



Aluminum lightens the world

アルミでかなえる、軽やかな世界

Value, Connect, and Lightens the World

Fourth Mid-Term Management Plan

FY2024 to FY2027

Shinji Tanaka

Representative Director & President

May 28, 2024

UACJ Corporation



A Better World, Made by the UACJ Group

UACJ Group Philosophy



The UACJ Way: Our Guiding Principle



Our Purpose

Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability.

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Our Values

The UACJ Way: Our Guiding Principle

Respect and understand your associates

- Value and contribute to your workplace's efforts to engage with the local community
- Accept diversity and respect people's values
- Communicate openly with your coworkers while placing importance on individual and team development
- Contribute to making your workplace more positive and dynamic

Embrace honesty and foresight

- Follow the Group's 5-gen principle*
- Sincerely respond to the expectations of stakeholders by helping the Group manufacture genuine products with integrity
- Stay ahead of emerging trends and play an active role in protecting the environment

Be curious and challenging

- Be inquisitive about changing trends and take on challenges while helping the Group provide products and services needed by society
- Aim to be creative and innovative in your work with a forward-looking perspective

The UACJ Group Sustainability Compass: Guiding the UACJ Group to Make a Better World

Passing down a “Brighter World” over the next century

Aluminum is a fundamental material that supports our daily lives. It is a material that is freely transformable in its shape and has unlimited potential. It can be eternally recyclable as the same product over and over again. This is the unique characteristic of aluminum. So to speak, aluminum is the sustainable material.

The aluminum’s potential has been maximized by the UACJ Group who has the cutting-edge technologies and seasoned expertise.

We realize a future in which the Earth can continue to be beautiful and bountiful with the wisdom and the passion for technologies and expertise we have built up over the years.

That make us be rewind that our business is to be environmentally friendly, and to be approached to solve the various challenges our society on the global has faced.

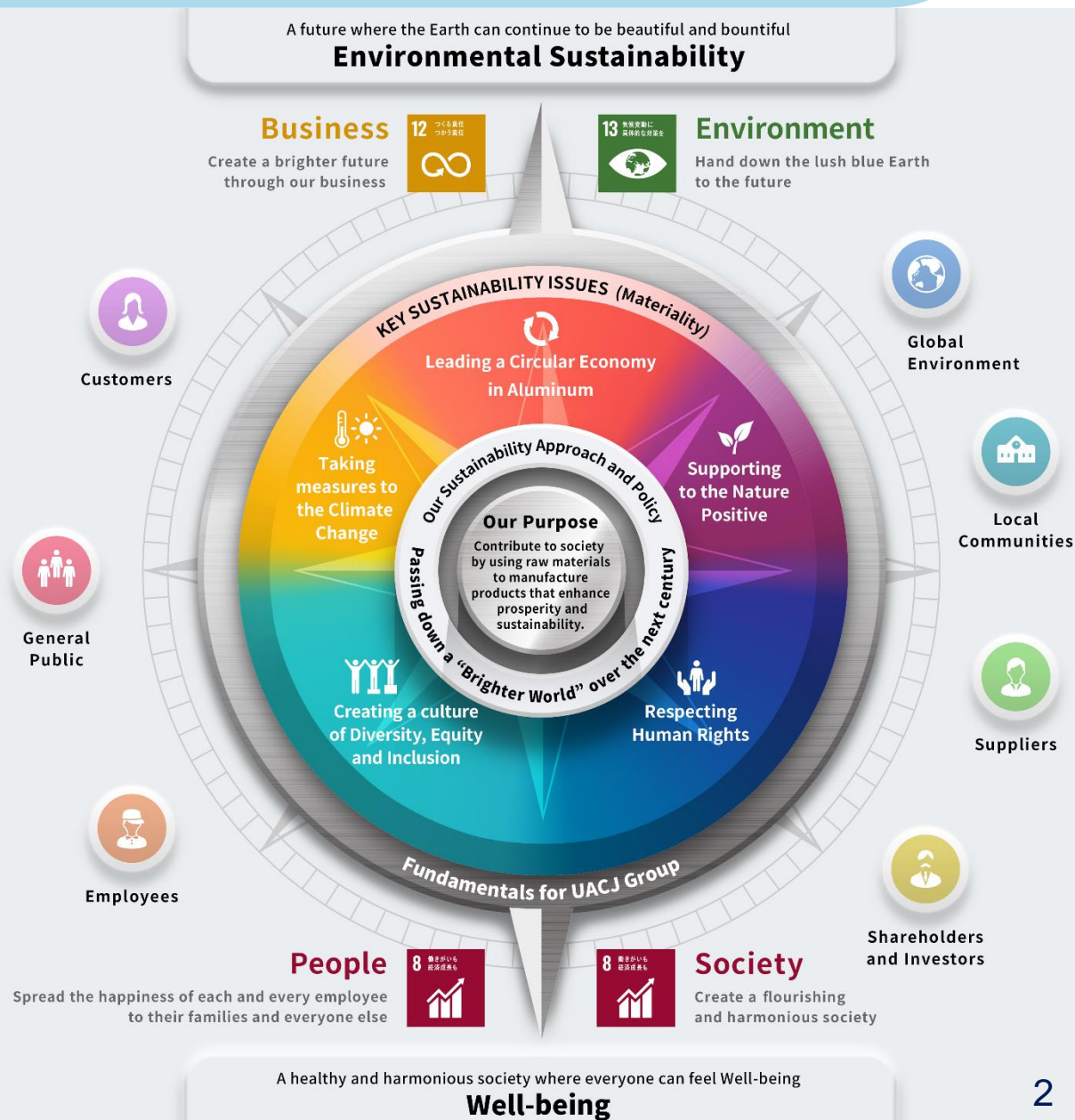
We contribute to create a healthy and harmonious society where everyone can feel Well-being.

Each of the UACJ Group’s people respect diversity, act to create synergy from the diversity together with all of stakeholders and local community.

A brighter tomorrow with aluminum.

A beautiful planet and a sustainable society for the next generation of the future.

This is what the UACJ Group believes the “Brighter World” is all about.



Thoughts Behind the Fourth Mid-Term Management Plan

Value

- **Expanding earnings as a corporate group that creates added value, not just a materials manufacturer**

We believe a key role of the Group in society is to expand earnings as a corporate group that will apply creativity and ingenuity to face the challenges.

Connect

- **Connecting our suppliers and business partners in a circular economy**
- **Making connections to create new business with diverse stakeholders**
- **Connecting people to people, and collaborating internally in a corporate group where people are happy and fulfilled**

Lightens the World

- **Contributing to the realization of a sustainable and prosperous society through technology that tap the potential of materials**
- **Reducing environmental impact on a global scale through the Group's unmatched skills and techniques**

A World Where People and Companies Are Changing

In a changing world, mindsets are also changing toward the need for reduced environmental impact and corporate action to achieve this

● A changing world

An increasingly polarized world with rising tensions

Large-scale climate change-related disasters

Stronger sustainability laws and regulations

Resource depletion

Uncertainty in economic trends, energy shortages, and rising prices

● Changing individual mindsets toward the need for reduced environmental impact

Eco-minded purchase behavior

Promotion of recycling

Reduction of food loss

Spread of eco-friendly vehicles

Shift away from plastics

● Changing corporate mindsets toward the need for reduced environmental impact

Supply of products with excellent recyclability

Conservation of water resources

Initiatives for carbon neutrality

Initiatives for energy conservation and creation

Market Environment and Business Opportunities

UACJ's market environment

Aluminum (resources)	<ul style="list-style-type: none"> ● Global demand for aluminum is increasing at an annual rate of more than 3%, due to the expansion of application areas and domains, as well as increased environmental awareness
Beverage cans	<ul style="list-style-type: none"> ● Increased demand for aluminum cans due to growing environmental awareness in Europe and the U.S., population growth in emerging countries, and an economic cycle of self-sustained growth
Automotive	<ul style="list-style-type: none"> ● Growing environmental needs in addition to needs for lighter vehicle bodies ● Increased demand for aluminum sheets and extruded material due to the shift to EVs and autonomous driving
Lithium ion battery	<ul style="list-style-type: none"> ● Increased demand in the battery domain due to the shift to EVs
Heat management	<ul style="list-style-type: none"> ● Increasing demand for air-conditioning in emerging countries and Europe, as well as expanding needs for EV in-vehicle applications
Aerospace /defense	<ul style="list-style-type: none"> ● Growing production needs for high-quality products and bringing services back to Japan
Semiconductors	<ul style="list-style-type: none"> ● Stimulated capital investment as semiconductor-related demand grows and its industry returns to Japan

Opportunities for UACJ's value-added materials

Expansion of can stock, automotive-related, and other products

- Growing global demand for can stock
- Expanding needs for lighter vehicles due to electric and autonomous vehicles, etc.

Expansion of a circular economy in aluminum

- Response to aluminum product demand amid growing environmental awareness as shown in the shift away from plastic
- Rising aluminum demand as moves toward a circular economy across supply chains gain momentum

Promoting supply of value-added materials and products

- Expanding needs for lighter-weight vehicles (EVs, HVs, and others)
- Growing for advanced materials in aerospace and defense (Establishment of Aerospace and Defense Materials Business Division)
- Growing demand in the heat management and semiconductor areas

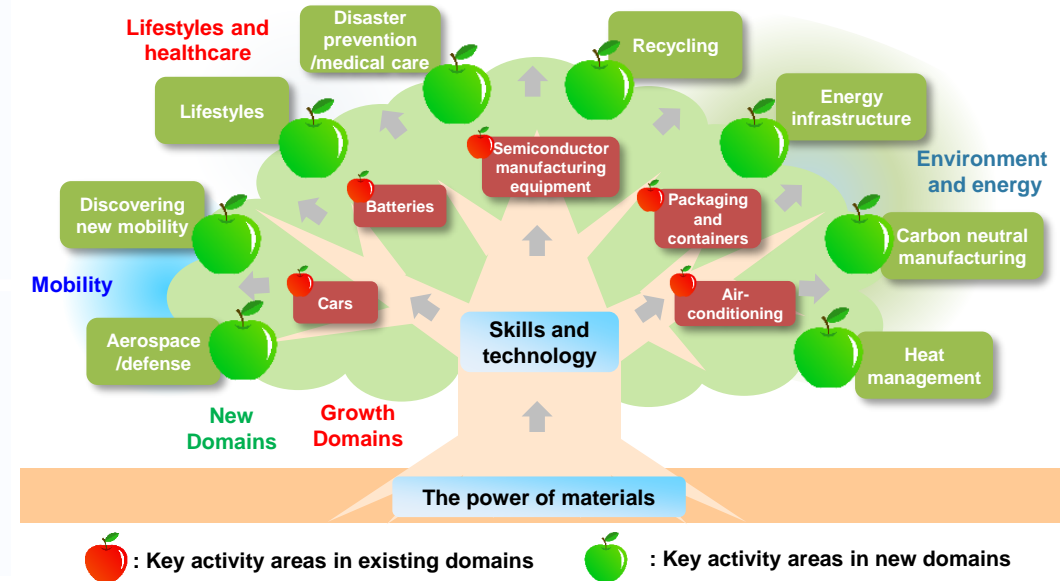
Major Policies of the Fourth Mid-Term Management Plan

From a provider of materials to a value-adding materials company

1	Strategies for growth and added value	<p>Maximize revenue and improve profitability through increased value creation</p> <ul style="list-style-type: none"> ① Promote recycling ② Expand materials plus processing businesses ③ Contribute to supply chain stability in advanced fields ④ Expand new domains
----------	--	---

2	Strengthening operational resilience	<p>Strengthen our agile and flexible structure</p> <ul style="list-style-type: none"> ① Build capability to address environmental changes ② Increasing asset efficiency ③ Automation (improving safety/productivity)
----------	---	--

3	Strengthening business foundations	<p>Strengthen foundations supporting value creation and stable business operations</p> <ul style="list-style-type: none"> ① Attract and develop diverse talent and increase engagement ② Acquire, strengthen, and leverage intangible assets such as technologies and brands ③ Use digital technologies to strengthen competitiveness and organizational capabilities ④ Strengthen proposal capabilities by further promoting collaboration and cooperation among businesses/divisions and with the supply chain and value chain
----------	---	---



Maintain and strengthen basic UACJ principles

Conduct business in line with the UACJ Way
Health, safety, quality, compliance, governance

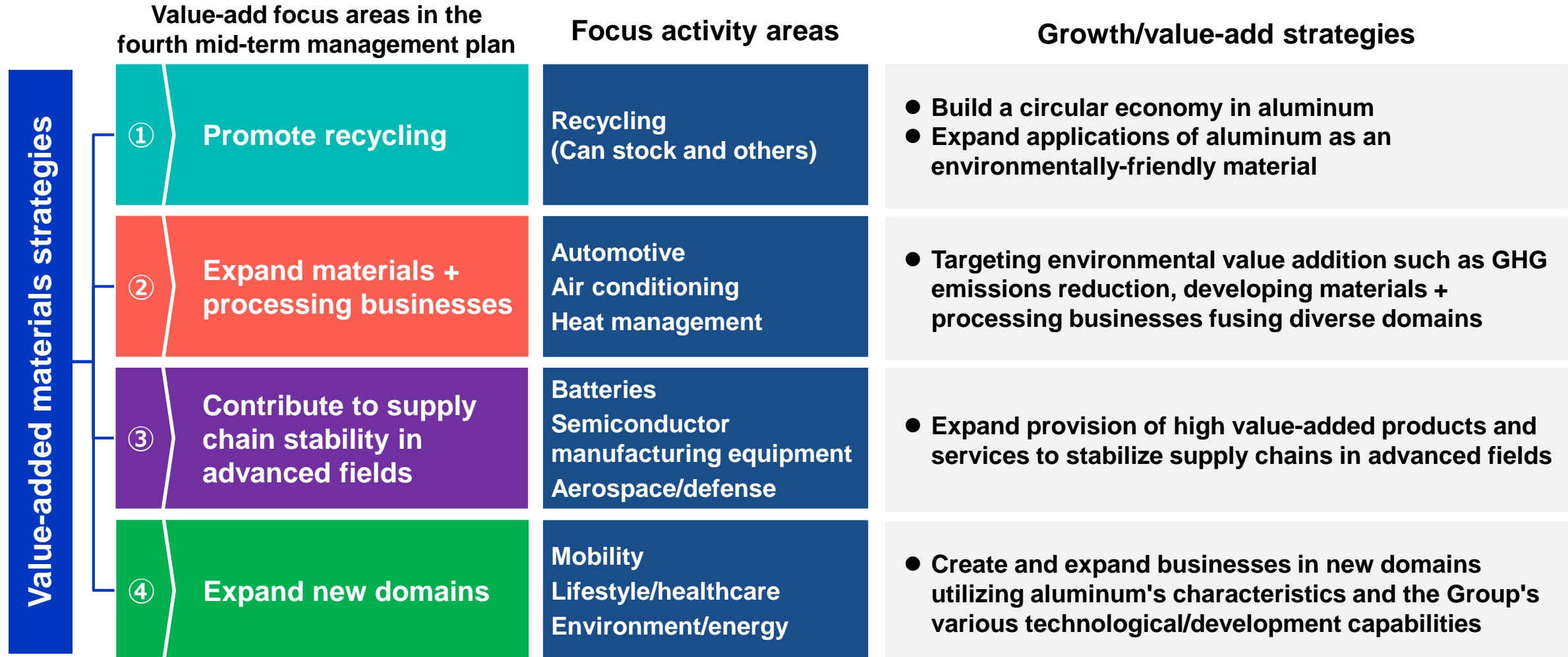
Approach to Business Opportunities: UACJ's Value-Added Materials Strategy

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Aim to maximize earnings through growth and value-add strategies in four areas of added value



How the UACJ Group addresses social issues through recycling

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Solutions applying aluminum recycling

- Strengthening supply chains through regional recycling
- Reducing CO₂ emissions throughout product life cycles
- Reducing use of virgin metal to curb new bauxite mining

Collaborating across supply chains
(Expanded scope of UACJ business activities)

Reducing environmental impact with aluminum materials
(Added environmental value)

Business transformation that involves the entire supply chain

Strengthening partnerships

Maximizing intellectual capital

Investments that enhance environmental value
(Joint ventures, expansion of facilities for upstream processes)

Expanded demand through ALmitas+ branding

Market recognition of environmental value (premium)

Reinforcement of public-private-academic partnerships for recovery and use of PCR¹

Switching to easily recyclable alloys

Expansion of products with environmental value
(ALmitas+ SMART)

Closer collaboration with aluminum product manufacturers to improve PIR² recovery

Development of recycling technologies for all aluminum products in general

Support of CO₂ reduction in product use

Future Challenges and Vision in Promoting Recycling

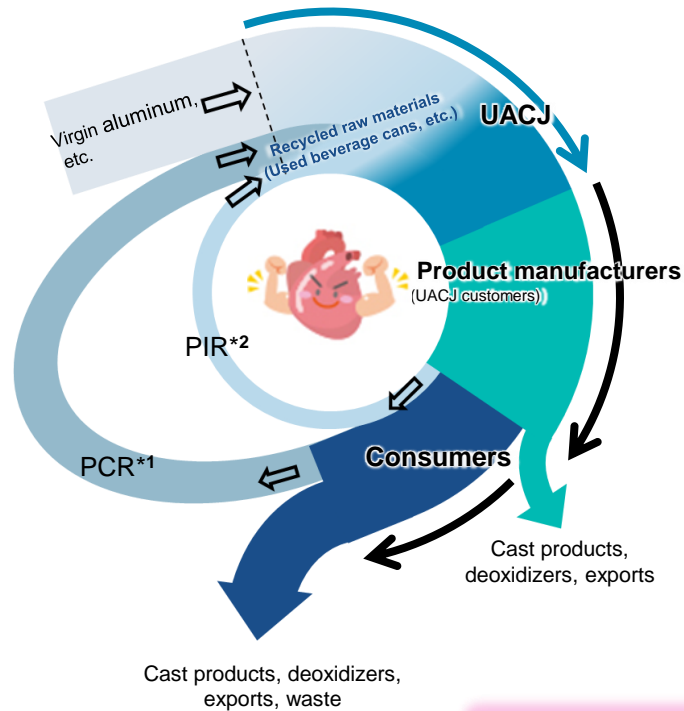
Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Leading the way to a circular economy with aluminum, transforming business models

Current roles

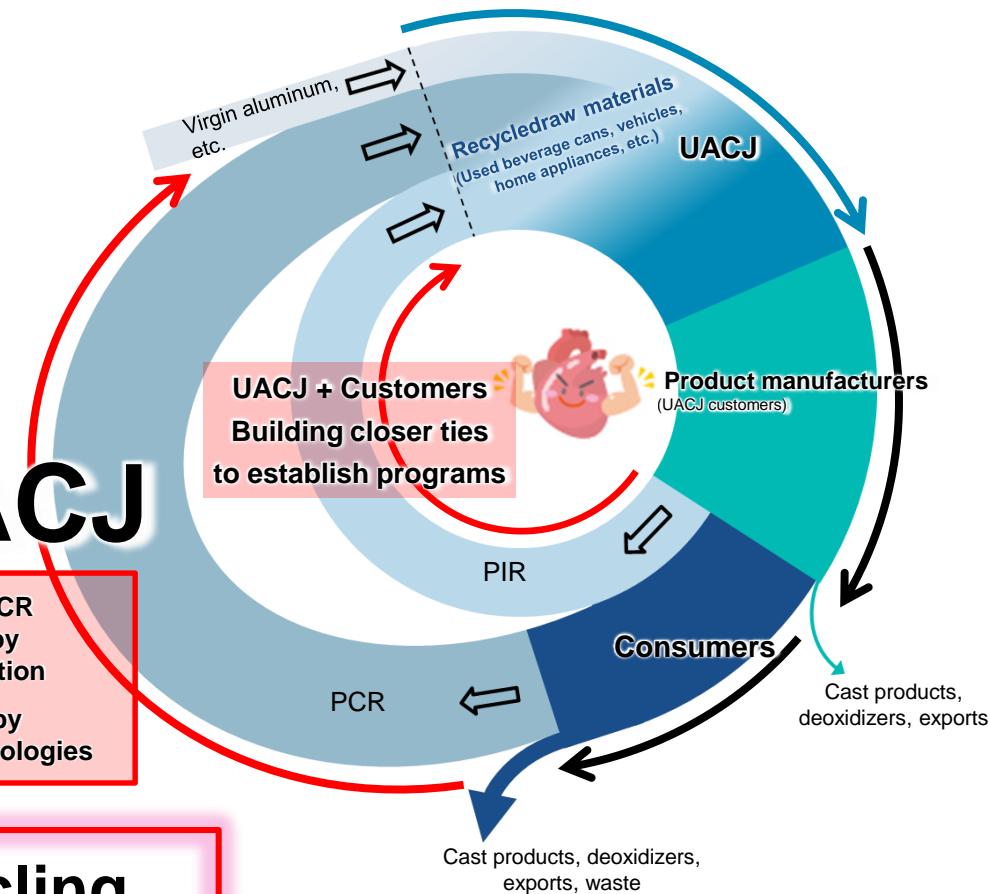


Vision

Higher recycling rates
+
Expanded aluminum applications

UACJ

- Build new supply chains for PCR recovery and increase usage by expanding the scope of collection
- Promote horizontal recycling by establishing processing technologies



Creating value through recycling

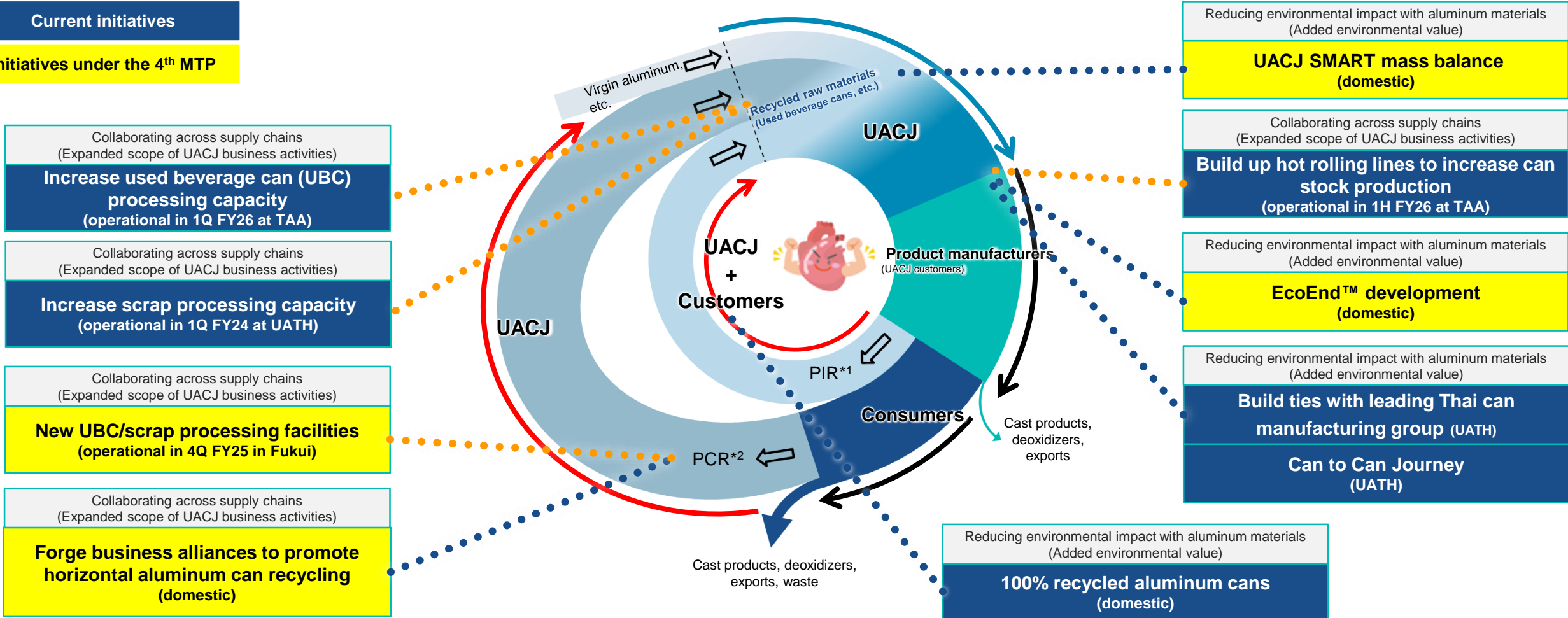
Promote horizontal recycling of can stock

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Contribute to building a global horizontal recycling loop for aluminum cans



*1 PIR: Post-industrial recycled material. Scrap generated at the material processing stage in manufacturing.

*2 PCR: Post-consumer recycled material. Scrap from used products.

Contribute to income in key activity areas

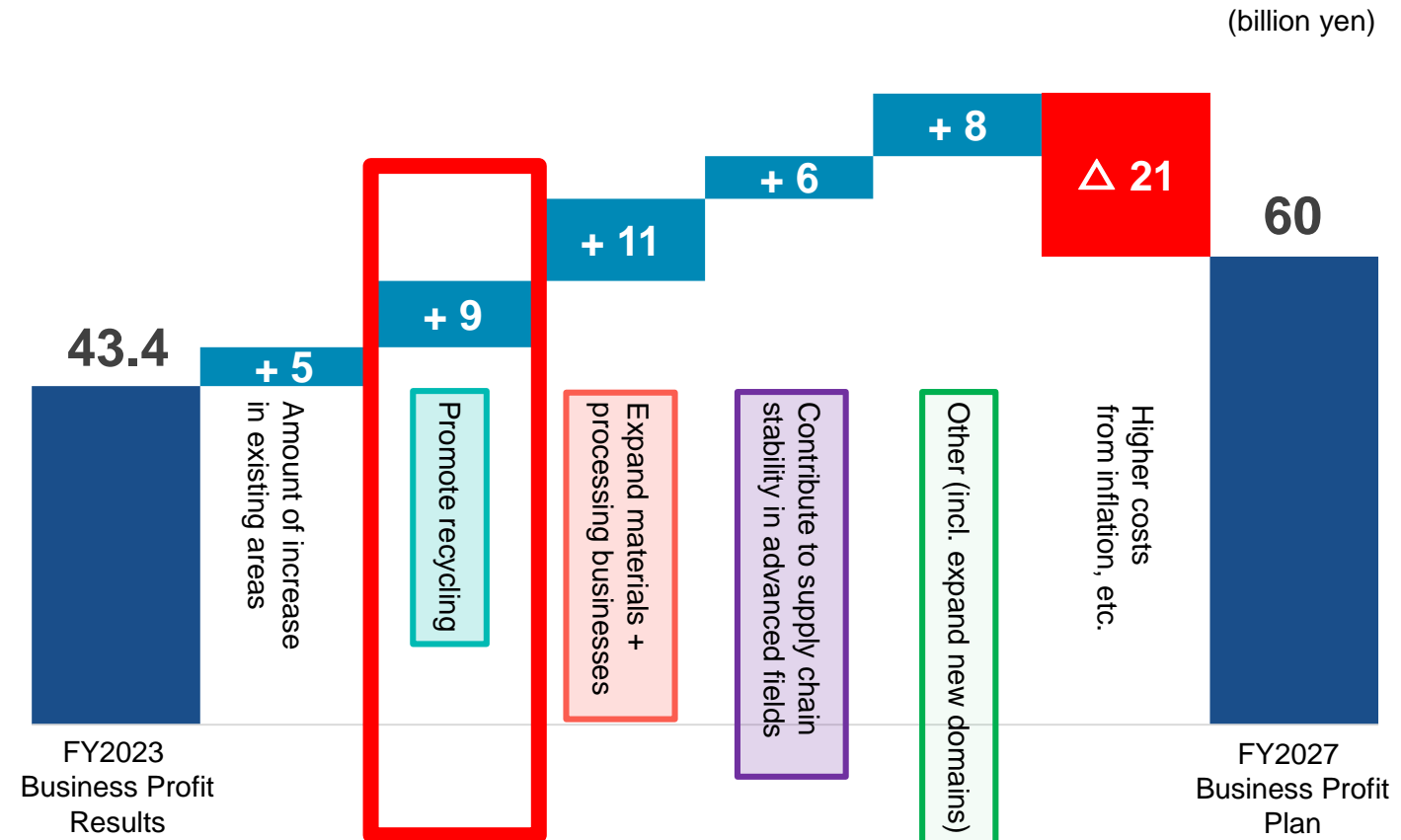
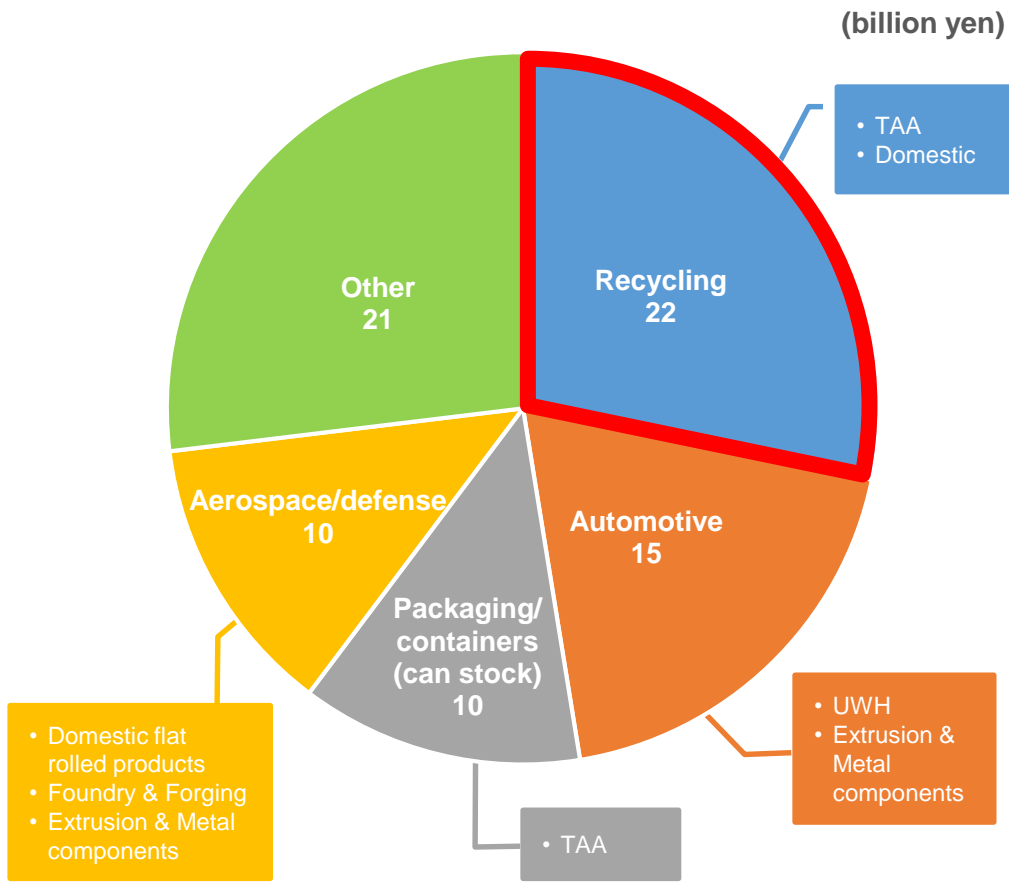
Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Maximize revenue and enhance profitability through value-added materials

Breakdown of growth investment fields



Initiatives to Strengthen Our Agile and Flexible Structure

Strategies for growth and added value

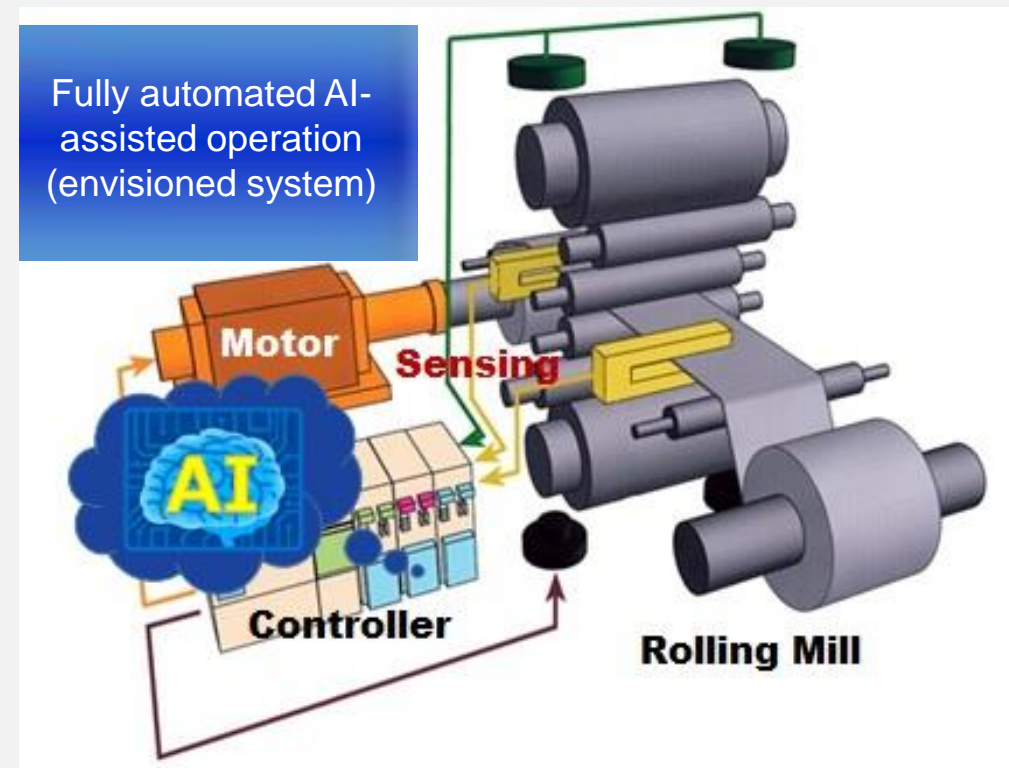
Strengthening operational resilience

Strengthening business foundations

Inheriting the spirit of structural reform and working to improve asset and capital efficiency

Automation (improving safety/productivity)

- **Creating a workplace environment resilient to accidents and gradually building up automation at production sites**
- **Using digital technologies in shifting to more efficient and sophisticated operations in overhead departments**



Production equipment is being phased in that is automated or operated by fewer personnel. In this envisioned system, AI enables fully automated flat rolling.

Acquire, strengthen, and leverage technologies, brands, and other intangible assets: Branding initiatives

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

ALmitas⁺ development

Highlight aluminum as a value-added material in ingredient branding

Goals of ALmitas⁺ brand penetration

Increase awareness of aluminum among competitive materials

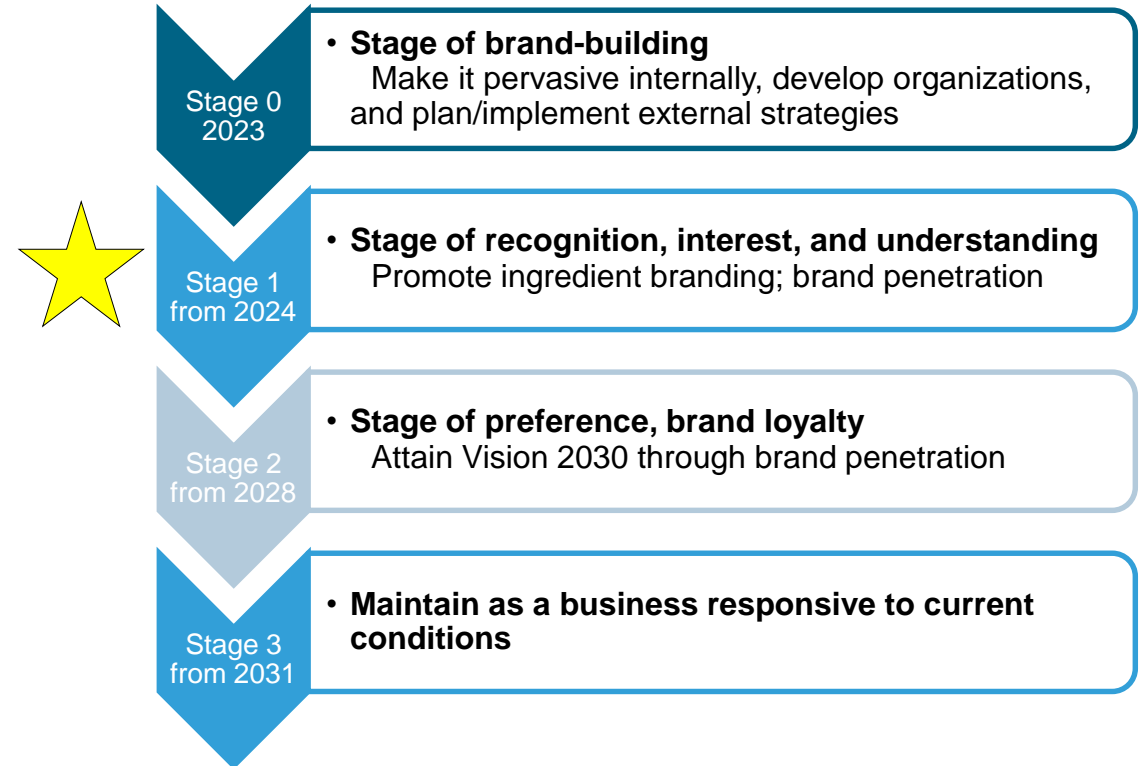


Promote aluminum along with the finished product, and cultivate possibilities for business expansion into new fields/areas

Toward business area expansion, attainment of UACJ Vision 2030

Start concerted ingredient branding activities so that people recognize how aluminum is used and appreciate its potential

Develop a roadmap for gradual brand evolution in consumer awareness, so that it is recognized as indispensable



ALmitas⁺ Coined from the chemical symbol of aluminum, "plus" (something extra – interesting, exciting), and the Japanese word for *fill*, suggesting satisfaction or richness

Fourth Mid-Term Management Plan Financial Targets

Targets for FY2027: Business profit of ¥60 billion, ROE of 9%, ROIC of 9% or more, and create equity spread

Net sales

¥1,050 billion

Business profit

¥60 bil.

Adjusted EBITDA^{*1}

¥100 bil.

ROE

9% or more

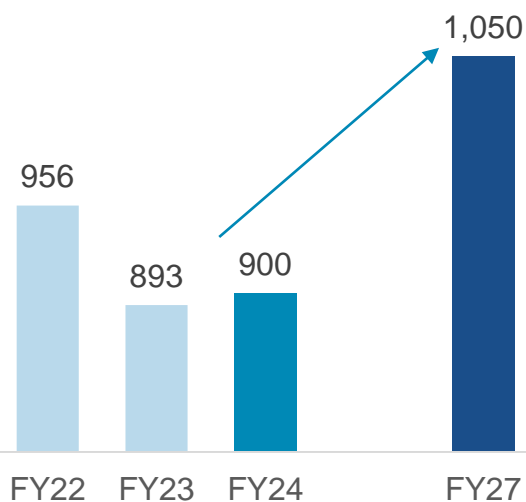
ROIC

9% or more

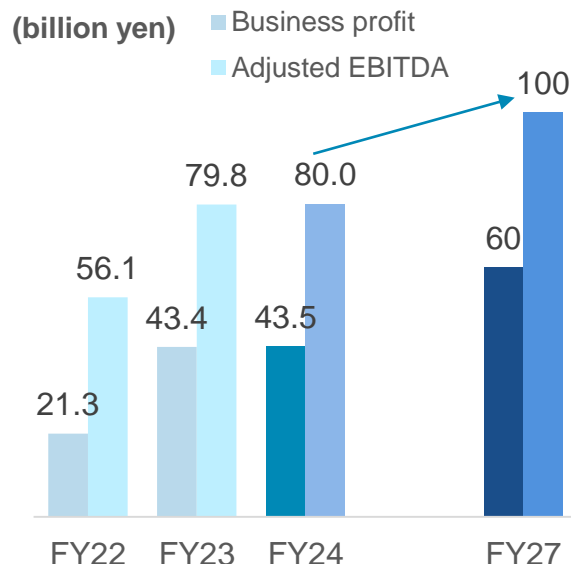
Debt-to-equity ratio^{*3}

Less than 1.0

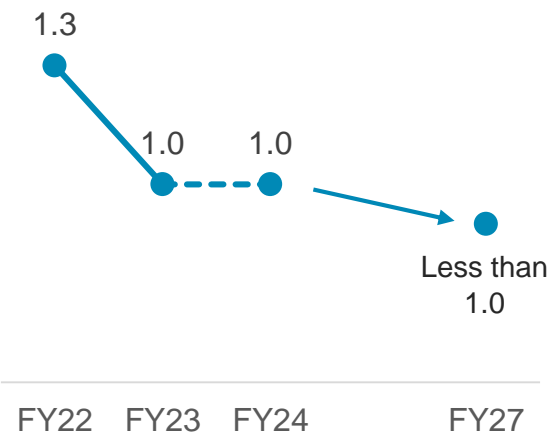
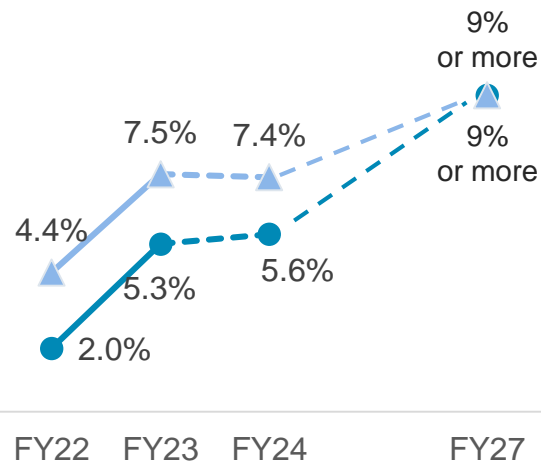
(billion yen)



(billion yen)



ROE
ROIC



*1 Adjusted EBITDA = EBITDA minus inventory valuation effects

*2 ROIC is calculated based on pre-tax business profit

*3 Debt-to-equity ratio excludes subordinated loans

[Assumptions for FY27] LME: US\$2,200/t; Exchange rate: ¥140/US\$

Shareholder Return Policy

Working to ensure stable/consistent dividends and increase shareholder value, with a target dividend payout ratio of 30% or more

Dividend policy: Aim for stable and consistent dividend payments, with a target dividend payout ratio of 30% or more of net profit*

*Net profit = Profit attributable to owners of parent

**Dividend
payout ratio**

**Third Mid-Term Management Plan Period
(FY2021 to FY2023)**

**Policy: 20% to 30%
(actual three-year average: 24.8%)**



Increased

**Fourth Mid-Term Management Plan Period
(FY2024 to FY2027)**

30% or more

Enhancing share value: Ensure steady profit and cash flow while continuing to engage with capital markets to improve share value






Higher total shareholder return (TSR)

Working Toward UACJ Vision 2030

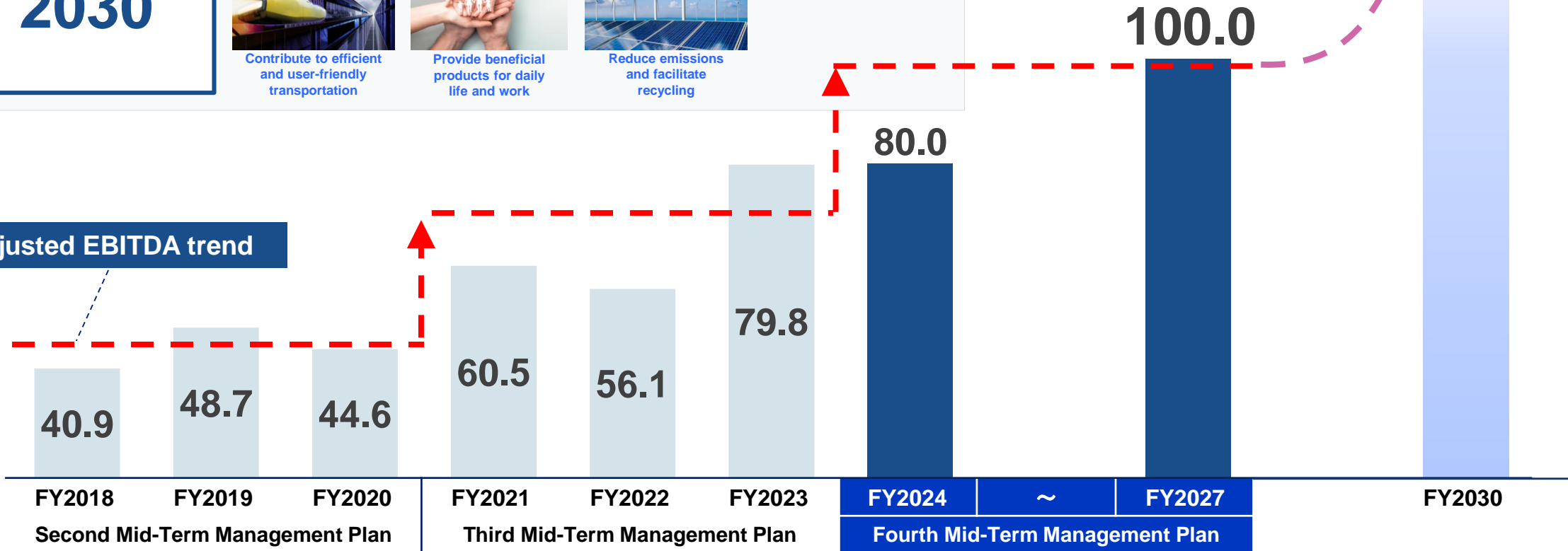
UACJ VISION 2030

- Provide products that contribute to societal development by capturing demand in [growing industries and markets](#)
- [Enhance aluminum materials](#) to bring economic benefits to communities worldwide
- Develop [all-new products and business models](#) that offer solutions for challenges facing society
- Helping to [reduce environmental impact](#) throughout product life cycles

Mobility	Lifestyles and healthcare	Environment and energy
		
Contribute to efficient and user-friendly transportation	Provide beneficial products for daily life and work	Reduce emissions and facilitate recycling

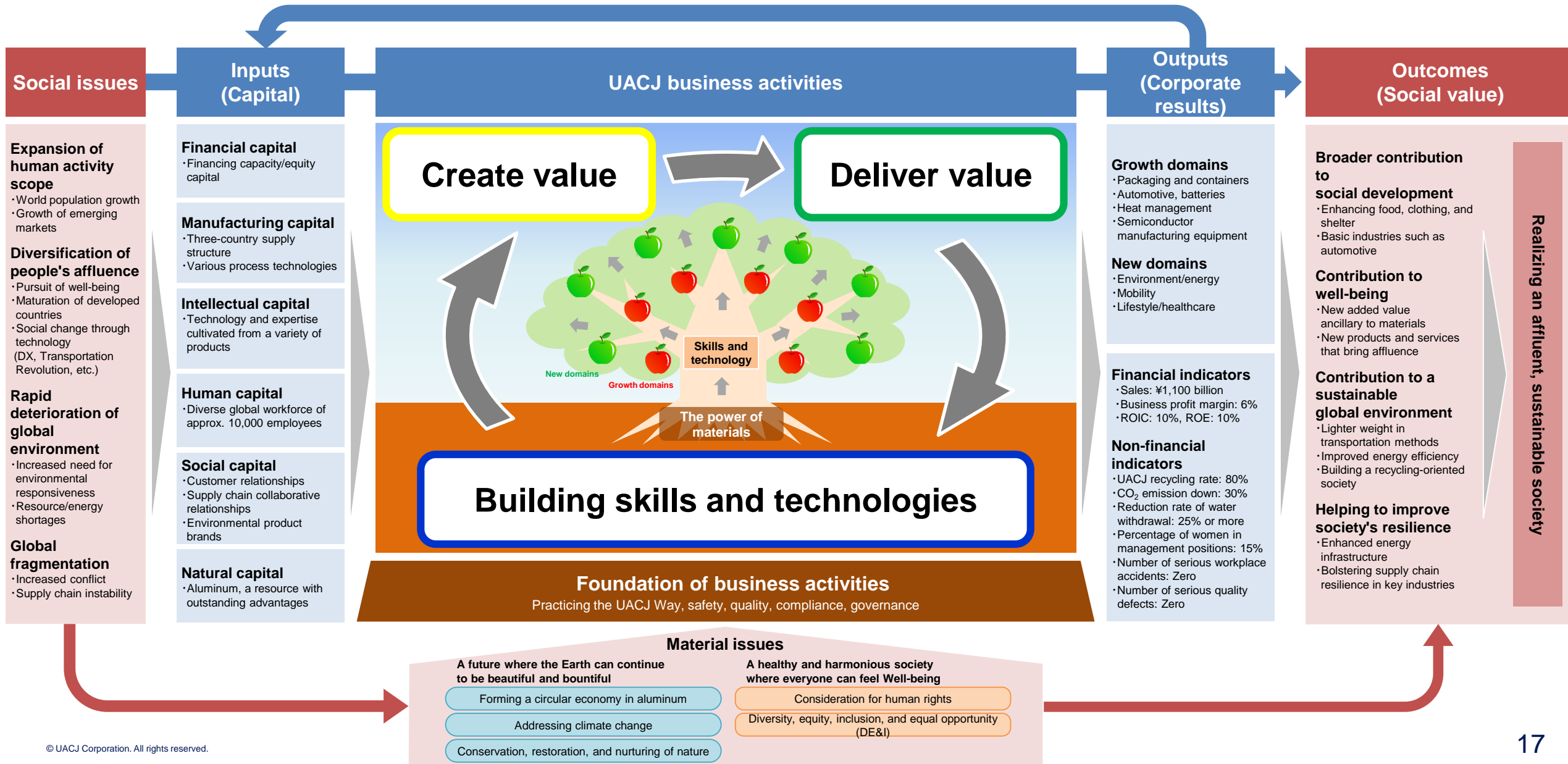
UACJ VISION 2030

(billion yen)



Structural reform period

Value Creation Process: For Success of the UACJ Group in 2030 and Beyond



Reference Material



Ideals in the UACJ Group's Long-term Roadmap, UACJ Vision 2030

Building a sustainable world by using aluminum to reduce environmental impact



Backcasting

UACJ VISION 2030

- Provide products that contribute to societal development by capturing demand in growing industries and markets
- Enhance aluminum materials to bring economic benefits to communities worldwide
- Develop all-new products and business models that offer solutions for challenges facing society
- Helping to reduce environmental impact throughout product life cycles

Material Issues

- Driving a circular economy in aluminum
- Addressing climate change
- Conservation, restoration, and nurturing of nature (Nature-positive)
- Respect for human rights
- Instilling diversity, equity, and inclusion (DE&I)

Mobility



Contribute to efficient and user-friendly transportation

Lifestyles and healthcare



Provide beneficial products for daily life and work

Environment and energy



Reduce emissions and facilitate recycling

UACJ Vision 2030 Financial Targets

	FY2030 target	(Reference) Initial announcement (May 2021)
Net sales	¥1.1 trillion or more (Revising ingot price / forex assumptions)	¥800 billion or more
Business profit on net sales	6% or more	6% or more (Operating margin on net sales)
ROIC (Calculated based on pre-tax business profit)	10% or more	10% or more (Calculated based on pre-tax operating income)
ROE	10% or more	10% or more

(Assumptions)	LME (\$/ton)	2,200	2,100
	Forex (yen/\$)	140	104

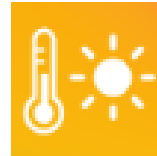
UACJ VISION 2030 Major Non-Financial Targets



Driving a circular economy in aluminum

FY2030 target

UACJ recycling rate **80%**



Addressing climate change

Reduction rate of CO₂ emissions **30%**
(Scope 1 and 2, vs. FY2019, intensity basis)
Reduction rate of Scope 3 emissions **30%**
(Category 1, vs. FY2019, intensity basis)



Conservation, restoration, and nurturing of nature (Nature-positive)

Reduction rate of water withdrawal **25% or more**
(vs. FY2020, intensity basis)



Respect for human rights

Rate of conducting human rights DD **100%**



Instilling diversity, equity, and inclusion (DE&I)

Percentage of women in management positions **15%**



Occupational health and safety

Number of serious workplace accidents **Maintaining zero**



Product quality assurance

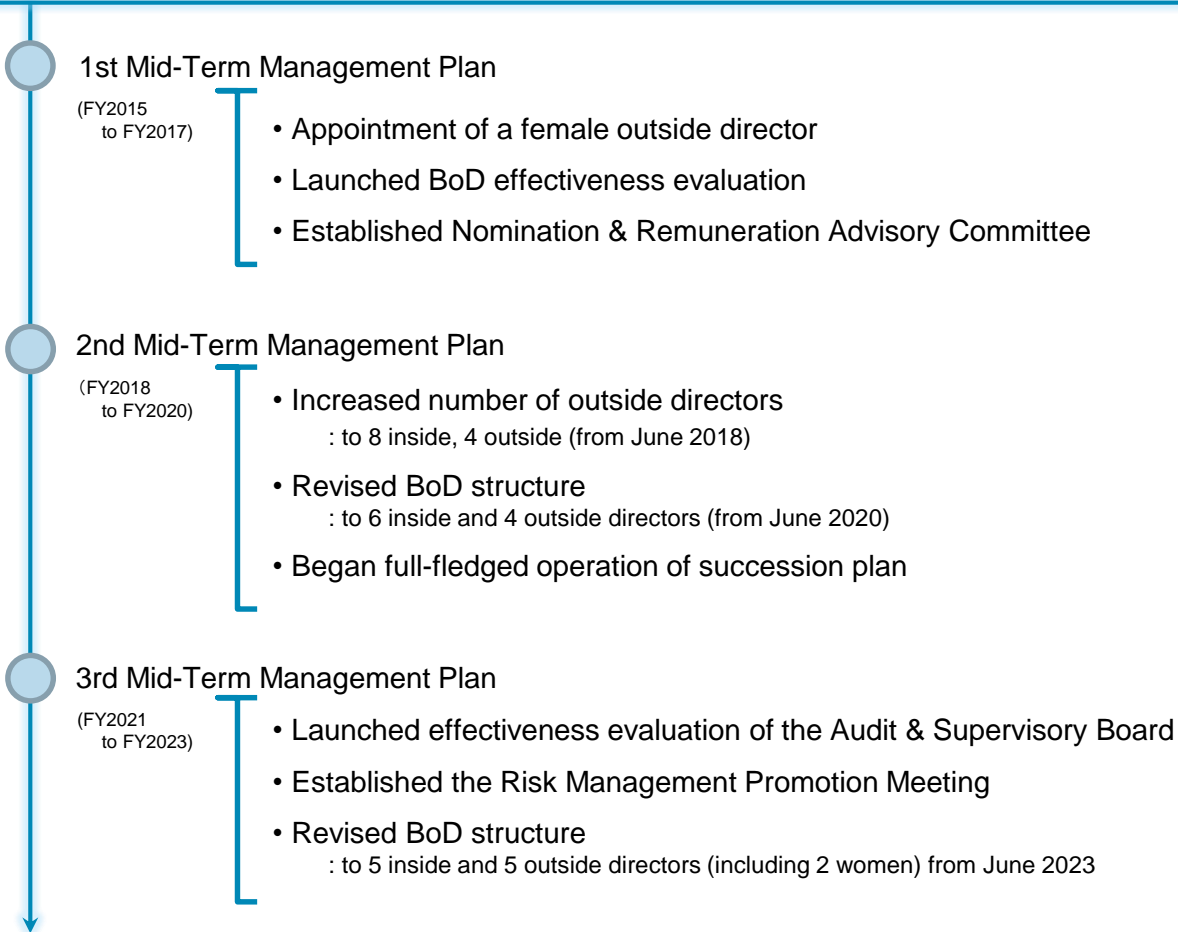
Number of serious quality defects **Zero**

*Please see the website for other indicators and details. https://www.uacj.co.jp/english/ir/policy/long_term_vision.htm

Approach to Governance

Ongoing efforts to strengthen governance as a foundation to support business operations

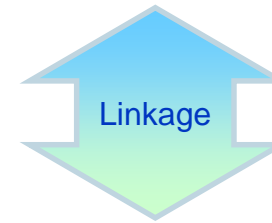
Major efforts to strengthen governance to date



Initiatives in the fourth mid-term management plan

Supervision Deepening BoD effectiveness

- Using BoD effectiveness evaluation to identify and address issues
- Enhancing discussions on medium- to long-term management issues
- Reviewing operations to strengthen the BoD's supervisory function



Further enhancement of corporate value through dual supervision and execution

Execution Evolving the Group governance mechanism

- Establishing a unique UACJ three-line model*
- Running the PDCA cycle in the established three-line model
- Promoting autonomous risk management mindful of the UACJ Way

* Three-line model: A framework for governance and risk management that contributes to achieving organizational goals and creating value.



Aluminum lightens the world

アルミでかなえる、軽やかな世界