



## **UACJ Corporation**

Q3 Financial Results Briefing for the Fiscal Year Ending March 2025

February 12, 2025

## Event Summary

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<b>[Company Name]</b>	UACJ Corporation	
<b>[Company ID]</b>	5741-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Q3 Financial Results Briefing for the Fiscal Year Ending March 2025	
<b>[Fiscal Period]</b>	FY2025 Q3	
<b>[Date]</b>	February 12, 2025	
<b>[Number of Pages]</b>	32	
<b>[Time]</b>	16:15 – 17:00 (Total: 45 minutes, Presentation: 25 minutes, Q&A: 20 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>	85	
<b>[Number of Speakers]</b>	5	
	Shinji Tanaka	Representative Director, President
	Teruo Kawashima	Director, Executive Vice President
	Joji Kumamoto	Director, Managing Executive Officer, Chief Executive, Corporate Strategy Division
	Kouzo Okada	Chief Executive, Finance and Accounting Division Executive Officer
	Kaoru Ueda	General Manager, IR, Finance Department
<b>[Analyst Names]*</b>	Atsushi Yamaguchi	SMBC Nikko Securities
	Harunobu Goroh	UBS Securities
	Yuji Matsumoto	Nomura Securities
	Yu Shirakawa	Morgan Stanley MUFG Securities
	Shinichiro Ozaki	Daiwa Securities

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\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

## Presentation

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**Ueda:** Thank you for waiting. Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing of UACJ Corporation for Q3 of FY2024.

This presentation will be given using the explanatory materials available on the UACJ website. If you do not have the materials at hand, please visit our website.

Please note that although this presentation may provide information that includes forward-looking statements, such information is only our current forecast. Actual results may differ significantly from these forecasts due to various factors.

Let me now introduce our company's attendees for today's meeting. Shinji Tanaka, Representative Director, President.

**Tanaka:** I am Tanaka. Thank you for your cooperation today.

**Ueda:** Teruo Kawashima, Director, Executive Vice President.

**Kawashima:** I am Kawashima. Thank you for your cooperation today.

**Ueda:** Joji Kumamoto, Director, Managing Executive Officer.

**Kumamoto:** I am Kumamoto. Thank you.

**Ueda:** Kouzo Okada, Chief Executive, Finance and Accounting Division Executive Officer.

**Okada:** I am Okada. Thank you for your cooperation today.

**Ueda:** I am Kaoru Ueda, General Manager, IR, Finance Department, and I will be your moderator today. Thank you for your cooperation.

Mr. Okada, Chief Executive, Finance and Accounting Division Executive Officer, will now explain the results for Q3 of FY2024, which were announced today. Please join us as you review the presentation materials. Mr. Okada, please begin.

**Okada:** I will explain the details of the financial results for Q3 of FY2024. I will proceed with an explanation based on the page number at the bottom right.

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## Key Points of Today's Announcements

- Q3 FY2024 Business Profit\*: **¥41.8 billion** (YoY: +¥8.5 billion)
- Revised up full-year business profit forecast from ¥45.5 billion to **¥47.0 billion**

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### ■ Q3 FY2024 Business Profit: ¥41.8 billion (YoY: +¥8.5 billion)

- ✓ Japan: Can stock and thick plates, etc. made steady progress and secured earnings
- ✓ Overseas: Higher revenue and profits achieved by capturing solid demand for can stock continuing globally, but centered on North America

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### ■ Full-year Forecast of Business Profit: ¥47.0 billion

(YoY: +¥3.6 billion, +¥1.5 billion from previous forecast)

- ✓ Taking into account performance up to end Q3 and the recent environment, we have revised up full-year forecasts
- ✓ Timing of some North America can stock sales will change from Q4 to FY2025
- ✓ Costs for all kinds of purchased items and labor will continue to rise through the fiscal year-end

\* Business profit: The end result of sustainable business activities. Obtained by deducting from operating profit the impact of metal price lag, and other material profit or loss items that are temporary or extraordinary in nature

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Page one, the key points of today's announcements. Business profit for Q3 was JPY41.8 billion, an increase of JPY8.5 billion YoY. We have revised upward our full-year business profit forecast for FY2024 from JPY45.5 billion to JPY47 billion.

## Contents

### 1. Results for Q3 FY2024

### 2. Forecasts for FY2024

### 3. Shareholder Returns

### 4. Initiatives Aimed at Enhancing Corporate Value

### 5. Reference Data

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Page two, the contents of today's explanation.

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## 1. Results

### Results for Q3 FY2024

(Billions of yen)	Q3 FY2023 (A)	Q3 FY2024 (B)	Change (B)–(A)
Revenue	6,60.3	<b>7,38.4</b>	78.1
<b>Business profit</b>	<b>33.3</b>	<b>41.8</b>	<b>8.5</b>
Metal price lag, etc.	(11.1)	<b>7.5</b>	18.5
Operating profit	22.2	<b>49.3</b>	27.1
<b>Profit (loss) attributable to owners of parent</b>	<b>6.8</b>	<b>25.0</b>	<b>18.2</b>
Net profit (loss) per share (yen/share)	141	<b>517</b>	376
Adjusted EBITDA <sup>*1</sup>	60.5	<b>70.1</b>	9.6

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On page four, we have the results for Q3.

Revenue was JPY738.4 billion, an increase of JPY78.1 billion. Business profit was JPY41.8 billion, an increase of JPY8.5 billion YoY, and profit attributable to owners of parent was JPY25 billion, an increase of JPY18.2 billion YoY.

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## 1. Results

### Sales Volume, Flat-rolled Products

(Thousands of tons)

	Q3 FY2023 (A)	Q3 FY2024 (B)	Change (B) – (A)
Can stock*1	576	<b>630</b>	54
Foil	34	<b>32</b>	(2)
IT	6	<b>8</b>	2
Automotive materials	107	<b>102</b>	(5)
Thick plates	24	<b>32</b>	8
Other general-purpose materials	130	<b>141</b>	11
Total	877	<b>945</b>	68
For Japanese market	355	<b>372</b>	17
For overseas market	522	<b>573</b>	51

© UACJ Corporation. All rights reserved. \*1 Sales volume after eliminating internal transactions

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Next, on page five, is the sales volume of flat-rolled products by type. The cumulative total for Q3 is shown in the middle.

The total sales volume was 945,000 tons, an increase of 68,000 tons YoY. If you look at the increase and decrease on the right side, sales of can stock increased significantly by 54,000 tons.

The foil and automotive materials were in negative growth compared to the previous year due to a decrease in automobile production, but IT, thick plates, and other general-purpose materials showed positive growth compared to the previous year.

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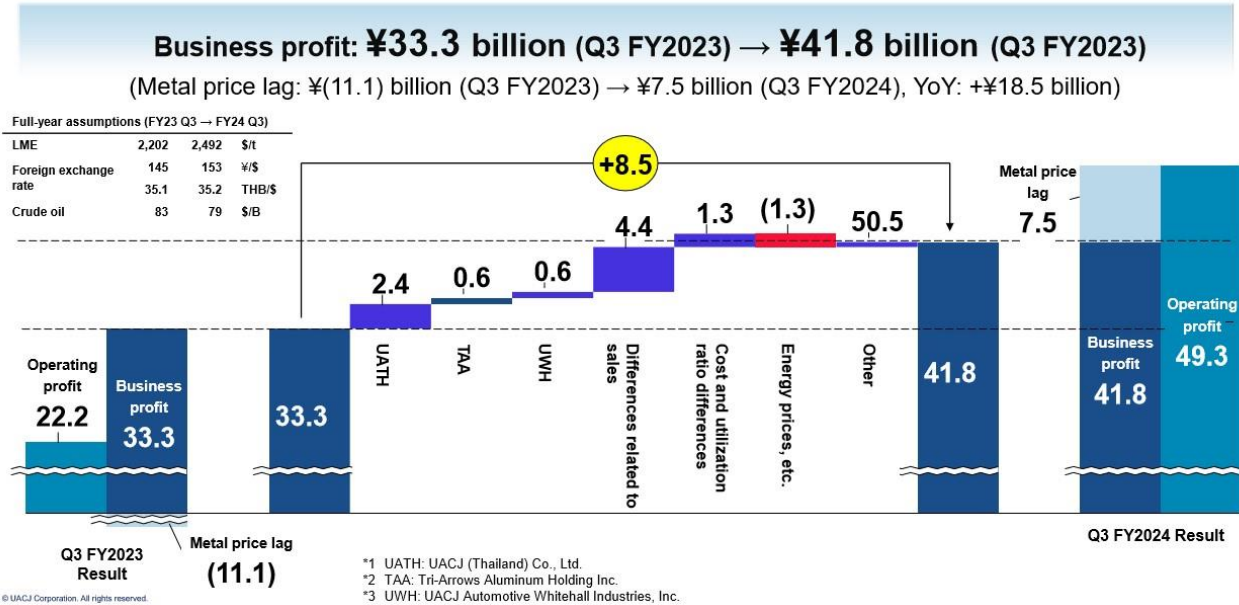
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1. Results

Analysis of Business Profit (Q3 FY2023 → Q3 FY2024)



Page six, analysis of business profit.

The waterfall chart shows the cumulative total of JPY33.3 billion in the previous year's Q3 to JPY41.8 billion in this year's Q3. The JPY8.5 billion increase was due to UATH, which added JPY2.4 billion, and the differences related to sales, which added JPY4.4 billion.

For UATH, the increase in profit is due to higher sales volume and improved capacity utilization.

The increase in sales volume was also a major factor in the differences related to sales.

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## 1. Results

# Consolidated Statement of Financial Position

## Increase in working capital due to including inventories

Consolidated Balance Sheet

(Billions of yen)	Mar. 31, 2024 (A)	Dec. 31, 2024 (B)	Change (B-A)
Cash and cash equivalents	40.2	36.6	(3.6)
Trade and other receivables	179.7	213.7	34.0
Inventories	187.9	246.1	58.2
Other current assets	23.4	25.8	2.4
Property, plant and equipment	385.2	399.0	13.9
Other non-current assets	98.1	97.5	(0.5)
<b>Total assets</b>	<b>914.4</b>	<b>1,018.7</b>	<b>104.3</b>
Trade and other payables	141.7	146.8	5.2
Borrowings	310.9	357.0	46.1
Other	159.9	171.6	11.7
Total equity attributable to owners of parent	277.0	314.1	37.1
Non-controlling interests	25.0	29.2	4.2
<b>Total liabilities and equity</b>	<b>914.4</b>	<b>1,018.7</b>	<b>104.3</b>

Application of Funds Statement

	Application of funds	Sources of funds
Long-term funds	Capital expenditures 24.8	Profit (loss) before tax 40.0
	Payment of income taxes 6.2	Depreciation and amortization 28.3
	Payment of dividend 6.2	
	<b>Surplus of long-term funds 31.1</b>	
Short-term funds	Increase in inventories 50.9	
	Change in working capital 24.9	
		<b>Shortage of short-term funds 75.9</b>

Long-term funds	¥31.1 billion
Short-term funds	¥(75.9) billion
<b>Total</b>	<b>¥(44.8) billion</b>

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The consolidated statement of financial position is shown on page seven. The working capital increase is due to an increase in inventories, as shown in red in the middle.

Total assets were JPY1,018.7 billion, mainly due to a JPY34 billion increase in trade and other receivables and a JPY58.2 billion increase in inventories.

On the right is application of funds statement. As sources of funds, profit before tax was JPY40 billion and depreciation and amortization were JPY283 billion. As application of long-term funds, capital expenditures were JPY24.8 billion, income taxes were JPY6.2 billion, and dividend payments were JPY6.2 billion, resulting in a surplus of long-term funds of JPY31.1 billion. Short-term funds, which are working capital, were short JPY75.9 billion. The total of long-term and short-term funds results in a shortfall of JPY44.8 billion.

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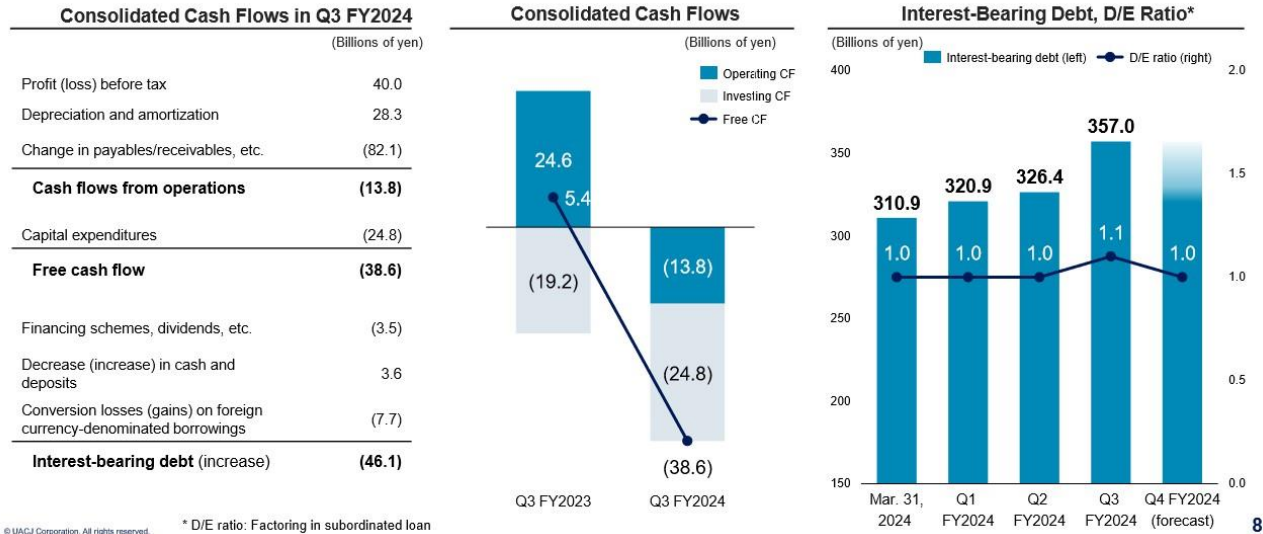
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## 1. Results

# Consolidated Statement of Cash Flow

## Maintaining D/E ratio at target of 1.0x at the end of FY2024



Page eight shows the actual cash flows.

Profit before tax and depreciation and amortization totaled JPY68.3 billion, and the increase in working capital from changes in payables/receivables was JPY82.1 billion, resulting in a shortfall of JPY13.8 billion in operating cash flow. Capital investment was JPY24.8 billion, resulting in a free cash flow shortfall of JPY38.6 billion.

The final result of the change in interest-bearing debt was an increase of JPY46.1 billion, including financing schemes, dividends, etc. and a decrease in cash and deposits, as well as conversion gains on foreign currency-denominated borrowings of JPY7.7 billion.

As for the D/E ratio, as shown in the graph on the right, it was 1.1x at the end of Q3, and we intend to move toward 1.0x at the end of March.

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## Capital Investment and Depreciation and Amortization

Capital investment will be held firmly within the range of depreciation

(Billions of yen)		Q3 FY2024 Results	FY2024 Forecast	FY2024-2027 Plan	FY2021-2023 Results
Capital investment	General investment	11.9	16.0	82.0	55.6
	Strategic investment	12.4	20.5	78.0	24.7
	Total	24.3	36.5	160.0	80.3
<b>Depreciation and amortization</b>		28.3	36.5	160.0	101.8

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Page nine, capital expenditures.

Results through Q3 totaled JPY24.3 billion, which is almost on schedule for the JPY36.5 billion planned for FY2024. We expect that the actual results will be closer to JPY36.5 billion due to capital investment at the end and start of the year.

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## Points of Change in the External Environment

China: Revisions to value-added tax refund system	United States: Direction of tariff policy
<p>(11/15) Revisions to value-added tax refund system announced → Refunds of <u>13%</u> for aluminum/copper to be abolished</p> <p>(12/1) Beginning of the abolishment of value-added tax refund system</p>	<p>(1/31) Has declared plans to introduce tariffs on steel, aluminum, and copper products</p> <p>(2/1 – 2/4) Vs. Canada, Mexico → <u>25%</u> tariffs announced Vs. China → <u>10%</u> additional tariffs announced (on top of existing 25%) → Tariffs imposed on China, dialogue with Canada and Mexico continuing</p> <p>(2/10) Announced tariffs of 25% on steel and aluminum products ⇒ We are paying close attention to the situation</p>

Impact on UACJ Group	
<p><b>Higher costs for use of Chinese materials due to abolition of tax refunds</b></p> <ul style="list-style-type: none"> <li>→ Improves price competitiveness for domestic business, TAA, UATH</li> <li>→ Increases opportunities for new transactions</li> </ul>	<p><b>Enhances presence of sites within the US (TAA, UWH)</b></p> <ul style="list-style-type: none"> <li>→ Increase in sales volumes: Maximize utilization of investment for increased production of TAA</li> <li>→ Increases opportunities for new transactions and growth investment</li> </ul> <p><b>Concerns about the cost impact of inflation</b></p>

Page 10 shows the point of change in the external environment.

China is shown on the left and the US on the right. First of all, in China on the left, the value-added tax refund system for exports was abolished on December 1. As a result, as shown below, as for the impact on the UACJ Group, we see that the abolition of the tax refund for Chinese materials will increase the costs for the use of Chinese materials at our customers, which will improve the price competitiveness of our domestic operations and those of TAA and UATH. In addition, we are also looking at the possibility of expanding opportunities for new transactions.

Next, the US on the right. On February 10, it was announced that a 25% tariff would be imposed on steel and aluminum products. We will continue to monitor the situation closely, but as for the impact on the UACJ Group, we believe that it will enhance the presence of TAA and UWH, our sites within the US. However, we are concerned about the cost impact of inflation and others, so we will monitor the situation closely.

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1. Results

Situation in Thailand (UATH)

Grew volumes by steadily capturing global can stock demand, resulting in higher sales and profits

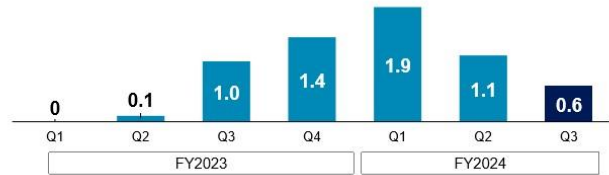
Overview

- Demand** : Global can stock demand is steady
- Sales** : **[North America]**  
Shipments of products continued in response to recovery in can stock demand  
**[ASEAN and other regions]**
  - Worked to win new customers, expanded sales area
  - Number of inquiries has increased following the end of the Chinese value-added tax refund in December
- Profit** : • Expanding sales volumes are leading to sales growth

(Billions of yen)	Q3 FY2023 (Apr.-Dec.)	Q3 FY2024 (Apr.-Dec.)	YoY
Sales volume (Thousands of tons)*	192	226	34
Revenue	105.8	146.8	41.0
Operating profit	0.2	5.4	5.2
<b>Business profit</b>	<b>1.2</b>	<b>3.6</b>	<b>2.4</b>

\*Includes shipments to TAA © UACJ Corporation. All rights reserved. \*Refer to p.33 for performance since FY2023.

Changes in business profit (billion yen)



Sales Ratio in Sales Areas (25 Countries)



Page 11, situation in UATH.

The company is steadily capturing global can stock demand and expanding sales volume, resulting in an increase in sales and profit. In the lower left-hand corner, the middle figure shows a sales volume of 226,000 tons, an increase of 34,000 tons YoY.

Business profit was JPY3.6 billion, an increase of JPY2.4 billion YoY. The bar graph in the upper right corner shows a slight dip in Q3. Q3 is down to JPY0.6 billion due to the impact of the appreciation of the baht against the US dollar, and partly to the increase in UBC prices.

As for the global sales situation, sales other than Thailand account for about 70% of the total. Of these, 17% are in North/South America.

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1. Results

Situation in United States (TAA)

Demand robust throughout the can stock supply chain

Overview

- Demand** : • No change in trend of rising demand for can stock in North America
- Production** : • Production continuing at high levels  
• Investment for capacity expansion is making satisfactory progress
- Sales** : • Solid sales are continuing (22,000t increase)  
• Timing of some North America can stock sales will change from Q4 to FY2025

(Billions of yen)	Q3 FY2023 (Apr.-Dec.)	Q3 FY2024 (Apr.-Dec.)	YoY
Sales volume (Thousands of tons)*	311	333	22
Revenue	181.4	211.8	30.4
Operating profit	13.7	25.5	11.8
<b>Business profit</b>	<b>20.6</b>	<b>21.2</b>	<b>0.6</b>

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Changes in business profit (billion yen)



Changes in US Can Stock Demand



Page 12, situation in TAA.

Demand throughout the can stock supply chain has remained strong. As you can see on the lower left, sales volume was 333,000 tons, up 22,000 tons YoY, and business profit was JPY21.2 billion, up JPY0.6 billion YoY.

Similarly, the bar graph in the upper right corner shows the change in business profit, which seems to have dropped a little in Q3. This is due to the sales volume, the impact of the product mix, and partly to the impact of higher UBC prices.

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1. Results

Situation in United States (UWH)

Volume of sales to EVs decreasing; continuing to thoroughly implement cost-reduction initiatives

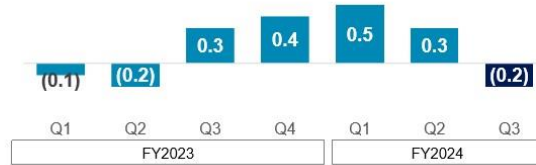
Overview

- Business environment** :
  - Rising demand for lighter vehicle weight in response to environmental regulations, etc.
  - Despite recent weakness in EV market, HV/ICE market continues to grow, and we see no change in the medium- to long-term growth of the automotive market as a whole
- Sales** :
  - Continued to provide stable supply to Japanese OEMs
  - Activities for capturing rising demand generated by shift to lighter vehicle weight, etc. and winning new projects
- Profit** :
  - Volume of sales to EVs decreasing
  - Thoroughly implemented cost-reduction initiatives that have been continuing since 2H FY2023

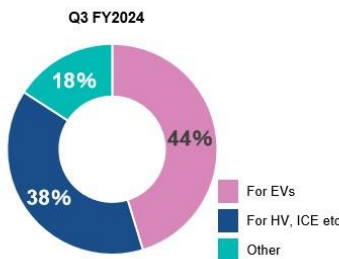
(Billions of yen)	Q3 FY2023 (Apr.-Dec.)	Q3 FY2024 (Apr.-Dec.)	YoY
Revenue	31.0	27.8	(3.2)
Operating profit	0.7	0.4	(0.3)
Business profit	(0)	0.6	0.6

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Changes in business profit (billion yen)



Comparison of sales ratio



Business perception in Q4 and beyond

- Production at customers expected to recover
- Inquiries from customers increasing against backdrop of US tariff policy, and we are steadily capturing demand
- Paying close attention to direction of US environmental policy (EV subsidies, etc.)

Page 13, situation in UWH.

Currently, sales volume for EVs is declining, and we will continue to implement thorough cost reduction measures. As shown in the lower left-hand corner, revenue was JPY27.8 billion, down JPY3.2 billion YoY, and business profit was JPY0.6 billion, up JPY0.6 billion YoY.

The bar graph on the upper right shows business profit by quarter. Q3 is down at negative JPY0.2 billion. The decrease in sales of EVs in Q3 has had a significant impact. However, our business perception in Q4 and beyond is that production at customers is expected to recover.

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## Key Points of Today's Announcements

### FY2024 results and full-year outlook

- ✓ Q3 sales results: Came in ahead of initial forecasts
  - Overseas: Strong sales for global business as a whole
  - Japan: Positive change in product mix  
(Can stock: Increase in sales driven by seasonal; Plates: Temporary rising demand caused by normalization of distribution inventory)
- ✓ Q4: Some sales being carried over into next fiscal year, expect impact from increases in various costs

We expect to achieve  
**Business profit of**  
**¥47.0 billion**



### Main factors

- Some sales shifting to next fiscal year**  
The ending of the value-tax refund system in China has led to last-minute rush in orders for Chinese materials in North America, so we expect some of our sales to be carried over into next fiscal year
- Occurrence of temporary costs**  
Year-end financial settlement (IFRS) Repair work at end and start of year, disposal of some equipment
- Increases in various costs**  
Increases in the cost of all kinds of purchased items, including labor costs, processing expenses, logistics costs, maintenance costs, and subsidiary materials  
→Price revision negotiations (announced January 30, 2025)

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Page 15, the business profit forecast for the full-year results.

As a key point, the full-year business profit forecast is JPY47 billion. For Q4, we expect to be affected by the carry-over of some sales to the next fiscal year and the occurrence of temporary costs.

There is a bar graph of business profit in the lower left corner. For Q4, the forecast is JPY5.2 billion, a drop of over JPY6 billion in business profit compared to Q3. The major factors are numbers one and two on the right.

First of all, number one, due to the ending of the value-added tax refund system in China, customers in North America rushed to purchase Chinese materials, and some of our sales will be carried over to the next fiscal year.

Number two, occurrence of temporary costs. There is a partial rearrangement of financial settlement at the end of the fiscal year due to the impact of IFRS. Also, due to the impact of repair works at the end and start of the year and disposal of some equipment, we see a slight decline in Q4.

Number three, the overall cost of labor has increased, as well as the cost of various purchased items, such as processing expenses, logistics costs, maintenance costs, and subsidiary materials. As we released on January 30, our plan is to negotiate the price increase with our customers in the future.

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## 2. Forecasts

### Full-Year Forecast for FY2024

Taking into account performance up to end Q3 and the recent environment, we have revised up full-year forecasts

(Billions of yen)	FY2023 Results (A)	FY2024 Current (B)	Change (B) - (A)	FY2024 As of Aug. (c)	Change (C) - (B)
Revenue	892.8	<b>990.0</b>	97.2	930.0	60.0
Business profit	43.4	<b>47.0</b>	3.6	45.5	1.5
Metal price lag, etc.	(12.0)	<b>9.0</b>	21.0	1.0	8.0
Operating profit	31.4	<b>56.0</b>	24.6	46.5	9.5
Profit (loss) attributable to owners of parent	13.9	<b>26.0</b>	12.1	20.5	5.5
Net profit (loss) per share (yen/share)	287	<b>539</b>	252	425	114
Adjusted EBITDA	79.8	<b>83.5</b>	3.7	82.0	1.5
Annual dividends	90 yen/share	<b>140 yen/share</b>	50 yen/share	140 yen/share	0 yen/share

Full-year assumptions				
	FY23 Result	FY24 Q3 Result	FY24 Q4 Forecast	
LME	2,202	2,492	<b>2,600</b>	\$/t
Foreign exchange rate	145	153	<b>155</b>	W/\$
	35.0	35.2	<b>34.0</b>	THB/\$
Dubai crude oil	82	79	<b>75</b>	\$/B

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Page 16, full-year forecast.

Revenue is expected to be JPY990 billion, an increase of JPY97.2 billion YoY, business profit JPY47 billion, an increase of JPY3.6 billion YoY, and profit attributable to owners of parent JPY26 billion, an increase of JPY12.1 billion YoY. We expect both sales and income to increase. The external environment outlook for the LME, exchange rate, and Dubai crude oil for Q4 is shown in the lower right-hand corner.

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## 2. Forecasts

### Sales Volume, Flat-rolled Products

(Thousands of tons)

	FY2023 Results (A)	FY2024 Current (B)	Change (B) – (A)	FY2024 As of Aug. (C)	Change (B) – (C)
Can stock	791	<b>852</b>	61	854	(2)
Foil	45	<b>42</b>	(3)	45	(3)
IT	8	<b>10</b>	2	10	0
Automotive materials	142	<b>134</b>	(8)	139	(5)
Thick plates	34	<b>42</b>	8	38	4
Other general-purpose materials	175	<b>185</b>	10	175	10
Total	1,195	<b>1,265</b>	70	1,262	3
For Japanese market	475	<b>492</b>	17	485	7
For overseas market	720	<b>771</b>	51	777	(6)

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Page 17, sales volume forecast by type of flat-rolled products.

In total, we plan to sell 1,265,000 tons, an increase of 70,000 tons YoY. As for the change, as in Q3, can stock is expected to increase by 61,000 tons, foil and automotive materials are slightly lower than the previous year due to a decrease in automobile production, while IT, thick plates, and other general-purpose materials are expected to grow compared to the previous year.

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## 2. Forecasts

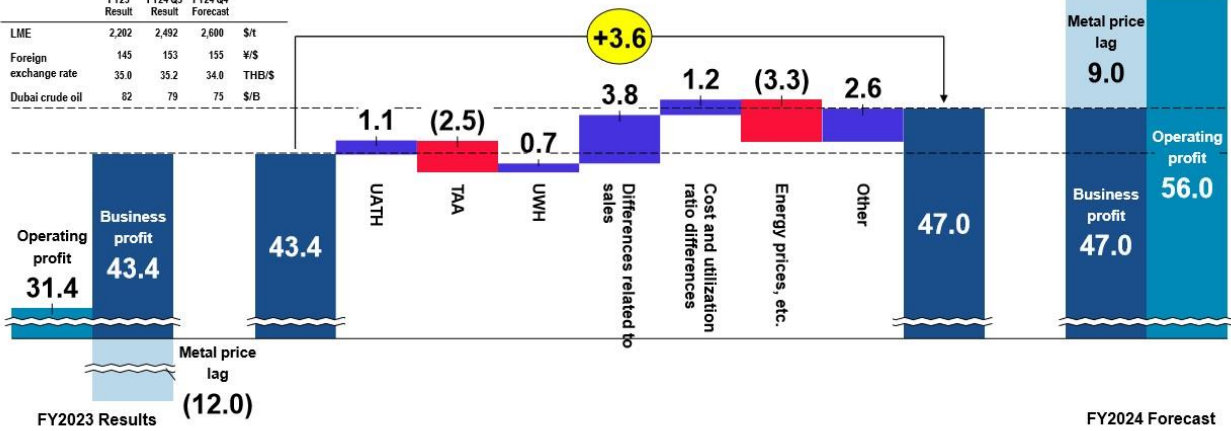
### Analysis of Business Profit (FY2023 → FY2024 Current Forecast)

**Business profit: ¥43.4 billion (FY2023) → ¥47.0 billion (FY2024 Current forecast)**

(Metal price lag: ¥(12.0) billion (FY2023) → ¥9.0 billion (FY2024 Current forecast), YoY: +¥21.0 billion)

Full-year assumptions

	FY23 Result	FY24 Q3 Result	FY24 Q4 Forecast	
LME	2,202	2,492	2,600	\$/t
Foreign exchange rate	145	153	155	¥/\$
	35.0	35.2	34.0	THB/\$
Dubai crude oil	82	79	75	\$/B



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Page 18, business profit analysis for the full-year forecast.

The waterfall chart shows an increase from JPY43.4 billion in the previous year to JPY47 billion this time. UATH is positive JPY1.1 billion, TAA is negative JPY2.5 billion, UWH is positive JPY0.7 billion, differences related to sales are positive JPY3.8 billion, and energy prices, etc. is negative JPY3.3 billion.

As a key point, the figure is negative JPY2.5 billion for TAA. This is largely due to the fact that in Q4 of last year, there was demand in North America to build up can stock, whereas Q4 of this fiscal year will be affected by customers' rush to buy more before the abolition of value-added tax refund system in China. Other factors include the impact of UBC price increases.

Also, with regard to energy prices, we are seeing the effects of the timing shift.

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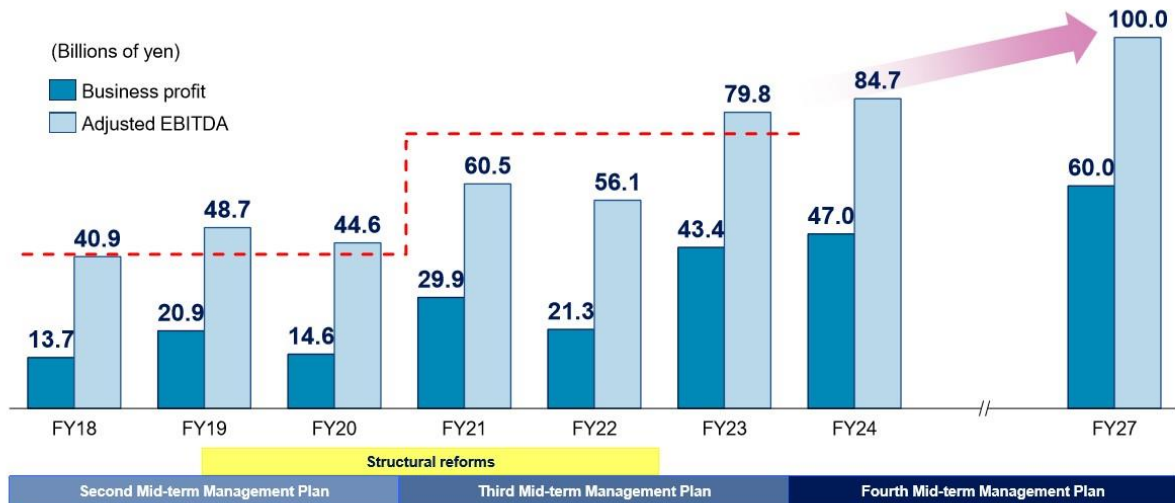
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2. Forecast

## Changes in Business Profit

Our earnings power is evolving steadily, and we are moving as planned towards achieving 4th Mid-term Management Plan targets



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Page 19, changes in business profit and adjusted EBITDA.

For FY2024, we expect business profit of JPY47 billion and EBITDA of 84.7 billion, which is in line with the plan to achieve business profit of JPY60 billion and EBITDA of JPY100 billion as stated in the Mid-Term Management Plan 2027.

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### 3. Shareholder Returns

## Shareholder Dividend

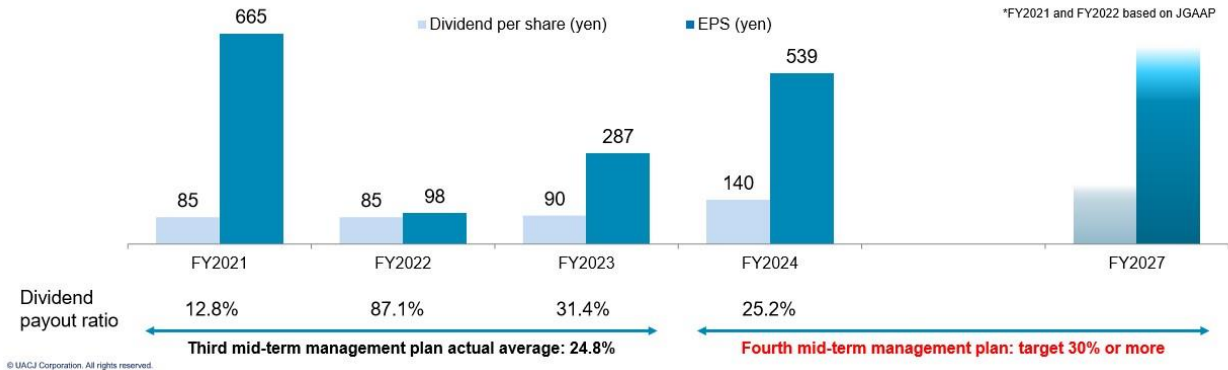
### To enhancing shareholder value

Aiming to enhance shareholder value by securing certain profits and cash flows and conducting continuous dialogue with capital markets

<Basic policy on shareholder returns>

#### A stable and continuous dividend

→ Dividend payout ratio target for period of 4th Mid-term Management Plan (FY24-27) is 30% or more of net profit<sup>2</sup>



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Page 21, shareholder returns. To enhance shareholder value, we aim to enhance shareholder value by securing certain profits and cash flows and conducting continuous dialogue with capital markets. Regarding a stable and continuous dividend, our policy remains unchanged, with a target payout ratio of at least 30% of final profits during the period of the fourth Mid-Term Management Plan.

### 4. Initiatives Aimed at Enhancing Corporate Value

## Toward Management Conscious of Cost of Capital and Stock Price

Coordinating internally to maximize shareholder value  
(as announced in Fourth Mid-term Management Plan)

#### ROE improvement (Target: 9% or more)

- Business profit target: ¥60 billion
- ROIC target: 9% or more
- Review of value creation process
- Formulation of business strategies
- Establishment of growth scenario

#### Equity spread

Quickly reaching  
1% or more

Maximizing  
stock price  
(PBR 1.0 or more)

#### Reduction of capital cost (Target: 7% range) Higher expected growth rate

- Creating an optimal capital structure
- Dividend payout ratio of 30% or more
- Formulation of sustainable business strategy
- Non-financial value creation
- Strengthen disclosure and engagement

#### PBR trends



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Page 23, toward management conscious of cost of capital and stock price.

As shown in the line graph on the lower right, the P/B ratio as of the end of December 2024 has not yet reached 1.0x. We will continue to work toward achieving an equity spread of 1% or more as soon as possible.

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#### 4. Initiatives Aimed at Enhancing Corporate Value

### Rollout of Next-generation EcoEnd™ Aluminum Beverage Lid

**Wins international awards based on positive response to its contribution to reducing environmental impacts**

EcoEnd™ won three awards at The Canmaker Cans of the Year Awards<sup>\*1</sup> 2024, organized by The Canmaker Magazine: Gold in the “Ends, Caps & Closures” category, the Sustainability<sup>\*2</sup> Award, and the Delegates’ Choice<sup>\*3</sup> Award



Winning Gold in the “Ends, Caps & Closures” category

(From left: Ryotaro Isomura of the Technical Center at Toyo Seikan Co., Ltd.; Tomoyuki Kudo, Manager of the Can Stock Development Department at UACJ, Presenter from the organizing committee; Shuji Nakano of the Technical Center at Toyo Seikan Co., Ltd.)

<sup>\*1</sup> Organized by The Canmaker Magazine every year since 1996, The Canmaker Cans of the Year Awards are international prizes that celebrate innovative and ground-breaking developments within the global metal packaging industry  
<sup>\*2</sup> An award given to products, selected from among those nominated in all categories, that help to achieve a sustainable society. On this occasion, EcoEnd™ was the only one to win an award.  
<sup>\*3</sup> An award given to the product, selected from among those nominated in all categories, that won the most votes from visitors

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**Gradual adoption by the four domestic beer companies, starting in February 2025**

On December 10, 2024, Asahi Breweries, Ltd., Kirin Brewery Company, Limited, Sapporo Breweries Ltd., and Suntory Spirits Limited made a joint announcement to the effect that the four companies would adopt EcoEnd™ with the aim of accelerating initiatives aimed at achieving a sustainable society.

Each of the companies will adopt it gradually for use in certain of their beer products, starting in February 2025.

This is the first time in Japan that the four companies have jointly adopted materials to reduce environmental impacts.



EcoEnd™ is a next-generation product that significantly reduces GHG emissions while achieving performance equivalent to a traditional can end. It has been developed jointly with Toyo Seikan Co., Ltd. Traditional can ends use large quantities of ingots, during the process of manufacturing which large volumes of GHGs are emitted. In contrast, by significantly increasing the ratio of recycled materials such as Used Beverage Cans (UBCs), EcoEnd™ achieves a reduction in GHG emissions of approximately 40% compared to traditional can ends, enabling considerable reductions in the environmental impact.

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Page 24 is an introduction.

The next-generation aluminum beverage lid, EcoEnd, is shown on the right. Four domestic beer companies are expected to adopt EcoEnd in February 2025 or later.

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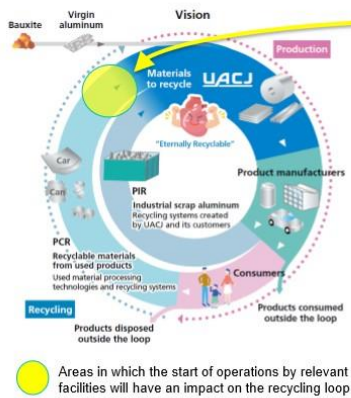


4. Initiatives Aimed at Enhancing Corporate Value

## Balancing Environmental and Economic Security

- ✓ Significant reductions in Scope 3 (raw materials) GHG<sup>\*1</sup> emissions
- ✓ Contribute to a nature-positive by less new extraction of bauxite
- ✓ Ensure a stable supply of aluminum that contributes to economic security through resource circulation in Japan

### Relevant areas



### Results with evaluation by Japan Credit Rating Agency, Ltd.

#### Certified as Green 1 (F)

It was given high marks as an initiative that contributes to the formation of a circular economy for aluminum, and that is expected to have a positive effect on the environment

- Impact on reductions in GHG emissions
- Maximum effective use of resources

#### Relevant businesses

Main relevant facilities and business operators	<ul style="list-style-type: none"> <li>• Facilities used to process UBCs<sup>*2</sup> into DCCs<sup>*3</sup> (joint venture with Yamaichi Metal Corporation)</li> <li>• Facilities to melt the DCCs to convert them into materials for rolling (UACJ)</li> </ul>
Location where installed	Within UACJ Fukui Works
Planned start of operation	Operations to start in 2025

\*1 GHG: An abbreviation for Greenhouse Gas.

\*2 UBC: Used Beverage Can

\*3 DCC: Delacquered Can Chip

On page 25, in terms of balancing environmental and economic security, we will significantly reduce GHG emissions in Scope 3 and also contribute to a nature-positive by less new extraction of bauxite. In addition, we will ensure a stable supply of aluminum that contributes to economic security through resource circulation in Japan.

The facilities for processing UBCs into DCCs and for melting DCCs to convert them into materials for rolling at the Fukui Works will be financed by green finance.

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4. Initiatives Aimed at Enhancing Corporate Value

Obtained A Score of “A-” for “Climate Change” and “Water Security” in CDP 2024



In the CDP 2024 survey conducted by CDP\*1, UACJ obtained a score of “A-” at the Leadership level for “Climate change” and “Water security”

As a result of facing up to such issues as addressing climate change by setting quantitative targets to increase the UACJ recycling rate\*2, reduce Scope 3 GHG\*3 emissions, and decrease the amount of water extracted, as well as rolling out related activities and improving information disclosure, the UACJ Group obtained its first ever assessment of “A-” in the Climate change and Water security categories.

Our perception is that the evolution of the Company’s initiatives since obtaining an “B” in CDP 2023 has been positively received.

\*1 CDP: An international non-governmental organization which carries out assessments and disclosure pertaining to environmental initiatives at more than 18,000 companies worldwide.  
 \*2 UACJ recycling rate: Recycled aluminum as a percentage of the total charged into melting furnaces established by the UACJ Group itself. The target for FY2030 is unchanged at 80%.

Breakdown of assessment

Leadership level	A
	A-
Management level	B
	B-
Awareness level	C
	C-
Disclosure level	D
	D-

Next, page 26. In the CDP 2024 survey conducted by CDP, we obtained a score of “A-” at the leadership level for both climate change and water security categories.

4. Initiatives Aimed at Enhancing Corporate Value

Activities to Support Paralympic Art

Winners of the 4th Paralympic Art Contest announced

Depicting “Aluminum lightens the world”

This attracted a wide range of works freely expressing in images the boundless possibilities of aluminum that makes the world lighter and brighter. There were 79 entries for this contest. From these were selected by the employees of UACJ Group, using web-based voting, one winner of the Grand Prix and two winners of the UACJ Prize.



This contest was held jointly by UACJ and Shougaisha Jiritsu Suishin Kikou Association (Paralympic Art), to which it provides support as a Gold Partner

Based on the UACJ Way of mutual trust and respect, we aim to promote a society of co-existence and co-creation

The UACJ Group endorses the direction of Paralympic Art initiatives, and supports challenges, success experiences, and improvements in social status for artists with disabilities, as well as providing support for economic independence through price money. By supporting such activities as a Gold Partner it seeks to raise social awareness and enhance corporate value.

Grand Prize



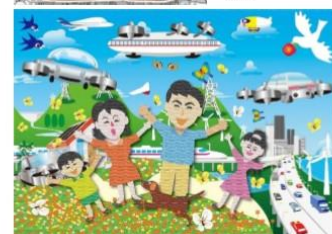
Kenta

“Embarking on a bright and light adventure using the money gained from working with aluminum”

UACJ Prize



Take Cho  
“A future reborn from tabs”



Tontonkikaku

“The near future for aluminum and ourselves”

© UACJ Corporation. All rights reserved. Reference) [Announcement of Results of Paralympic Art contest on the theme “Aluminum lightens the world.” presented by UACJ and Paralympic Art Administrative Secretariat](#)

Page 27. We will also focus on activities to support Paralympic Art.

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## Purchase of Treasury Stock (Announced February 12, 2025)

### Resolution to purchase and cancel treasury stock through TostNeT-3

#### Details of purchase

(1) Class of shares to be purchased	Common stock of the Company
(2) Total number of shares that may be purchased	3 million shares (maximum) *As proportion of total shares outstanding (excluding treasury stock): 6.22%
(3) Total cost of share purchase	¥16.5 billion (maximum)
(4) Announcement of purchase result	Purchase result will be announced after this transaction has been completed at 8:45 a.m. on February 13, 2025

- There has been no change in the number of shares. Depending on market trends, etc., some or all of the purchase may not be carried out.
- Buying will be carried out by entering a buy order for the number of shares scheduled to be purchased.

#### Details of matters pertaining to cancellation

(1) Class of shares to be canceled	Common stock of the Company
(2) Total number of shares to be canceled	All treasury stock purchased as above will be canceled, with the exception of shares expected to be allocated to stock compensation, etc. (1 million shares)
(3) Scheduled date of cancellation	March 14, 2025

- We will make a further announcement on the number of shares canceled after the purchase of treasury stock as above has been completed.

Reference) IR News: [UACJ Corporation, Global Aluminum Major Group](#)

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Lastly, page 28 contains additional information that we have announced today: we will conduct a share buyback.

The Company resolved to purchase and cancel treasury stock through TostNeT-3. The total number of shares that may be purchased is up to 3 million shares, and the total cost of share purchase is up to JPY16.5 billion. The purchase result will be announced after this transaction has been completed at 8:45 AM on February 13 tomorrow.

Also, as matters pertaining to cancellation, all treasury stock purchased as above will be canceled, with the exception of 1 million shares expected to be allocated to stock compensation, etc. The implementation date is planned for March 14.

That is all for the explanation.

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## Question & Answer

**Ueda [M]:** That is all from our company. We will now take your questions.

Let me now introduce the first participant. Mr. Yamaguchi of SMBC Nikko Securities, please ask your questions.

### 5. Reference Data

#### Trends in Performance at Main Overseas Subsidiaries

(Billions of yen)

UATH	FY2023							FY2024					
	Q1	Q2	1H	Q3	Q4	2H	Full-year	Q1	Q2	1H	Q3	Q3 cumulative	Full-year forecast
Sales volume (1,000 tons)	62	65	126	65	65	130	257	72	77	149	78	226	307
Revenue	34.0	35.2	69.2	36.6	36.7	73.4	142.6	45.3	49.4	94.7	52.1	146.8	200.8
Operating profit	(1.4)	0	(1.3)	1.5	0.4	1.8	0.5	5.2	0.7	5.9	(0.5)	5.4	6.6
(Metal price lag)	(1.4)	(0.1)	(1.5)	0.4	(1.1)	(0.6)	(2.1)	3.3	(0.4)	2.9	(1.1)	1.8	2.9
Business profit	0	0.1	0.1	1.0	1.4	2.5	2.6	1.9	1.1	3.0	0.6	3.6	3.7

TAA	FY2023							FY2024					
	Q1	Q2	1H	Q3	Q4	2H	Full-year	Q1	Q2	1H	Q3	Q3 cumulative	Full-year forecast
Sales volume (1,000 tons)	98	110	208	103	122	225	433	109	118	227	106	333	444
Revenue	57.0	64.8	121.9	59.5	72.2	131.7	253.6	71.3	72.1	143.4	68.5	211.8	289.5
Operating profit	6.6	3.4	10.1	3.6	6.3	9.9	20.0	10.7	7.5	18.1	7.3	25.5	29.8
(Metal price lag)	(0.7)	(3.8)	(4.5)	(2.4)	(0.6)	(3.0)	(7.5)	2.4	(0.2)	2.2	2.1	4.3	4.8
Business profit	7.3	7.3	14.6	6.0	6.9	12.9	27.5	8.3	7.7	16.0	5.2	21.2	24.9

UWH	FY2023							FY2024					
	Q1	Q2	1H	Q3	Q4	2H	Full-year	Q1	Q2	1H	Q3	Q3 cumulative	Full-year forecast
Revenue	10.5	10.4	21.0	10.0	10.7	20.7	41.7	10.1	9.3	19.5	8.4	27.8	37.8
Operating profit	0.1	0.2	0.3	0.4	0.4	0.8	1.1	0.4	0.2	0.6	(0.2)	0.4	0.8
(Metal price lag)	0.2	0.4	0.6	0.1	0	0.1	0.7	(0.1)	0	(0.2)	(0)	(0.2)	(0.2)
Business profit	(0.1)	(0.2)	(0.3)	0.3	0.4	0.7	0.4	0.5	0.3	0.8	(0.2)	0.6	1.0

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**Yamaguchi [Q]:** Thank you for all your help. I am Yamaguchi from SMBC Nikko Securities.

The question I always ask is the numbers shown on page 33, the sales volume, or the profit of the subsidiaries. So, I have one less job.

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5. Reference Data

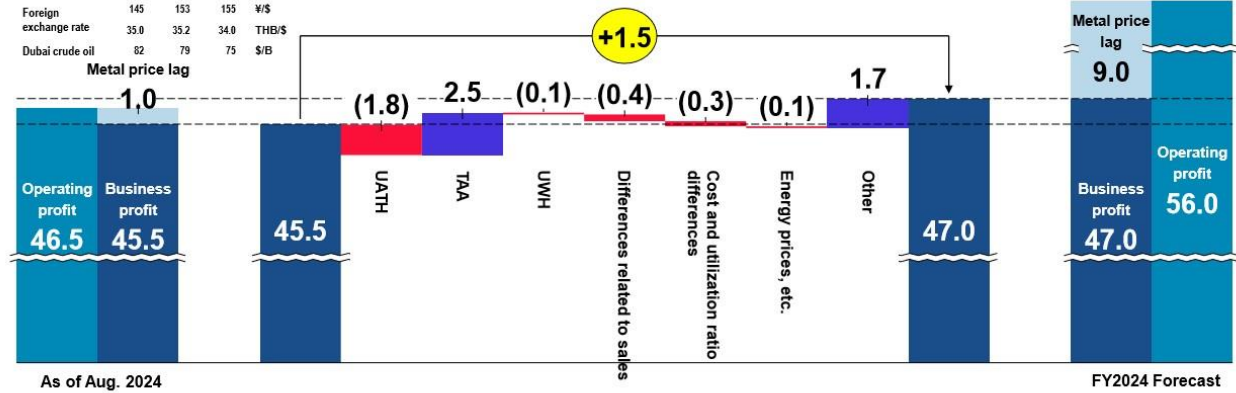
**Analysis of Business Profit (As of August 2024 → FY2024 Current Forecast)**

**Business profit: ¥45.5 billion (As of Aug. 2024) → ¥47.0 billion (FY2024 Current forecast)**

(Metal price lag: ¥1.0 billion (As of Aug. 2024) → ¥9.0 billion (FY2024 Current forecast), YoY: +¥8.0 billion)

Full-year assumptions

	FY23 Result	FY24 Q3 Result	FY24 Q4 Forecast	
LME	2,202	2,492	2,600	\$/t
Foreign exchange rate	145	153	155	¥/\$
Dubai crude oil	35.0	35.2	34.0	THB/\$
	82	79	75	\$/B



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31

Half joking, first I would like your explanation regarding the bridge on page 31.

Second, regarding the series of tariffs, the analyst in charge in the US said that manufacturers of re-rollers and extruded products buy about 90% of their scrap from Canada and Mexico, for example, and that this cost, including ingots, will rise first, which will cause a lag in the transfer to product prices.

I think that the supply and demand for products will probably be quite tight. I think you can pass through, but I am concerned about the fact that TAA was talking about a slight time lag, taking into account various prices and inflation rates, so what are your thoughts on that?

In addition, as the background of the recent recovery of UATH, you said 17% of shipments are destined for North America, but is there any risk that these shipments will not go to North America? I would like to have a little more detail on the tariffs.

I will pass the rest on to other analysts.

**Tanaka [M]:** Thank you. We received two questions. First, a comment on page 31 regarding waterfalls. The other is regarding the tariffs of the US in North America.

Okada will comment on the first item, the business profit analysis on page 31, and Kumamoto will comment on the second item, the North American tariffs.

**Okada [A]:** I think the key points are UATH's negative JPY1.8 billion and TAA's positive JPY2.5 billion. UATH is significantly affected by foreign exchange rates. TAA is doing well in terms of sales, but we believe that there is a volume impact from the rush in orders for Chinese materials that I mentioned earlier, and sales will be carried over to the next fiscal year a little more than we had originally planned.

**Kawashima [A]:** The exchange rate for UATH has been affected by the baht appreciating slightly more against the US dollar than we initially expected, but we have been able to secure sales volume. As for TAA, sales were almost as planned, and customers wanted to actively use Chinese materials, so there was a negative impact

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in the form of a shift from Q4 to Q1, but on the other hand, we saw a positive impact in the form of capacity utilization and reduced manufacturing costs at the Logan plant.

**Tanaka [A]:** Regarding TAA, since the value-added tax refund in China was abolished on December 1, the impact of this was concentrated in Q4 now. We believe that this area will recover again in the next fiscal year.

Now, Kumamoto will answer the second question about tariffs.

**Kumamoto [A]:** To be honest, it is a bit unpredictable, but I think there are three major issues: the time lag in price transfer you asked about, the supply-demand balance will become rather tight, and how about sales from Thailand?

First, there will be a difference in price transfer, albeit a slight one. However, in the US, for example, it is very common to apply the ingot price one month prior to the month of manufacture and the month of sale, rather than a three-month average shift. So, we estimate that the difference in the transfer related to raw material price fluctuations is approximately one month. I think we can absorb it within the fiscal year, the FY2025 portion can be absorbed within FY2025.

Second, I am sure the tight supply and demand situation will happen. The dilemma is that if they are going to pay extra 25%, they would prefer to buy domestic materials, but since they cannot supply it domestically, they import it, and this creates temporary pressure. So, on slide 10, we are looking at the positive side of expanding opportunities for new transactions and growth investment, but on the other hand, we are concerned about the cost impact of inflation, which will certainly increase labor costs and various other costs, so we see it as a two-sided situation.

The impact on business in Thailand is in contrast to the tight supply-demand situation mentioned just earlier. So, don't they need it? I think this will be a very difficult decision for customers. Since there are cases in which one wants quantity even if some tariffs are paid, and cases in which one is more concerned about cost, I think it is premature to comment on this now.

**Yamaguchi [Q]:** Have you seen any changes in sales or trade trends in Asia due to the value-added tax in China? For example, is there any indication that the use of Chinese materials is decreasing, and the use of your company's materials is increasing?

**Tanaka [A]:** We have received a lot of information about the impact of the value-added tax on our customers.

It seems that Chinese manufacturers' desire to pass on the value-added tax refunded to their products is coming to our customers. We have received inquiries from short-term customers, and we believe that we will be able to develop our business in a relatively advantageous manner after this.

**Yamaguchi [M]:** Understood. Thank you very much.

**Tanaka [M]:** Thank you very much.

**Ueda [M]:** Thank you for your questions. Next, Mr. Shirakawa of Morgan Stanley MUFG Securities, please ask your questions.

**Shirakawa [Q]:** I am Shirakawa from Morgan Stanley MUFG Securities. Thank you for today. Two questions, please.

First, on page 15, I wonder how much temporary cost is factored in Q4 this time. As you have just mentioned, at the bottom right, sales at TAA will go to the next fiscal year, and then there will be various cost increases

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due to temporary costs. I assume that the various cost increases refer to seasonality, but please explain quantitatively, if possible, how much each of these costs is. This is the first question.

The second point is the global trend you mentioned earlier. Looking at the statistics for Thailand, I think that sales to Oceania have grown considerably. Even if there is a slight decrease in the US, it is good if the demand here grows. In addition, I think there is a switch from Chinese materials in the short term. Please tell us about the background to the growth in Oceania and the outlook for exports to Oceania and the Middle East in the future. That is all.

**Tanaka [M]:** Thank you very much. We have just received two questions. Kawashima will comment on the temporary costs or various cost increases on page 15, and on the global trends.

**Kawashima [A]:** In terms of financial results, Japanese accounting standards use a monthly accounting method, but in IFRS, Q4 is the biggest period, so I think there will be an impact of about JPY1.5 billion just for that reason.

In global business, UATH's original targets were the Middle East, Southeast Asia, and Oceania, and we can take them in the future. Then originally, we didn't have the US in mind. In 2021 and 2022, there were a lot of them, but they have disappeared. Originally, UATH was positioned in the areas I mentioned earlier, so we are getting customer business in the form of going to get these areas.

In addition to that, this time, in 2024, the amount was not enough in the US, so it was released to the US. Since there are no manufacturing plants for flat-rolled products in Oceania, 100% is imported, and we recognize that Oceania is a major target region.

**Tanaka [A]:** In Southeast Asia, the population growth is of course a factor, but beverage cans or aluminum cans are growing at a very rapid pace, so the overall market is expected to grow by 3%, and especially in Asia, the growth potential is likely to exceed that. We believe that there is a strong possibility of continued growth in this area in particular.

**Shirakawa [Q]:** Okay. Thank you. Are there any particular negative factors occurring in the demand environment? Just to confirm.

**Tanaka [A]:** Not at this time. On the other hand, I think the key point will be how we can incorporate the value-added tax portion that we mentioned earlier.

**Shirakawa [M]:** Thank you very much.

**Ueda [M]:** Thank you for your questions. Next, Mr. Matsumoto from Nomura Securities. Please ask your questions.

**Matsumoto [Q]:** I am Matsumoto from Nomura Securities. Thank you.

First, as partly mentioned, I am aware that the price of UBCs is rising quite a bit worldwide, especially in the US. Please explain your price pass-on efforts in this area, or if there is a formula for this, what the mechanism is. Somehow from your description, it sounds like it is one of the aggravating factors and not that serious, but please let me know.

As for the impact of the tariffs in the US, I am not sure about the current situation, as some regions are exempt from the tariffs, but if all the tariffs were to be applied, could you give us a rough idea of how much of the domestically produced imports would be affected and how much impact they would have? That is all.

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**Tanaka [A]:** Thank you. We received two questions. First, the impact of UBC prices, which were severe, especially in North America and other regions. Second, I think you were referring to the application for exemption, but this is a question about whether we can give you quantitative figures. Kumamoto will continue to explain in detail.

**Kumamoto [A]:** As for the up and down of UBC's price, you asked about the upside, and are we going to pass on the prices? We will not pass this on the prices. The price of can stock is calculated by adding alloy additives to new LME, and the price is passed on to customers. So the rise or fall in the UBC price has no direct relationship to the customer's price determination.

The second question is about the impact of tariffs. I have just reinterpreted the impact of quantity as the impact on the US, but the largest is the aluminum rolled products shipped from Japan to the US, which includes both plates and molds, amounting to approximately 22,000 tons.

It is 22,000 tons from Japan to the US, but if we look at the pie of can stock in all Asia and the US, we can see that including can stock made in Asia, automotive-related materials, and heat exchanger-related materials, the total volume is probably between 150,000 and 160,000 tons. Of course, we are included in this amount, and Novelis and other Asian mills are also included. If we add up all of this, probably 150,000 tons to 160,000 tons are coming into the US from Asia.

So, this will be subject to tariff proration, but the question is whether the US side has the capacity to back up or replace this. We have not yet completed our research to that extent, but there are many products that are not made in the US, and I think this must be a very difficult point for customers.

**Kawashima [A]:** Regarding UBC, as Kumamoto mentioned earlier, the processing cost is originally added to the ingot price. We have made every effort to keep our own material costs as low as possible. Still, the cost of raw materials has risen in several areas outside of our own efforts.

On the other hand, why scrap is used is an environmental issue. We have value in this area, so rather than passing it on, we should consider revising our prices while explaining to our customers that we must take value from now on in a way that contributes to the environment.

**Matsumoto [Q]:** Secondly, for example, there is a major company that manufactures can stock, or cans, that brings in plates from Mexico, and there is a lot of talk about this at briefings. Is there not much of an impact on supply and demand?

**Kawashima [A]:** They can't make enough in the US, so they bring it from Mexico. They probably don't have the production capacity, so they will still manufacture in Mexico, etc. But there is a cost to it this time. In the case of plates in the US, I suppose it is not so much that they are bought from outside the US because they are cheap, but because there is no capacity for production. They may think that the amount raised by tariffs is unavoidable. We understand that it is now a question of whether or not to pass this on to the price of the product.

**Tanaka [A]:** We are still unsure of the volume of the breakdown, so we would like to discuss this in detail.

**Matsumoto [M]:** I understand. Thank you very much.

**Ueda [M]:** Thank you for your questions. Next, Mr. Ozaki of Daiwa Securities, please ask your questions.

**Ozaki [Q]:** I am Ozaki from Daiwa Securities. Thank you.

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The price revision to cope with the various cost increases is shown on page 15. I think you will raise the roll margin by about 20% from April. What is the response or the certainty of realization, and what is the actual impact that this could have?

**Okada [A]:** We are in the process of starting to ask our customers, so it is still unclear to what extent we will be able to implement this for shipments starting in April. The current position is that we will ask for a 20% roll margin on all shipments from April 1.

**Tanaka [A]:** We have just started to announce the details of the price increase, and our sales team is now carefully explaining the details one by one to our customers. The revision of the price structure is not an easy task at any time, so we will proceed to explain the reason for the price increase to the customers and ask for their understanding.

**Ueda [M]:** Thank you for your questions.

Next, Mr. Goroh from UBS Securities. Please ask your questions.

**Goroh [Q]:** I am Goroh from UBS Securities. Thank you.

I am sorry to ask this again, but I would like to discuss the current price revision negotiations. In the past, you have had a chart showing the progress of margin improvement efforts by region and by item, but this time, in the price revision, the 20% roll margin you just mentioned, which areas will be addressed by region?

I think there is a step-by-step process, but what kind of negotiations do you need to clear to maintain or improve margins? And in this context, we have also been told that you will aim to expand sales of green brands such as UACJ SMART in the future, and also that you will receive orders from customers who utilize and understand recycled materials. First, I would like you to explain if these factors can be included.

Second, you said that scrap will be tight in this situation in the US. On the other hand, I feel that this could be a factor that could accelerate and encourage efforts to improve the recycling rate. Could you comment on a possible change in your efforts in this area?

And finally, if there is time, you explained the current demand situation with a focus on can stock, and I would like to confirm your expectations for the next fiscal year in the areas of automotive materials, electronics materials, and thick plates. That is all. Thank you.

**Tanaka [A]:** So, we have three questions. First of all, the price revision is mainly for the domestic market. Last time, we summarized in a table for each area what kind of system we are going to review for the price formula. As indicated, the price revision this time is in the form of a review of various inflationary factors in Japan.

In addition, unlike price revisions or various cost increases, the UACJ SMART mass balance and environmental added value will be revised after separate negotiations with customers, taking into account such factors as the recycling rate.

Next, regarding the US tariffs, I believe that scrap will still be tight. It also means that the collection rate in the US is still low compared to Japan, so the first step is to increase the collection rate. Henry, the president of TAA North America, is the president of the Aluminum Association in the US, and we are now actively promoting the collection and return of recycled materials.

As for the last demand point, can stock is doing well, but the demand for automobiles and thick plates did not reach the target for this fiscal year. However, they are certainly improving. A full recovery will not occur until FY2025. We believe that demand will certainly recover here.

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Sorry, I answered briefly due to the time.

**Ueda [M]:** Thank you for your questions. The scheduled time has arrived, so we will end today's briefing.

This concludes the UACJ Corporation financial results briefing for Q3 of FY2024. Thank you for joining us today.

We will continue to strive to meet the expectations of our shareholders and other stakeholders, and we look forward to your continued support and encouragement of our company. Thank you very much for taking time out of your busy schedule to join us today.

[END]

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