

Demand for aluminum cans is rising in North America, backed by consumer awareness of aluminum’s environmental benefits



Younger generations of environmentally savvy consumers in North America regard aluminum canned drinks as premium products today

North America’s aluminum can market is currently very robust, and the outlook is extremely favorable. In fact, demand for aluminum beverage cans is projected to grow at a rate of 5% annually through to 2030. Accordingly, the sales volume of beverage cans could reach 152 billion units by that year, up from 103 billion units in 2020.

This demand growth is being driven by a very positive trend: consumers are showing a preference for aluminum cans over other types of containers. North American consumers are now more environmentally conscious than ever, and they are factoring sustainability into their product choices. They

understand that aluminum is a sustainable material because of its excellent recyclability and light weight. Consequently, many consumers have come to regard aluminum canned drinks as premium products.

When I was young, glass bottled beverages were considered to be premium products. Today, however, younger generations are more environmentally savvy, so when choosing a beverage brand, they prefer the drink in an aluminum can. Consequently, many consumers have come to regard aluminum canned drinks as premium products.

Reflecting this shift in consumer preferences, new beverage products are increasingly being sold in aluminum cans. From alcoholic beverages to energy drinks and flavored water, a steady stream of aluminum canned drinks are appearing in the market.

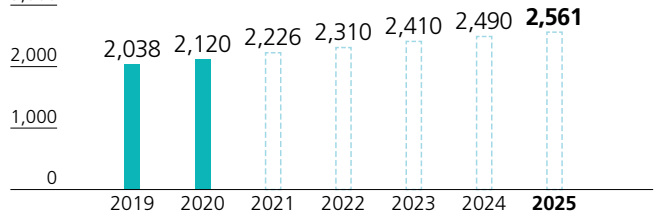


Henry Gordinier

Executive Officer
Tri-Arrows Aluminum Inc.
CEO/President

Projected demand for aluminum beverage cans in North America

(Thousands of tons)



Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

We are greatly reducing carbon emissions and water consumption in manufacturing by increasing our use of recycled scrap aluminum

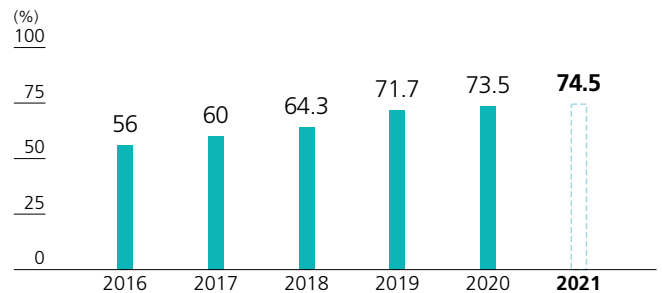
In step with the consumer preference for sustainable products, our customers have committed to sustainability and are seeking greener solutions. Tri-Arrows Aluminum is meeting the needs of those beverage can manufacturers by supplying can stock made with recycled aluminum. In fact, the recycled aluminum content in our can stock is 74.5% on average in 2021.

The use of recycled aluminum is a key component of our sustainability management, and we have made excellent progress in recent years. Compared with 2017, the amount of recycled scrap aluminum used by Tri-Arrows Aluminum is on track to increase by 88% by the end of 2021.

As a result, the amount of water used in our manufacturing process will decrease by about 45% over the same period. Furthermore, carbon emissions per metric ton of production capacity have remained flat even though our production capacity has increased by more than 30%. We have

also reduced energy consumption and waste sent to landfills by increasing the recycling rate. All combined, these efforts are improving both the efficiency and environmental footprint of our operations.

Percent recycled scrap content



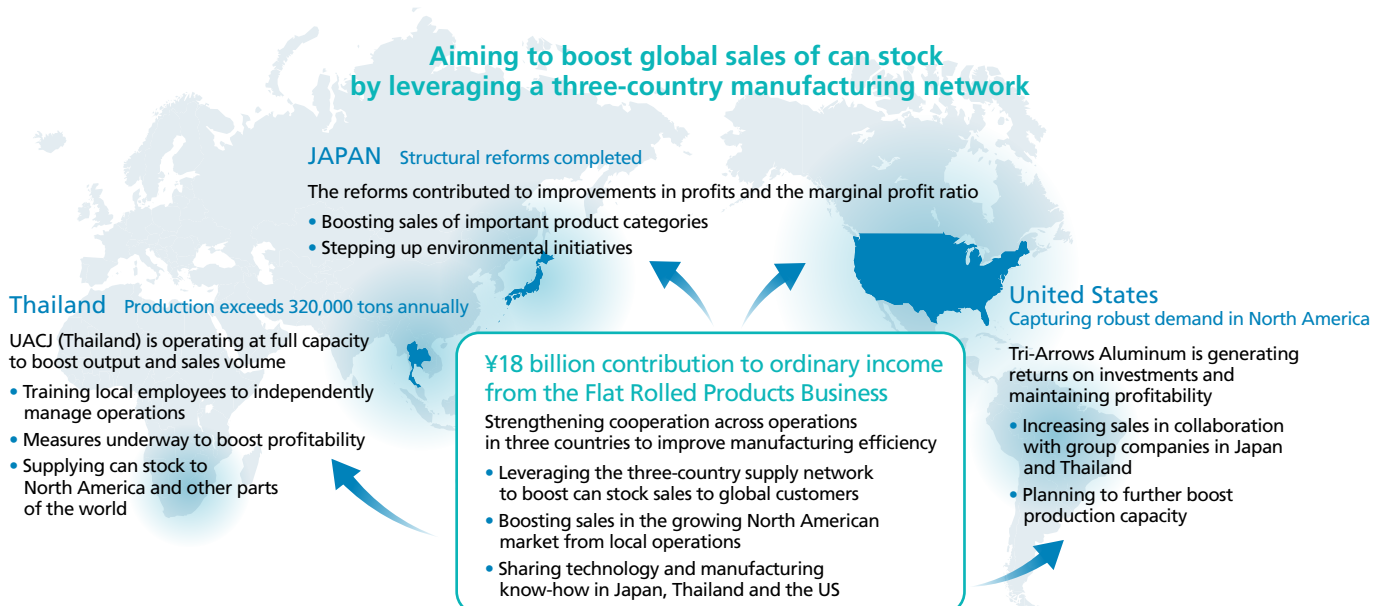
Leveraging the Group's three-country supply network, Tri-Arrows Aluminum is maintaining stable earnings and planning for growth in the years ahead

Tri-Arrows Aluminum is well-positioned in the growing North American market as a preferred supplier. The company has concluded contracts with customers for 100% of planned production through 2025, enabling it to maintain stable earnings and generate steady returns on past investments in production capacity expansion.

At the same time, we must respond to changes in the North American market, which is facing a supply shortage. At present, beverage can manufacturers are importing can sheet to keep up with demand, and new suppliers from other regions of the world are entering the market. Across the United States, these manufacturers are investing to expand their production, with announced increases in capacity of 25 billion units through 2022.

Reflecting these circumstances, all of our customers have asked us to increase production. Therefore, we will consider expanding production capacity over the medium term. We will also continue working closely with UACJ and UACJ (Thailand) to supply enough flat-rolled aluminum to keep up with orders. Fortunately, the Group's three-country supply network allows us to be flexible and to respond to demand in different regions of the world, with the current focus to support North America.

Given these excellent prospects for growth and new opportunities related to sustainability, I am confident that Tri-Arrows Aluminum and the rest of the UACJ Group can look forward to a great future ahead.



Tapping robust demand for aluminum automotive parts in North America as the shift to EVs gains momentum



Expanding our automotive parts business while continuing to meet customers' needs

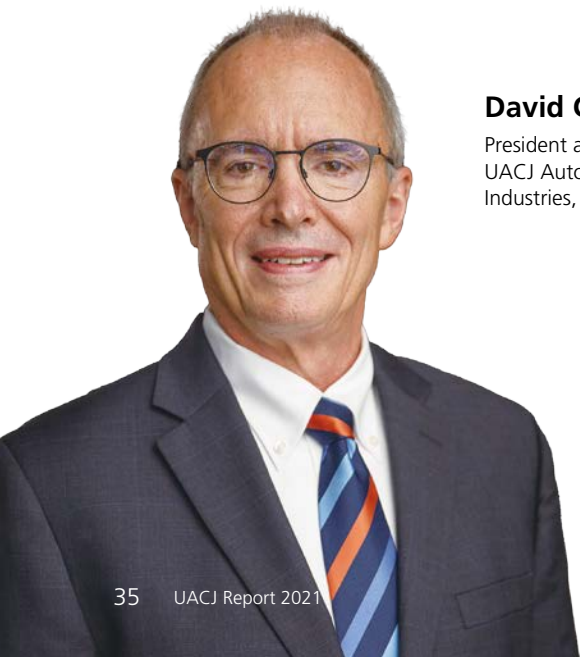


Using aluminum parts and structural components in an automobile reduces its overall weight, resulting in better fuel efficiency. That can lower the vehicle's CO2 emissions by around two tons over 10 years of driving compared with a vehicle made with no aluminum. Therefore, the adoption of aluminum parts and components has been increasing year by year.

Against that backdrop, UACJ Automotive Whitehall has been meeting demand from customers as a major supplier of aluminum parts to the auto industry. The company began manufacturing materials for vehicle sunroofs in 1974, and then started producing precision extrusions because other manufacturers were not meeting customers' needs for extremely high precision. Building on its success in the market, the company installed its first extrusion press in 2001 and then ventured into other markets for

automotive parts. Over the years, we earned the trust of our customers by always responding to their requests. Today, we manufacture automotive sunroof guide rails, convertible tops, hydraulic cylinders, body panels, and interior components. While based in Michigan, UACJ Automotive Whitehall established manufacturing facilities in Kentucky as well as the state of Guanajuato, Mexico, to keep up with business growth.

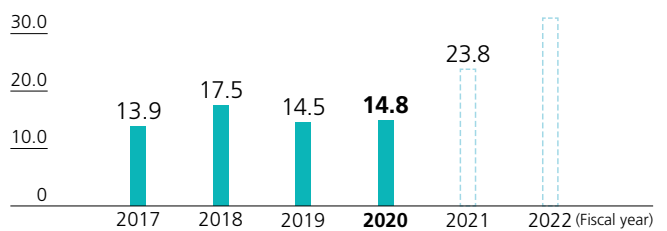
By responding to the needs of the auto industry for so many years, we have amassed expertise in machining and enhanced the precision of our forming, bending, joining, and assembly techniques. As a result, we can supply high-quality products. Indeed, UACJ Automotive Whitehall is firmly established as a Tier 1 supplier among numerous major automakers, reflecting the trust it has built up with customers in North America. By consistently meeting their needs, the company, which joined the UACJ Group in April 2016, is now on track to achieving a compound annual growth rate (CAGR) in net sales of 15% over six years through 2022.



David Cooper
President and CEO
UACJ Automotive Whitehall
Industries, Inc.

Net sales

(Billions of yen)



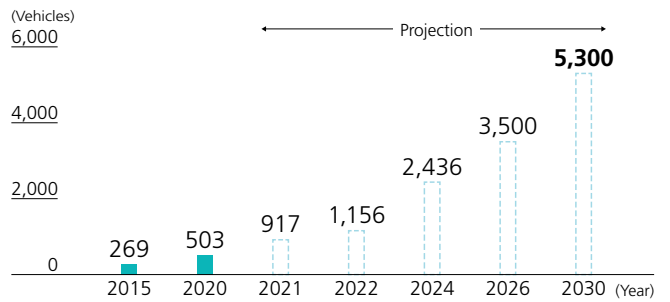
Future business growth backed by the shift to EVs

The shift to electric vehicles (EVs) is gaining momentum amid increasingly strict fuel efficiency regulations in many countries around the world, and auto makers have set EV production targets accordingly. Sales of EVs are forecast to rise steeply, accounting for around 30% of the entire automobile market by 2030. Based on that trend, the need to reduce total vehicle weight will continue to grow. In fact, the rapid growth of the EV market could even lead to a supply shortage of aluminum structural components for automobiles. Furthermore, as electric motors for EVs steadily replace internal combustion engines, demand for precision extrusions and flat-rolled aluminum products is expected to rise.

For these reasons, we foresee incredible opportunities for UACJ Automotive Whitehall to grow its business amid the global adoption of EVs. To seize these opportunities, we began constructing a new production facility in 2021, located in Flagstaff, Arizona, near the factory of a major EV manufacturer

that we supply products to. We will also install a new extrusion press at our facility in Michigan and begin operating it in 2022. With this expanded production capacity, we expect the company's net sales to reach \$300 million by fiscal 2022.

Projected EV production in North America



Source: In-house research by UACJ Corporation

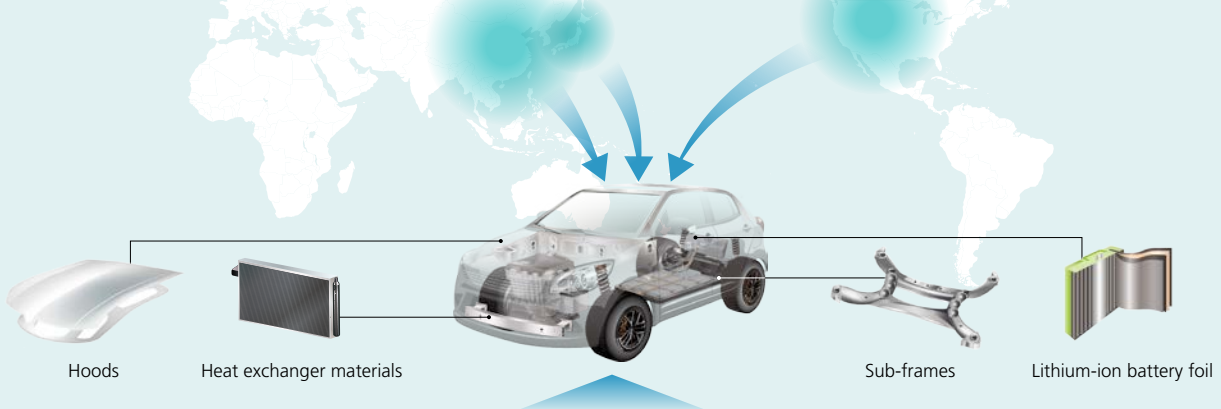
At a glance

Aiming to quickly boost earnings by strengthening collaboration among businesses and leveraging the Group's international supply network

The UACJ Group has been providing a stable supply of aluminum automotive parts and components by strengthening its international supply network. In Japan, the Group supplies automotive structural components and began producing automotive body sheet following the startup of a new continuous annealing line with pretreatment at Fukui Works. In the United States, the Group is supplying various structural components to the

North American auto industry. It is also focusing on supplying lithium-ion battery foil to China's fast-emerging EV market. Aiming to quickly boost earnings, the UACJ Group is stepping up collaboration among its diverse businesses to expand its supply of high-value-added products, including automotive bumpers and battery modules for EVs, and to propose materials to customers at the development stage.

Providing diverse products and services via the Group's international supply network



Broadening product lineups and services through stronger collaboration among businesses

