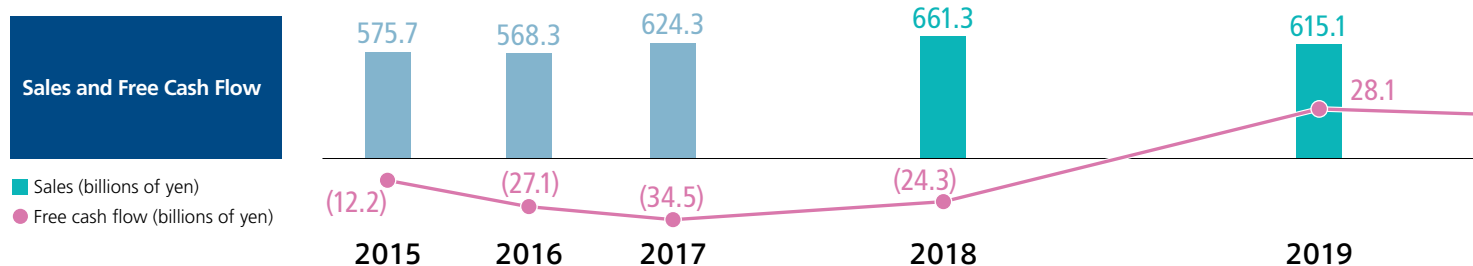


## Focus on enhancing production capabilities and building a resilient corporate structure in order to capture booming global demand for aluminum

← Advance investment →

	First Mid-term Management Plan (FY2015-2017)	Second Mid-term Management plan (FY2018-2020)
Operating environment and challenges	<ul style="list-style-type: none"> <li>Demand for aluminum cans and foil increased rapidly amid rapid economic growth in Asia and the Middle East</li> <li>Demand for aluminum auto and aircraft parts increased amid efforts to reduce vehicle and aircraft weight by manufacturers, particularly in the U.S. and Europe</li> </ul>	<ul style="list-style-type: none"> <li>Demand for aluminum products grew globally                             <ul style="list-style-type: none"> <li>Aluminum can stock demand rose mainly in Australia, China, and other Asian countries</li> <li>The shift to lighter cars and EVs drove up demand for aluminum auto parts in North America</li> </ul> </li> <li>Financial results were far short of previous targets                             <ul style="list-style-type: none"> <li>Sales volume had declined and energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt had increased due to rising costs for starting up new operations</li> </ul> </li> </ul>
Basic strategies and major policies	<ul style="list-style-type: none"> <li>Bolster operations in Asia and other growth regions, and expand product lineups for growing industries, including the automotive, transport, and energy industries</li> <li>Integrate technologies and optimize production in each business</li> <li>Improve advanced basic research and make use of the Company's wealth of accumulated technologies to develop new technologies and products</li> </ul>	<ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>
Key achievements	<ul style="list-style-type: none"> <li>Established a global supply network for can stock based in Japan, Thailand, and the U.S.</li> <li>Established a supply network for automotive parts in the U.S.</li> <li>Optimized production facilities, thereby contributing ¥11 billion in earnings</li> <li>Centralized R&amp;D at Nagoya Works and made progress in developing new products and next-generation core technologies</li> </ul>	<ul style="list-style-type: none"> <li>Completed our global three-point supply structure boasting world class production capabilities</li> <li>Streamlined our business portfolio</li> <li>Rationalized production in Japan</li> <li>Achieved positive free cash flow</li> <li>Slimmed down management Substantially reduced the number of full-time directors and executive officers</li> </ul>
Remaining challenges	<ul style="list-style-type: none"> <li>Financial results fell far short of the plan's targets                             <ul style="list-style-type: none"> <li>Sales volume dropped as energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt increased due to rising costs for starting up operations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Returns on large-scale capital investment are taking longer than expected                             <ul style="list-style-type: none"> <li>Sluggish returns from UATH*<sup>1</sup>, UWH*<sup>2</sup>, and Fukui Works</li> </ul> </li> <li>Business results and financial position are worsening                             <ul style="list-style-type: none"> <li>Dramatic change in market environments due to trade friction between the U.S. and China and the COVID-19 pandemic</li> <li>Earning capacity decreased due to a slow response to changes in market environments among other factors</li> </ul> </li> </ul>



Long-term management vision UACJ Vision 2030 (FY2021-2030)

Third Mid-term Management Plan (FY2021-2023)

Structural reforms (FY2019-2022)

- **Management was ineffective**  
Decision-making was slow, execution was lacking, risk management was insufficient, and reforms of business processes were delayed by the slow adoption of IT
- **Earnings power declined**  
Responses to changing business conditions and product mix adjustments were slow, measures to cut fixed costs were insufficient, and foreign subsidiaries failed to achieve profit targets
- **The financial structure was weak**  
Large investments drove up interest-bearing debt and efforts to improve asset efficiency were slow

- **Raise earning capacity**  
Lower the break-even point, realize returns from large-scale investments, and withdraw from unprofitable and non-core business areas
- **Reform the financial structure**  
Increase operating cash flows, reduce investment, and strictly control inventory assets
- **Increase the speed and efficiency of management decision-making**  
Improve management organizations and systems, and establish a structural reform headquarters

- Aluminum demand is booming, particularly in overseas markets
  - Economic growth in emerging countries is driving increases in purchasing power and demand
  - Global demand for can materials is growing, particularly in North America
  - The Japanese market is shrinking as anticipated due to population decline
- The need for environmentally friendly materials is growing
  - Demand for plastic alternatives and recycling is rising
  - Demand for automotive parts is growing amid the regulation of gasoline-fueled vehicles and rapid spread of EV
  - Global ESG/SDGs initiatives are progressing
- Technological innovation is advancing rapidly
  - The mobility revolution is creating new applications for materials
  - Innovation in digital technology is transforming business models
- Our financial structure is weak
  - Interest-bearing debt is increasing following sluggish returns on advance investments

- Complete structural reforms
  - Raise earning capacity
  - Improve financial structure
  - Strengthen management systems
- Strengthen foundations for growth
  - Increase added value
  - Focus on growth markets and sectors
  - Strengthen business foundation
- Contribute to building a better world (promote sustainability)
  - Contribute to solving issues related to climate change

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\*1 UACJ (Thailand) Co., Ltd.

\*2 UACJ Automotive Whitehall Industries, Inc.

