

Complete structural reforms and use the results as a foundation for realizing UACJ Vision 2030

■ Positioning and major policies

Our Third Mid-term Management Plan, which started in fiscal 2021, is a three-year plan which will strengthen our business foundation with a view to realizing our long-term management vision UACJ Vision 2030. It has three major policies—complete structural reforms, strengthen foundations for growth, and contribute to achieving a better world (promote sustainability).

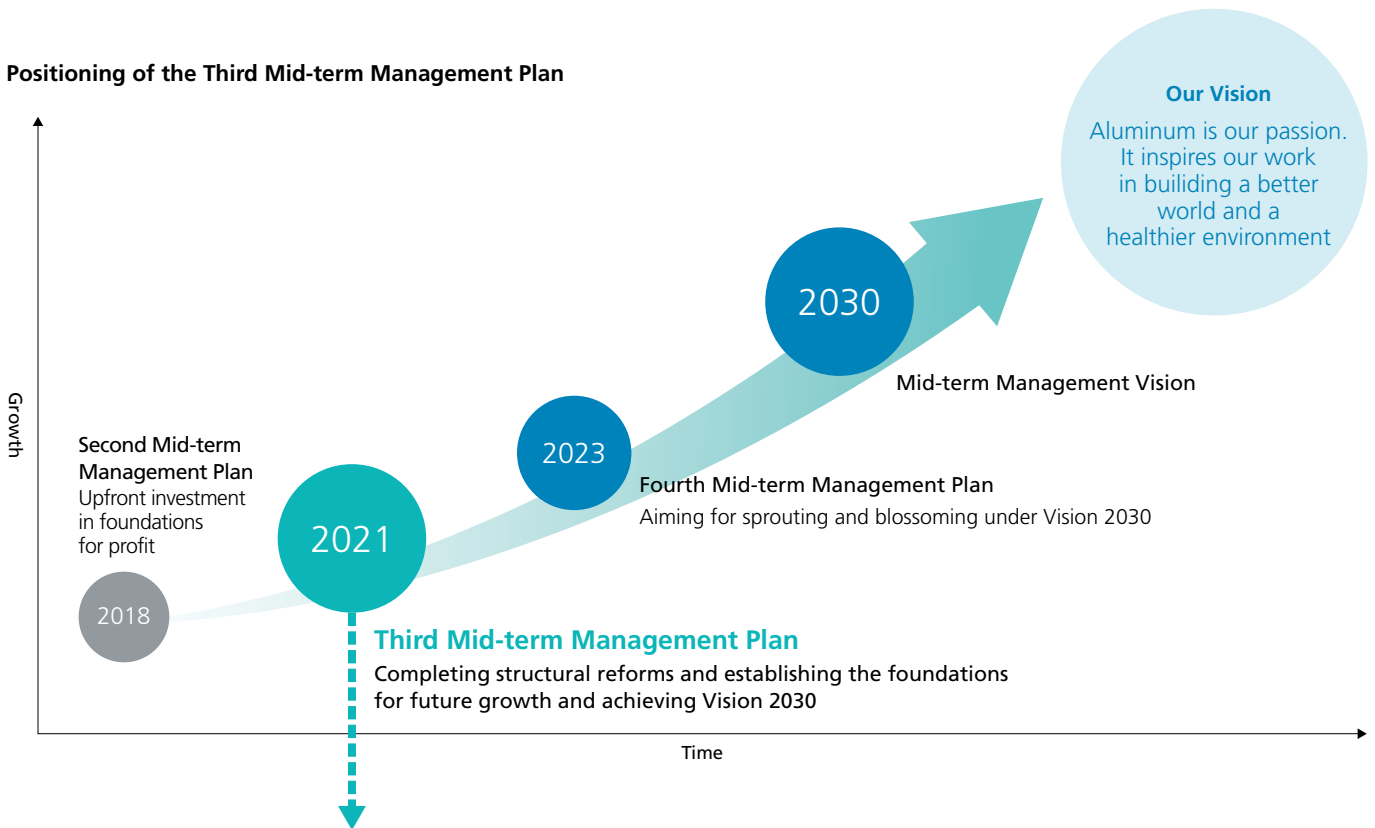
Completing the structural reforms started in fiscal 2019 will be particularly important for strengthening our business foundations. We will see the measures planned to date through to completion and steadily build up the effects of the

structural reforms.

Also, to strengthen foundations for growth, we will continue to focus on growth markets (North America, Southeast Asia) and growth sectors (can stock, automobiles), alongside efforts to provide value through enhanced materials, create new sectors, and strengthen in core areas that underpin our business operations, such as personnel and technology.

Furthermore, we have identified contributing to solving issues related to climate change as one of the Group’s materiality issues so we will engage in the co-creation of aluminum recycling systems across our entire supply chain.

Positioning of the Third Mid-term Management Plan



Major Policies

1 Complete structural reforms

- Enhance earnings power
- Improve financial position
- Strengthen management systems

2 Strengthen foundations for growth

- Increase added value
- Focus on growth markets and sectors
- Create new business domains
- Strengthen supporting foundations

3 Contribute to achieving a lighter world (promote sustainability)

- Contribute to solving issues related to climate change

Financial and non-financial targets

Amid booming demand for can stock, particularly in North America, we plan to achieve net sales targets through measures such as making full use of enhanced production capabilities at Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd. We will aim to achieve operating and ordinary income targets through the manifestation of the effects of structural reforms and other means.

Also, although we may not reach satisfactory levels of ROE and ROIC during this plan period, ultimately the Third

Mid-term Management Plan is focused on strengthening our business foundation and we will aim to further improve capital efficiency under the Fourth Mid-term Management Plan.

This is the first UACJ mid-term plan that also includes non-financial targets. Targets have been linked to each of the six materiality issues we identified and we will work to achieve these targets as an essential step toward strengthening our business foundation.

Financial indicators by FY2023

	FY2023
Net sales	¥700.0 billion
Operating income	¥30.0 billion
Operating margin	4.2%
Ordinary income	¥25.0 billion
D/E ratio ¹	1.2 times or less
ROE	7.5%
ROIC ²	6.0%

Non-financial (ESG) targets

Six materialities	Evaluation indices	FY2023 targets
Response to climate change	Reduction of CO ₂ emissions across the supply chain (compared with FY2019 BAU ³)	22% reduction (FY2030 target)
Product quality and responsibility	Number of significant product quality defects	One or fewer
	Number of customer complaints	Down 10% YoY
Occupational health and safety	Number of serious accidents	Zero
	Total workplace accidents ⁴	4.00
Consideration for human rights	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results	To be implemented at four manufacturing plants
	Proportion of employees receiving training related to the Code of Conduct, human rights, and harassment	96% (continue to maintain a 100% implementation rate for harassment prevention training)
Diversity, equal opportunity, etc	Proportion of female managers (including officers, in Japan)	4%
Developing talent	successor candidates planning implementation rate	Rollout across domestic group companies
	Number of persons benefiting from activities to support education related to key areas	300 People/Year

¹ Subordinated loans are factored into calculations ² ROIC = Operating profit before tax ÷ (shareholder's equity + interest-bearing debt – cash and deposits) (average of figured for the start and end of the fiscal year) ³ Business as usual: Business operations (production volumes, product mix) maintained without any special measures in place ⁴ An evaluation index that converts the number of deaths and injuries (including injuries resulting in lost work time) caused by accidents within all working hours during the measurement period into a rate that shows the frequency of accidents per one million hours worked

Highlight

Increasing earning capacity as a driver for achieving targets

The Third Mid-term Management Plan is starting under different conditions compared to previous plans as we have already completed long-term growth investments, including UACJ (Thailand) and Tri-Arrows Aluminum Inc., and made these operational. As a result, we now have a positive free cash flow.

Going forward we will fully demonstrate our enhanced production capabilities in order to capture opportunities such as booming demand for can stock, thereby raising profits and steadily reforming our financial structures. This will enable us to achieve our financial targets.

Advance investment and cash flow

