



## **UACJ Corporation**

Q1 Financial Results Briefing for the Fiscal Year Ending March 2026

August 6, 2025

## Event Summary

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[Company Name]	UACJ Corporation	
[Company ID]	5741-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending March 2026	
[Fiscal Period]	FY2025 Q1	
[Date]	August 6, 2025	
[Number of Pages]	31	
[Time]	16:00 – 17:09 (Total: 69 minutes, Presentation: 26 minutes, Q&A: 43 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	103	
[Number of Speakers]	5	
	Shinji Tanaka	Representative Director, President
	Joji Kumamoto	Chief Executive, Corporate Strategy Division
		Director, Senior Managing Executive Officer
	Kouzo Okada	Chief Executive, Finance and Accounting
		Division Director, Executive Officer
	Keizo Hashimoto	Chief Executive, Flat Rolled Products
		Division, Executive Vice President
	Kaoru Ueda	General Manager, IR, Finance Department
[Analyst Names]*	Atsushi Yamaguchi	SMBC Nikko Securities
	Harunobu Goroh	UBS Securities
	Yuji Matsumoto	Nomura Securities
	Yu Shirakawa	Morgan Stanley MUFG Securities
	Shinichiro Ozaki	Daiwa Securities
	Ryunosuke Shibata	SBI 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.

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# Presentation

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**Ueda:** Thank you for your very long patience. Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing of UACJ Corporation for Q1 of FY2025.

This briefing will be conducted along with the explanatory materials available on the website of UACJ. If you do not have the materials at hand, please visit our website.

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

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

**Tanaka:** My name is Tanaka. Thank you for your time today.

**Ueda:** This is Joji Kumamoto, Chief Executive, Corporate Strategy Division Director, Senior Managing Executive Officer.

**Kumamoto:** My name is Kumamoto. Thank you.

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

**Okada:** My name is Okada. Thank you for your time today.

**Ueda:** This is Keizo Hashimoto, Chief Executive, Flat Rolled Products Division, Executive Vice President.

**Hashimoto:** My name is Hashimoto. Thank you for joining us today.

**Ueda:** I am Kaoru Ueda, General Manager, IR, Finance Department, and I serve as the moderator today. Thank you very much for your cooperation.

Mr. Okada, Finance and Accounting Division Director, will now explain the Q1 results for FY2025 that we announced today. Please join us as you refer to the presentation materials.

Mr. Okada, please start your explanation.

**Okada:** Now, Okada will explain the details of the Q1 financial results. I would like to proceed by reading the page description at the bottom right.

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## Financial Results for Q1 Fiscal 2025

Assumptions	FY24 Q1	FY25 Q1	FY25 Initial forecast	Unit
LME	2,519	2,447	2,500	\$/t
FX rate	156	145	145	¥/\$
Crude oil	36.7	33.1	34.5	THB/\$
	85	67	80	\$/bbl

### Results for Q1 FY2025

	Results	Results for Q1 FY2024	YoY
Sales volume (Thousands of tons)	334	315	19
Revenue	262.0	247.6	14.4
Business profit <sup>*1</sup>	7.9	16.8	(8.9)
Net profit <sup>*2</sup>	1.3	14.7	(13.4)
Adjusted-EBITDA <sup>*3</sup>	17.4	26.2	(8.8)

### Forecasts for FY2025

Announced on May 13, 2025 (No change)	Progress rate
1,351	24.7%
1,040.0	25.2%
46.0	17.2%
20.0	6.5%
85.5	20.4%

### Key Points of Today's Announcements

Results for Q1 FY2025	<ul style="list-style-type: none"> <li>➤ Demand for can stock is strong globally common but particularly in the U.S.</li> <li>➤ Decrease in profits due to the timing differences in inventory costs and ingot procurement (temporary factor)</li> <li>➤ Persistently high raw material prices</li> <li>➤ Effects of fluctuations in exchange rate (baht-dollar) and other factors have led to deterioration in business profit at UATH<sup>*4</sup></li> </ul>
Full-year forecasts	<ul style="list-style-type: none"> <li>➤ Full-year business profit forecast: unchanged (business profit of ¥46.0 billion, net profit of ¥20.0 billion)</li> <li>➤ Effects of price revisions on products bound for Japanese domestic market and impact on productivity investments in North America to emerge as we enter second half</li> <li>➤ Expect to see positive impact of material input costs from Q2 onward in U.S.</li> <li>➤ Start of operations at Aerospace and Defense Materials Business proceeding as planned</li> </ul>
TOPICS	<ul style="list-style-type: none"> <li>➤ Awarded credit rating of "A" (from both Rating and Investment Information and Japan Credit Rating Agency)</li> <li>➤ Planning a stock split (Common stock of the Company to be split 4-for-1 on October 1, 2025, with a record date of September 30, 2025)</li> </ul>

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<sup>\*1</sup> 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

<sup>\*2</sup> Net profit: Profit (loss) attributable to owners of parent

<sup>\*3</sup> Adjusted EBITDA: EBITDA — Metal price lag

<sup>\*4</sup> UATH: UACJ (Thailand) Co., Ltd.

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Page one shows the financial summary for Q1 of FY2025.

As shown above, the sales volume was 334,000 tons, an increase of 19,000 tons YoY. Revenue also increased by JPY14.4 billion to JPY262 billion. As for business profit, although the sales volume increased significantly, the result was JPY7.9 billion, a decrease of JPY8.9 billion YoY. I will explain the details later.

These are the key points of the presentation.

First is a summary of Q1. Demand for can stock was strong globally, resulting in higher sales volume and revenue YoY. However, profit decreased mainly due to the timing differences in inventory costs and ingot procurement as temporary factors. In addition, due to the continued high prices of raw materials and UBCs, as well as the significant impact of the exchange rate between the US dollar and the baht on UATH, business profit decreased by JPY8.9 billion YoY.

The forecast for the full year remains unchanged from that announced on May 13. We are planning JPY46 billion in business profit and JPY20 billion in net profit.

As for the most recent topics, we have received A ratings from two rating agencies. Also, as we announced today, we will be conducting a stock split, which will be explained later. These are the topics.

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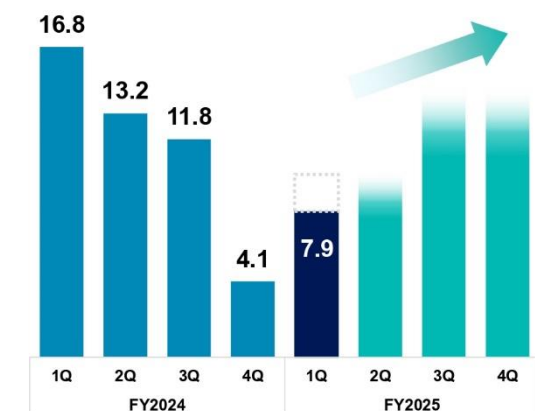
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## FY2025 Business Profit Forecasts

No change to business profit target of ¥46.0 billion through measures to secure profits

### Business profit by quarter (billion yen)



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\*TAA: Tri-Arrows Aluminum Holding Inc.

### Shortfall factors from the plan for the Q1

- Decrease in profits due to the timing differences in inventory costs and ingot procurement (temporary factor)
- Negative impact of exchange rate fluctuations (THB/USD)

### Outlook for the Q2 onward

- |                                      |   |
|--------------------------------------|---|
| <b>Execute as planned</b>            | <ul style="list-style-type: none"> <li>➢ Capture strong can stock demand in North America and recovery in thick-plate demand in Japan</li> <li>➢ Stepwise improve profits through price revisions in Japan</li> <li>➢ Effects of investments to increase production at TAA* appearing from the Q2 onward</li> </ul> |
| <b>Recovering from the shortfall</b> | <ul style="list-style-type: none"> <li>➢ Expect to see positive impact of material input costs from Q2 onward in U.S.</li> <li>➢ Further improve profitability through price revisions and other factors in Japan</li> <li>➢ Further reduce manufacturing costs and SG&amp;A expenses</li> </ul>                    |

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Next, page two shows the full-year business profit forecast for FY2025.

The plan of JPY46 billion in business profit remains unchanged with the measures taken to ensure profitability. As explained earlier, our assumptions for Q1 have been affected by the timing differences in inventory costs and ingot procurement as one-time factors.

In addition, there was a negative impact of exchange rate fluctuations by the strong baht against the US dollar. The bar graph on the left side shows JPY7.9 billion in business profit for Q1. We were unable to achieve our original plan, due to the effects of the factors mentioned earlier.

Regarding the outlook for Q2 and beyond, first of all, we will firmly execute our original plan. As a key point, we will firmly capture strong can stock demand in North America and domestic demand for thick plates, which is expected to recover in H2.

We also plan to capture strong sales in North America, where demand is strong, and we will do so with a firm focus on the stepwise profit improvement due to domestic price revisions, the effect of increased production at TAA, and the fact that investment in increased production will start to appear from Q2 onward.

In order to recover from the shortfall in Q1, we will further improve profitability by expanding cost advantages in raw material procurement in the US and by revising prices in Japan. Also, at all of our manufacturing bases, we are further strengthening our efforts to reduce manufacturing costs and SG&A expenses, and we have not made any changes to our plan because we are confident that the JPY46 billion will be realized.

The JPY3 billion year-on-year profit decrease from manufacturing costs is due to a JPY1 billion difference in inventory carryover unit price and a JPY1 billion difference in raw material procurement costs in Q1. The inventory carryover unit price increased at the beginning of Q1 2025 compared to the beginning of Q1 2024, which is affecting the carryover unit price of manufacturing costs paid out in each quarter. However, while the impact was substantial in Q1, we expect the impact to decrease from Q2 onward.

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The impact of the increase in raw material procurement costs in Q1 has also subsided, and we expect the impact to decrease. However, there will be a slight timing lag before it is reflected in manufacturing cost calculations.

## Contents

### 1. Results for Q1 FY2025

### 2. Forecasts for FY2025

### 3. Enhancing Corporate Value

### 4. Reference Data

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Next, page three shows today's table of contents. I will explain in this order.

#### 1. Results

#### Results for Q1 FY2025

(Billions of yen)

	Q1 FY2024 (A)	Q1 FY2025 (B)	Change (B) - (A)
Revenue	247.6	262.0	14.4
Business profit	16.8	7.9	(8.9)
Metal price lag, etc.	5.1	0.6	(4.5)
Operating profit	21.9	8.5	(13.4)
Net profit	14.7	1.3	(13.4)
Net profit (loss) per share (yen/share)	304	29	(275)
Adjusted EBITDA*	26.2	17.4	(8.8)
Assumptions			
LME (\$/t)	2,519	2,447	(72)
Foreign exchange rate (¥/\$)	156	145	(11)
Foreign exchange rate (THB/\$)	36.7	33.1	(3.6)
Crude oil (\$/bbl)	78	67	(18)

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I would like to explain our Q1 results. Page five shows the results.

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As I mentioned earlier, revenue was JPY262 billion, an increase of JPY14.4 billion YoY. Business profit was JPY7.9 billion, a decrease of JPY8.9 billion YoY, and net profit was JPY1.3 billion, a decrease of JPY13.4 billion YoY.

The actual figures related to the external environment are shown in the assumptions section below.

## 1. Results

### Sales Volume, Flat-rolled Products

(Thousands of tons)

	Q1 FY2024 (A)	Q1 FY2025 (B)	Change (B) — (A)
Can stock*	208	226	18
Foil	11	12	1
IT	2	2	(0)
Automotive materials	35	33	(2)
Thick plates	10	8	(2)
Other general-purpose materials	48	52	4
Total	315	334	19
For Japanese market	130	122	(8)
For overseas market	185	212	27

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\*Sales volume after eliminating internal transactions

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Next on page six is the sales volume of flat-rolled products by product type.

The result was 334,000 tons, an increase of 19,000 tons YoY. Can stock increased by 18,000 tons, but the demand for can stock is still very strong, especially in the global market. Foil increased by 1,000 tons. Automotive materials decreased by 2,000 tons. This was due to a slight slowdown in materials for automotive heat exchangers from UATH.

As for thick plates, although there was some inventory replenishment by thick plate wholesalers and trading companies in Q1 of the previous fiscal year, there was no inventory adjustment this fiscal year, and demand was 8,000 tons, a decrease of 2,000 tons YoY.

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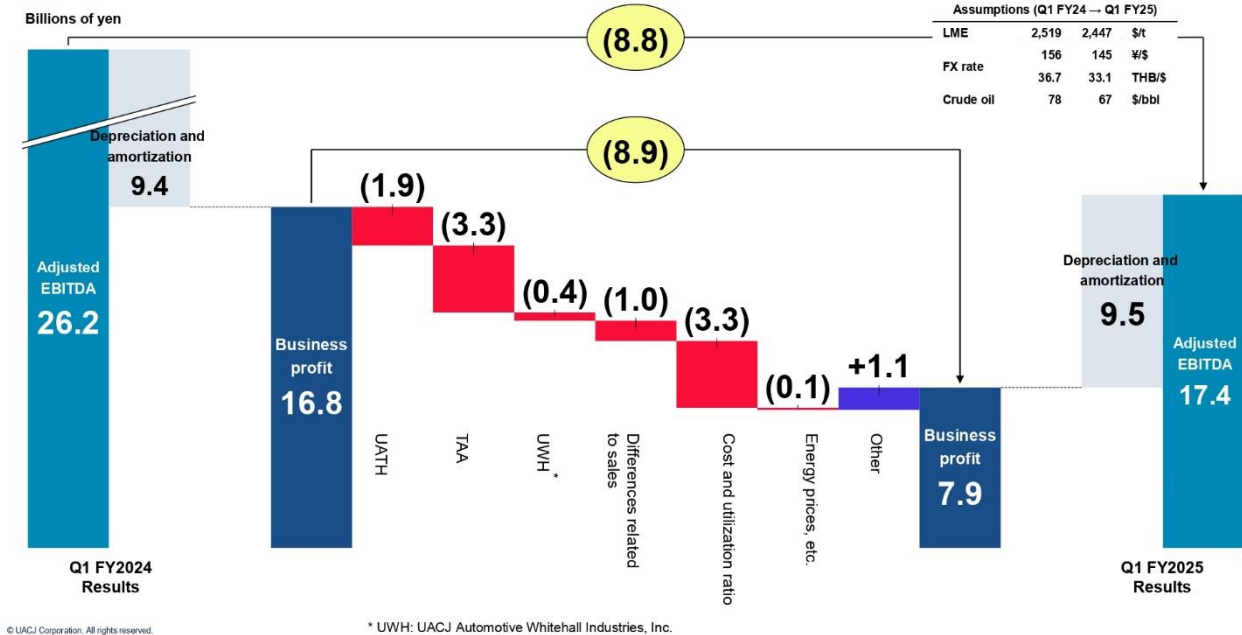
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## 1. Results

### Analysis of Business Profit and Adjusted EBITDA (Q1 FY2024 → Q1 FY2025)



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Continued on page seven is the analysis of business profit.

The waterfall chart shows the change from JPY16.8 billion to JPY7.9 billion in business profit. There were negative JPY1.9 billion at UATH, negative JPY3.3 billion at TAA, and negative JPY0.4 billion at UWH. The details will be explained on the pages for an individual company later.

The differences related to sales caused negative JPY1 billion. The main reason for this is that, although demand itself was strong, the product mix has deteriorated slightly YoY.

As for the negative JPY3.3 billion in the cost and utilization ratio, the impact of the inventory adjustment mentioned earlier amounted to a JPY1 billion decrease, out of the JPY3.3 billion decrease in the cost and utilization ratio. As for the cost difference, the difference in ingot procurement price, which is unique to Q1, was about JPY1 billion. The remaining approximately JPY1 billion was due to deterioration in overhead costs and in SG&A expenses. The costs have worsened or increased YoY.

The positive JPY1.1 billion in the other was mainly due to the fact that, in comparison with the previous fiscal year, Q1 saw a slight decline in the profits of individual group companies, and the amount of unrealized inventory eliminations was lower than in the previous fiscal year.

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## 1. Results

### Consolidated Statement of Financial Position

#### Working capital increased due to a rise in trade receivables

Consolidated Statement of Financial Position				Application of Funds Statement				
(Billions of yen)	March 31, 2025 (A)	June 30, 2025 (B)	Change (B)－(A)		Application of funds		Sources of funds	
Cash and cash equivalents	26.3	23.1	(3.2)	Long-term funds	Capital expenditures	17.2	Profit (loss) before tax	3.7
Trade and other receivables	187.3	206.0	18.7		Payment of income taxes, etc.	1.7	Depreciation and amortization	9.5
Inventories	244.1	246.6	2.4		Payment of dividend	3.6	Shortage of long-term funds 9.4	
Other current assets	21.8	28.0	6.2	Short-term funds	Increase in inventories	5.0		
Property, plant and equipment	394.3	393.1	(1.2)		Change in payables/receivables, etc.	11.0		
Other non-current assets	96.1	93.7	(2.4)				Shortage of short-term funds 16.0	
Total assets	970.0	990.5	20.5					
Trade and other payables	140.6	142.1	1.5					
Borrowings	340.7	378.8	38.1					
Other	169.1	157.6	(11.5)					
Total equity attributable to owners of parent	290.6	283.3	(7.3)					
Non-controlling interests	29.0	28.7	(0.2)					
Total liabilities and equity	970.0	990.5	20.5					

Long-term funds	(¥9.4) billion
Short-term funds	(¥16.0) billion
Total	(¥25.4) billion

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Next, page eight shows the financial statements.

The total of assets and liabilities is JPY990.5 billion. This represents an increase of approximately JPY20.5 billion from the end of the fiscal year. As indicated in the change section, trade and other receivables increased by JPY18.7 billion, and inventories increased by JPY2.4 billion, which are the main reasons for the increase.

As you can see from the application of funds statement on the right, long-term funds include profits and depreciation and amortization of JPY13.2 billion, but after we subtracted capital expenditures, income taxes, and dividends, we were short JPY9.4 billion in long-term funds. In addition, an increase in inventories and a change in receivables and payables resulted in a shortfall of JPY16 billion in short-term funds, for a total shortfall of JPY25.4 billion.

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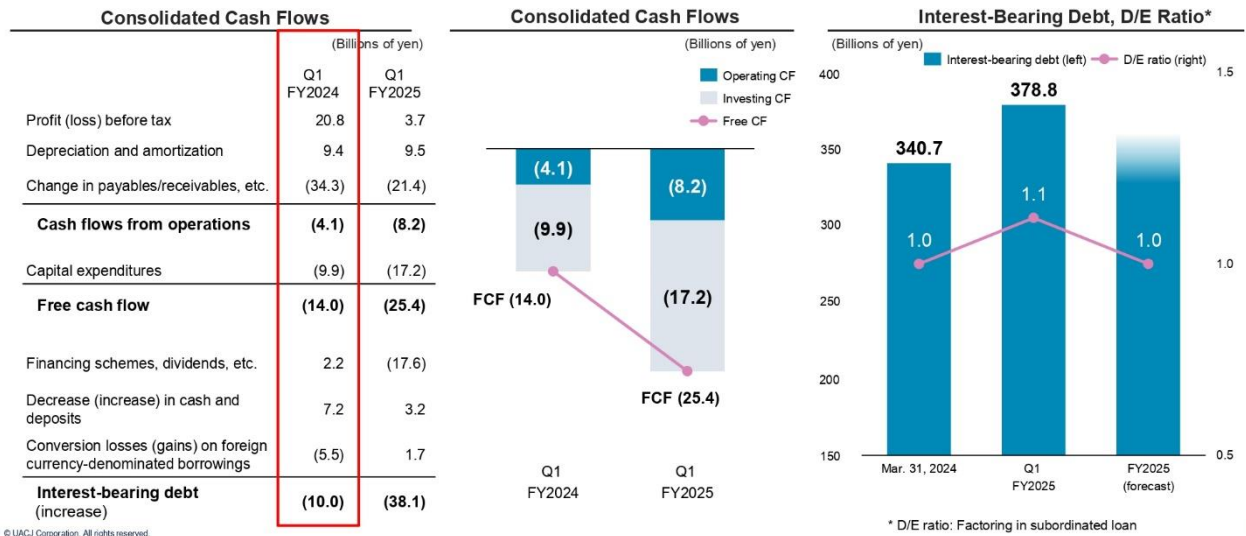
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## 1. Results

### Consolidated Statement of Cash Flow

D/E ratio at the end of FY2025 unchanged at target of 1.0x



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Continued on page nine are the cash flows.

There was a shortfall of JPY25.4 billion in free cash flow as mentioned earlier.

Taking into account the impact of the financing scheme, changes in cash and deposits, and the effect of the conversion of foreign-currency denominated borrowings, interest-bearing debt increased by JPY38.1 billion.

The bar graph on the right shows the results for Q1, with interest-bearing debt of JPY378.8 billion, resulting in a debt-to-equity ratio of 1.1 times. The plan remains unchanged, with the goal of achieving a 1x D/E ratio by the end of the fiscal year.

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## 1. Results

### Situation in Thailand (UATH)

## Aim to improve profit and loss through price revisions

### Overview

- Demand** : No change in our view that global can stock demand will continue to grow going forward
- Sales** : [North America]  
Continue shipments in line with plan  
[ASEAN and other regions]  
• Implement price revisions (impact of abolition of Chinese value-added tax refunds)  
• Working to acquire new customers with which to conduct transactions
- Profit** : • Despite fluctuations in exchange rate environment, aim to improve profit and loss through price revisions

(Billions of yen)	Q1 FY2024	Q1 FY2025	YoY
Sales volume (Thousands of tons)*	72	74	2
Revenue	45.3	46.7	1.4
Operating profit	5.2	(1.5)	(6.7)
Business profit	1.9	0	(1.9)

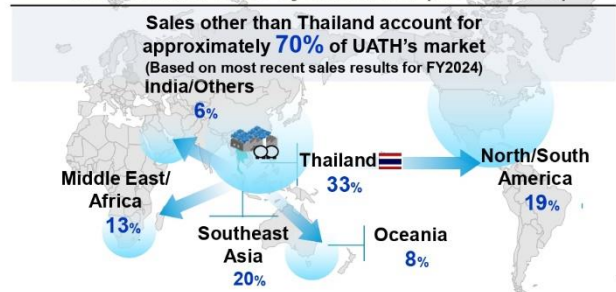
\*Includes shipments to TAA  
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\*Refer to p.32 for performance since FY2024.

### Sales volume (1,000 tons) / Business profit (billions of yen)



### Breakdown of Sales by Sales Area (25 Countries)



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On page 10, I will explain the situation in Thailand, TAA, and UWH on a company-by-company basis.

Sales volume at UATH was 74,000 tons, up 2,000 tons YoY. Revenue was JPY46.7 billion, an increase of JPY1.4 billion YoY. Operating profit decreased by JPY6.7 billion, and business profit decreased by JPY1.9 billion.

The main reasons for the JPY1.9 billion YoY decrease are the impact of the appreciation of the baht against the dollar and the increase in procurement costs for raw materials and UBCs.

As stated here, there is no change in the fact that global market demand will continue to grow. Shipments to North America also have continued as planned.

In the ASEAN and other regions, we are making efforts to expand the number of new customers while steadily implementing price revisions in response to the impact of the abolition of the value-added tax refunds in China and other factors.

In the future, we will aim to improve profitability by further promoting price revisions, while there will be the impact of foreign exchange rates and other factors.

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## 1. Results

### Situation in United States (TAA)

**Sales volume rising thanks to investments to increase production with aim of capturing healthy can stock demand**

#### Overview

- Demand** : • Expect strong conditions to continue, with U.S. can stock demand growing at CAGR of 3% up to 2030
- Production** : • Production continuing at high levels  
• Investment for capacity expansion is making satisfactory progress  
• Cost advantage of procuring raw material on improving trend
- Sales** : • Solid sales are continuing

(Billions of yen)	Q1 FY2024	Q1 FY2025	YoY
Sales volume (Thousands of tons)	109	128	19
Revenue	71.3	84.5	13.2
Operating profit	10.7	6.6	(4.1)
Business profit	8.3	5.0	(3.3)

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\*Refer to p.32 for performance since FY2024.

#### Sales volume (1,000 tons) / Business profit (billions of yen)



#### Changes in US Can Stock Demand



Source: Research by UACJ

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Next, on page 11, is the status of TAA in North America.

Sales volume was 128,000 tons, an increase of 19,000 tons YoY. Revenue increased by JPY13.2 billion. Operating profit decreased by JPY4.1 billion, and business profit was JPY5 billion, a decrease of JPY3.3 billion YoY.

The decrease of JPY3.3 billion includes the deterioration of roll margins and paint costs, as well as the time difference in the surcharge for the additional metal costs, although volumes increased. Such difference between last fiscal year and this fiscal year amounted to JPY1 billion. In addition, the impact of yen conversions and raw material procurement costs have been a major factor in reducing business profit YoY.

Last fiscal year, procurement of raw materials in Q1 of FY2024 was still before the sharp rise in the cost of raw materials, but the impact of the sharp rise in the cost of procuring raw materials in the current fiscal year compared to the previous fiscal year has appeared in Q1.

Another main reason for the YoY decrease of JPY3.3 billion was the foreign exchange impact of approximately JPY0.6 billion.

As for the market environment, there is still no change in the demand for can stock in the US, which is expected to grow at 3% until 2030. We are also working to increase profits by linking the increase in production capacity to sales, as the high level of production is continuing and the expansion of facilities will start in H2.

On the other hand, the benefits of procurement costs of raw materials will gradually emerge from Q2 onward as the purchase was already contractually decided in Q1, which means that the Company will also enjoy cost benefits well into the full year until Q4. Also, we would like to make a solid effort to increase profits while taking in the expansion of UBC usage.

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## 1. Results

### Situation in United States (UWH)

#### Lower revenue and profits due to BEV stagnation

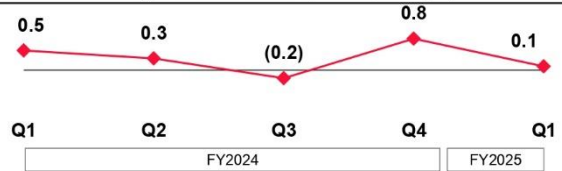
##### Overview

- Business environment** : • North America EV market has slowed recently due to uncertainties about policy and withdrawal of government support
- Sales** : • Continued to provide supply to Japanese OEMs  
• Main customer production volume weak, revenue declining
- Profit** : • We expect the challenging business environment to persist in FY2025, but will continue to implement thorough cost-reduction measures

(Billions of yen)	Q1 FY2024	Q1 FY2025	YoY
Revenue	10.1	9.4	(0.7)
Operating profit	0.4	0	(0.4)
Business profit	0.5	0.1	(0.4)

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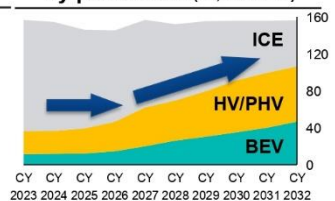
##### Changes in business profit (billion yen)



##### North America automobile production forecasts (10,000 units)



##### Change in North America market production volume by powertrain (10,000 units)



Most recent outlook for automobile production volume in North America is down/sideways  
The medium- to long-term forecast is for growth to resume, with proportion of BEVs, HV/PHVs predicted to increase

Source: Prepared by UACJ based on market research data

Then, page 12 shows the status of UWH.

A very difficult situation is occurring here, with both revenue and profit declining due to sluggish BEV growth. The most recent EV market is uncertain.

Sales of HVs and plug-in hybrids from Japanese OEMs are likely to continue to be strong, but production at our main customers dealing with EVs has been a bit sluggish, and this has led to a decline in revenue.

Regarding profit, we intend to overcome this difficult business environment by firmly ensuring that we have made ongoing cost reductions.

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## Understanding of Business Environment for FY2025

### Changes in the business environment

- Aluminum can stock demand is strong globally
- Start of operations at Aerospace and Defense Materials Business proceeding as planned
- 
- Prices for procured raw materials remain high at all locations
- Decrease in profits due to the timing differences in inventory costs and ingot procurement (temporary factor)
- Impact of exchange rate fluctuations (strong baht/weak dollar)
- Fading of North America vehicle demand

### FY2025 business profit forecast unchanged at ¥46.0 billion

#### [Japan]

- ✓ Further improve profits through price revisions etc.
- ✓ Capture recovery in thick-plate demand
- ✓ Start of operations at Aerospace and Defense Materials Business proceeding as planned

#### [TAA]

- ✓ Expect to see positive impact of raw material costs from Q2 onward
- ✓ Investments to increase North American production entering the second half are moving forward in line with plans

#### [UATH]

- ✓ Beginning sales of automotive materials in response to closure of competing factories within the U.S.
- ✓ Use price revisions to improve profits

### Additional North American tariffs and their impact

- Tariff on steel and aluminum products 50%
- Tariff on autos and auto parts 15%
- Reciprocal tariff 15%



**No change to our initial estimate of the direct impact on the UACJ Group but will watch closely going forward**

\*For initial estimates please see p.27.

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I will then explain our forecast for FY2025. The first part of page 14 is repetitive, so I will just explain the key points.

As for the recognition of the business environment on the left side, demand for aluminum cans will remain very strong. In the aerospace and defense materials business, we are firmly establishing operations in accordance with our plan.

On a negative, slightly risky point of view is the impact of the high cost of raw materials at each of our bases. Also, as we saw some transitory factors in Q1, timing differences in inventory costs and ingot procurement are negative factors. Moreover, exchange rate fluctuations, especially the impact of the appreciation of the baht, are also a negative factor. While the vehicle demand in North America is sluggish, in Japan, we will further improve profitability by revising domestic prices, and we will promote the recovery of demand for thick plates. With such measures, we will firmly secure business profit of JPY46 billion as stated on the right.

As for TAA, we will increase sales by firmly capturing the benefits of raw material procurement costs and also by making good progress with regard to investments.

With regard to UATH, we will sell automotive heat exchanger materials from Thailand in response to the closure of our competitor's plant in the US, and we will steadily improve our performance in this area as well. We also intend to focus on improving profitability by further promoting price revisions.

Although we explained the impact of the additional tariffs by the US in May, the tariffs on steel, aluminum, and other products have been finalized at this point. The direct impact on the UACJ Group has not been particularly significant compared to our assumptions at the beginning of the fiscal year. We will continue to monitor the situation closely.

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## 2. Forecasts

### Full-Year Forecasts for FY2025

(Billions of yen)

	FY2024 Results (A)	FY2025 Forecast (unchanged from those announced in May) (B)	Change (B) - (A)
Revenue	999.8	1,040.0	41.2
Business profit	45.9	46.0	0.1
Metal price lag, etc.	11.5	(1.0)	(12.5)
Operating profit	57.4	45.0	(12.4)
Net profit	28.0	20.0	(8.0)
Net profit (loss) per share (yen/share)*	585	442	(143)
Adjusted EBITDA	84.0	88.5	1.5
Assumptions	LME (\$/t)	2,526	2,500
	Foreign exchange rate (¥/\$)	153	145
	Foreign exchange rate (THB/\$)	34.9	34.5
	Crude oil (\$/bbl)	78	80

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\*Net profit per share before stock split

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The next page, page 15, is a reiteration of the full-year forecast announced on May 13, so I will skip it.

## 2. Forecasts

### Shareholder Returns Policy

#### No change in our returns policy during the period of the Mid-Term Management Plan

##### Dividend policy for Fourth Mid-term Management Plan period

##### Aim to pay a stable and continuous dividend

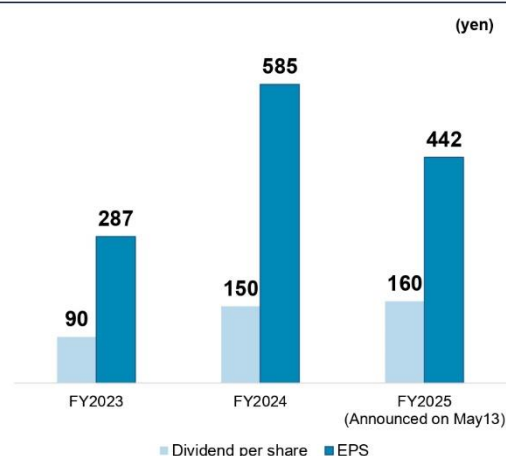
⇒ Dividend payout ratio target for period of 4th Mid-term Management Plan (FY24-27) is 30% or more of net profit\*

	FY2024	FY2025 (Announced on May13)
Net profit	¥28.0 billion	¥20.0 billion
Annual dividends	150 yen/share	160 yen/share
Dividend payout ratio	25.6%	36.2%
Purchase of treasury stock	(February 2025) 3 million shares / ¥15.1 billion	-

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\*Figures presented are from before stock split

##### Dividend per share\* / EPS\*



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Page 16 shows the dividend payout ratio, which is also unchanged.

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## Shareholder Returns Policy

### Decision to split common stock 4-for-1 has been taken

#### Purpose of stock split

##### Expand investor base

- Reduce amount per investment unit
  - Improve liquidity
- ⇒ Create environment that makes investing easy

#### Schedule

**Date of public notice of record date** Friday, September 12, 2025

**Record date** Tuesday, September 30, 2025

**Effective date** Wednesday, October 1, 2025

#### Change in number of shares outstanding

Before stock split

46,328,193 shares

After stock split

185,312,772 shares

#### Revision to dividend forecast

Year-end dividend per share forecast announced on May 13, 2025, **has not changed in substance**

	Announced on May 13, 2025	This forecast* (calculated based on pre-stock split figures)
End of Q2	80	80
Year-end	80	20 (80)
Total	160	- (160)

\*Interim dividend with record date of September 30, 2025, is scheduled to be implemented based on number of shares before the split

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Then, page 17 shows the details of the stock split that we released at 2:00 PM today.

We have released the details of a four-for-one stock split with a record date of September 30 and an effective date of October 1.

There will be no substantial change in dividends. After the four-for-one split, the year-end dividend of JPY80 will be JPY20 instead.

The number of shares outstanding will change into just over 185.31 million shares as a result of the four-for-one split.

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### 3. Enhancing Corporate Value

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

**“A” credit ratings awarded in July 2025 move us closer to optimal capital structure**  
**Aim to raise PBR through further improvements in beta and strengthened IR activities**

**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
- Value creation process
- Business strategies
- Growth scenario

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

- Creating an optimal capital structure  
 ⇒ “A” credit rating secured
- Dividend payout ratio of 30% or more
- Formulation of sustainable business strategy
- Non-financial value creation
- Strengthen disclosure and engagement

**Equity spread**

Quickly reaching 1% or more

**Maximizing stock price (PBR 1.0 or more)**  
**PBR 0.9x**  
 As of June 30

**Share price/PBR trends**



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The next page shows our initiatives for enhancing corporate value. Please move on to page 19.

As I mentioned at the beginning of the topics section in Q1, we received A ratings from two rating agencies in July. The goal of the medium-term management plan was to obtain an A rating, and we achieved this goal.

### 3. Enhancing Corporate Value

## Awarded credit rating of “A” by Rating and Investment Information and Japan Credit Rating Agency

- ✓ Achieved the “A” rating from both credit rating agencies that was one of the targets of the 4th Mid-Term Management Plan in FY2025
- ✓ Being awarded “A” rating enhances flexibility of debt procurement, and **reduces cost of equity capital** by reducing financial risk

Credit rating agency	Rating subject	Before rating change	After rating change	Latest date for acquiring rating information
Rating and Investment Information, Inc. (R&I)	Issuer rating	BBB+	<b>A-</b>	July 14, 2025
	CP rating	a-2	<b>a-1</b>	
Japan Credit Rating Agency (JCR)	Issuer rating	A-	<b>A-</b>	July 10, 2025
	CP rating	J-1	<b>J-1</b>	

**Will continue to move forward with initiatives to enhance corporate value while maintaining a solid financial base**

Rating and Investment Information, Inc. (R&I): <https://www.r-i.co.jp/rating/index.html>

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On page 20, as I mentioned earlier, the Company has acquired A ratings, which has allowed it greater flexibility and freedom in raising funds. In addition, we would like to improve the cost of equity capital by reducing financial risks.

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17

### 3. Enhancing Corporate Value

## Received the 12th Annual Best Performance Award from Kawasaki Heavy Industries

### Solving customer issues by improving supply capacity and quality in the field of aircraft engines



Group photo at the awards ceremony (together with employees from Kawasaki Heavy Industries' Aircraft Engine Division and Furukawa Sangyo)

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Reference) Received the 12th annual Best Performance Award from Kawasaki Heavy Industries: UACJ Corporation, Global Aluminum Major Group on July 31, 2025



### UACJ awarded the Best Performance Award for the second time

- ✓ We received the 12th annual Best Performance Award from the Aircraft Engine Division of Kawasaki Heavy Industries Aerospace Systems Company (This is the second time UACJ has received the award, having previously won the 9th annual award in 2022)
- ✓ UACJ was recognized as a supplier that has contributed to Kawasaki's production activities in the field of aircraft engines



### Integrated manufacturing and sales initiatives to support a stable supply

- ✓ Improvement of supply capacity  
We maintained and improved our supply capacity in response to the rapid recovery in demand after the COVID-19 pandemic (through the optimization of manufacturing processes, enhancement of machining facilities, addition of outsourced processing locations, etc.)
- ✓ Strengthening of information sharing and coordination of manufacturing and sales between different business units  
With the establishment of the Aerospace and Defense Materials Business, we decided to unify the sales of flat rolled products, extruded products, forged products, and metal components, as well as strengthen information sharing and coordination of manufacturing and sales

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The next page, page 21, shows one of the initiatives to enhance corporate value.

We are pleased to publish this article where we received the 12th Best Performance Award from Kawasaki Heavy Industries. The aerospace and defense materials business established a solid organization in October and is beginning to see some results from the sharing of information and the integrated reinforcement of plate production among businesses. We intend to further focus our efforts in this area in the future.

### 3. Enhancing Corporate Value

## ALmitas+ SMART\*2 Adopted for Use in Shoe Rack by Fashion Brand ECOALF\*1

### Light and easy to assemble, reduces task workload and helps reduce CO<sub>2</sub> emitted during transportation

- Launched in Shinjuku, but will be rolled out gradually to other locations -



- ✓ We were able to realize an aluminum shoe rack made with recycled materials after receiving a request from ECOALF, which is actively engaged in addressing environmental issues
- ✓ The shoe rack is being manufactured by the UACJ Group using ALmitas+ SMART
- ✓ First time that ALmitas+ SMART has been used in store fixtures
- ✓ Going forward, is scheduled to be rolled out in permanent stores and at events

\*1 ECOALF: A sustainable fashion brand originating in Spain that is behind such initiatives as creating clothes from marine garbage under the concept of "making clothes to protect the global environment"  
URL: <https://store.sanyo-shokai.co.jp/pages/ecoalf>

\*2 ALmitas+: A family brand for the UACJ Group's aluminum materials and products that embodies value-added material, with ALmitas+ SMART being the category that provides sustainable (environmentally and recycling friendly) solutions  
URL: <https://almitas.uacj-group.com/>

Reference) Supplying shoe rack using environmentally friendly ALmitas+ SMART aluminum materials to sustainable fashion brand ECOALF: UACJ Corporation, Global Aluminum Major Group on June 4, 2025

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Page 22 is an introduction.

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The adoption of ALmitas+ SMART for shoe racks by a fashion brand ECOALF is introduced here as an example of our contribution to CO2 emission reduction.

### 3. Enhancing Corporate Value

## Launch of the Sustainability Web Magazine, "GRUTTO SUSTAINA"

With the aim of helping to create a circular economy in aluminum, we released "GRUTTO SUSTAINA" on the Company website on August 5 as a form of employee-participation media that disseminates only information related to sustainability

#### <Media Concept>

- ✓ To inform people about the advantages of aluminum and UACJ's role in helping to realize a circular economy
- ✓ To introduce sustainability initiatives that are being led by UACJ employees and carried out in conjunction with UACJ partners

The name "GRUTTO" comes from a Japanese word that means going round in a circle, or encircling, and it evokes the idea of looking around at the diverse range of sustainability initiatives, the circulation of aluminum, and the ever-expanding circle of sustainability initiatives.



**"GRUTTO SUSTAINA"**  
UACJ sustainable web magazine

You can access "GRUTTO SUSTAINA" at: <https://grusus.uacj-group.com>

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The next page 23 is about our sustainability web magazine, "GRUTTO SUSTAINA", which is a media specialized in sustainability with employee participation that disseminates information on sustainability with the aim of realizing a recycling-oriented society of aluminum.

We are pleased to announce the launch of GRUTTO SUSTAINA on our website on August 5.

This is also an introduction.

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## Future IR Events

### Briefing for Sustainability 2025

**Scheduled for a.m. on Wednesday, November 26, 2025**

Format of event:

Hybrid (at UACJ headquarters building  
and over Zoom)

Speakers:

Shinji Tanaka Representative Director & President  
Midori Narita Executive Officer, Chief Executive of  
Corporate Sustainability Division  
and others



Speakers in FY2024

25

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Lastly, as shown on page 25, we have scheduled Briefing for Sustainability 2025 for the morning of November 26, and we would like to invite you to attend.

That is all for my explanation.

**Ueda:** That concludes our explanation.

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## Question & Answer

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**Ueda [M]:** I will now take your questions. Let me now introduce the first questioner. Mr. Yamaguchi from SMBC Nikko Securities, please ask your question.

**Yamaguchi [Q]:** Thank you for taking my question. Thank you very much for your briefing today. I am Yamaguchi from SMBC Nikko Securities.

At the beginning of the fiscal year, or rather since Q4, I had been hearing from investors that costs had risen considerably and that Q4 profit was not good. And they were wondering if it was really okay. In your explanation at the beginning of the fiscal year, you said that you would be able to recover through price revisions, volume effects, etc.

I'm reviewing the documents on page 7 and page 29 right now, and looking at the non-consolidated results, there was a JPY3.3 billion deterioration in costs in Q1 alone, and minus 1 in the differences related to sales. I think there is much difference between the differences related to sales of plus 7 at the beginning of the fiscal year and minus 1.7 in costs.

However, when I listened to the explanation of the current financial results, you explained that there were temporary factors in Q1, but that it would be OK from now on. In reality, however, the action plan seems to be lagging behind in terms of costs and price pass-through. I would like to ask you to comment on the increase in costs from the beginning of the fiscal year, including whether or not your plan was originally H2-weighted.

As for UATH and TAA, can you tell me a little more about the revenue trends, including how much the currency impact actually was and whether the TAA metal benefit story will get better in the future?

Was the combined total of the transitory factors correct at JPY2 billion? I am confused because the various numbers came up a bit in various situations. Please let me know if you have any more information on the inventory delays, or anything else you can organize.

**Okada [A]:** Regarding costs, we have been working on price revisions since January or February, and we have not yet seen any results for Q1 from April.

We had originally planned this situation, and the effects of the price revision will gradually increase from Q1 to Q2, Q3, and Q4.

**Tanaka [A]:** I am Tanaka. As for the annual plan, page two shows only an image of the plan. It shows lower profits in Q1 and Q2, and higher profits in Q3 and Q4. It is H2-weighted, taking into account the situation in Japan and raw materials in the US. From this perspective, although we did not achieve the plan for Q1, we intend to make up for it later, by moving things up a bit.

Second, you asked about a little more detail of UATH and TAA. Okada, please talk about that again.

**Okada [A]:** On page seven, in the waterfall chart, there is a JPY1.9 billion YoY decrease at UATH. The impact of the dollar-baht or baht appreciation was about a little more than JPY1 billion.

UBC's cost was still low and stable in Q1 of the previous fiscal year, and compared to that, the procurement costs of raw materials such as UBCs continuously have an impact here, which was about JPY1 billion. These impacts combined amounted to JPY1.9 billion.

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As for TAA, the JPY3.3 billion in TAA was due in large part to a YoY deterioration of about JPY2 billion in raw material procurement costs. Also, the volume structure and sales volume were fine, but the roll margin and surcharge such as the cost of paint and the surcharge for the additional metal costs caused the price difference of about JPY1 billion. This has been caused by the effect of the conversion from the weak to strong yen in the last fiscal year. In total, the difference was JPY3.3 billion. That is all from Okada.

**Yamaguchi [Q]:** It sounded like you were talking about metal benefits expanding in the future. I want you to add some about that.

**Tanaka [A]:** Is your question how we see TAA transitioning toward next March?

**Yamaguchi [Q]:** Yes, that's right, at TAA. Please.

**Hashimoto [A]:** Hashimoto will explain. As you know, the 50% tariff on aluminum in the US was announced at the beginning of June, and it has already been enforced. The situation has changed since then, and the premium on the price of ingot has increased significantly. It is now USD1,500 or USD1,660.

On the other hand, the cost of scrap has not increased since there are no tariffs on that. So, this difference has been expanding since the end of June. Therefore, in April-June, the effect of tariffs there was still very little. We anticipate that this will begin to appear in July or later.

However, on the other hand, we have a certain amount of inventory, so we expect the effect to be felt over H2 of this fiscal year, when the difference will expand significantly. We expect to see a considerable improvement in this area, and we have not changed our annual forecast, expecting that the negative impact in Japan and Thailand will be covered by this area.

**Yamaguchi [Q]:** I see. Is it okay to say that the total could be good, especially because there are high expectations in the US?

**Hashimoto [A]:** That's what I mean.

**Yamaguchi [M]:** I understand. Thank you very much. That is all.

**Ueda [M]:** Okay, I will introduce the next questioner. Mr. Shirakawa from Morgan Stanley MUFG Securities, please ask your question.

**Shirakawa [Q]:** I am Shirakawa from Morgan Stanley MUFG Securities. Thank you for your explanation today. I would like to ask two questions.

The first question is related to the current metal benefits. In your explanation, I think there was a comment that this April-June was already set because it is a quarterly contract. Is the UBC price contract, or that procurement price, a quarterly contract?

In addition, as for the expansion of metal benefits, we can confirm through Bloomberg and other sources that the level has been unprecedentedly high. I think originally the US TAA expected a decrease in profits of about JPY6 billion due to the reduction in metal benefits. Can you give me an image of how positive that would be?

Then the second question is about Thailand. I'm thinking their profit is not good. They are selling a good volume, but excluding inventory, they are at break even. While you explained earlier about YoY, if we look at QoQ, it seems to be improving a little. So, I would like to know how UBC's procurement price increase have influenced the QoQ result while the YoY figure was negative.

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In addition, you mentioned that you would sell automotive related materials following the closure of a competitor's plant in the US. Please tell me what this is about. That is all. Please.

**Hashimoto [A]:** Just to add to my earlier explanation, we do not decide on a QoQ basis. The reason why we have not seen cost advantages in Q1 is that, as I mentioned earlier, the tariff has been 50% since June, so since then, the premium of the so-called ingot sales price has come into play. I wanted to mention that the effects of this will be seen after July.

We have a certain amount of inventory, so the benefit is relatively small in Q1, and the benefit will begin to appear in H2 after the inventory runs out. I have just said that the benefit will be larger in H2.

**Tanaka [A]:** As he just explained, the effects will gradually manifest themselves from Q2.

**Hashimoto [A]:** You are right about Thailand. As I explained in the previous briefing, the refund of the value-added tax in China has been removed, and the price of ingot in China is now very high. So, the price difference with our competitors is shrinking considerably.

We are implementing a price increase, in response to that. This effect will be seen gradually, starting with those that are changing contracts, so the fact that the effect will be seen in stages is the biggest part of the reason behind the expectation that the positive side of Thailand should increase in the future.

As for UBCs, the peak of the price hike was from the end of last year to the beginning of the new year, and since then, prices have been gradually lowered. In addition, we are promoting cost reduction by expanding our procurement sources, and we expect to see improvements in this area in the future.

Third, there was a manufacturer in the US that made automotive heat exchangers, but that company has pulled out of the market because importing slabs is no longer cost-effective, partly due to the recent tariff move.

Therefore, we have been receiving requests from our customers to increase the volume of automotive heat exchanger materials that we supply from Thailand. This has already increased, and I think these are the three major factors for improvement we are aiming for this year.

**Shirakawa [Q]:** Okay. Is what you meant by the last part that you are not exporting to the US, but the customer is in a different place, and you are exporting there?

**Hashimoto [A]:** That's America. We export from UATH because our competitor in the US stopped making automotive heat exchangers. That volume increases considerably in the US.

**Shirakawa [Q]:** Is this enough to pay for the 50% tariff?

**Hashimoto [A]:** We are receiving requests for increased volume because customers cannot procure it in the US, so they are forced to buy it, paying a 50% tariff.

**Shirakawa [A]:** Does that mean that the customer bears the cost?

**Hashimoto [A]:** That's what I mean. The customer bears the cost as we export to North America.

**Shirakawa [Q]:** Is this a story that was not part of your original plan?

**Hashimoto [A]:** There was no information about that withdrawal, so it was not included.

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**Shirakawa [Q]:** If you could give me a hint as to how much this will have a quantifiable effect on profit increase from Q2 onward, for example, against the plan, please tell me.

**Hashimoto [A]:** It is difficult to say the amount at this time.

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

**Ueda [M]:** Okay, I will introduce the next questioner. Mr. Matsumoto from Nomura Securities, please ask your question.

**Matsumoto [Q]:** I am Matsumoto from Nomura Securities. Thank you very much for your explanation today.

First, on page two, Mr. Okada explained that the factors for the unachieved forecast for Q1 were JPY1 billion in one-time delay in the timing of inventory and ingot procurement, but I didn't understand that well. In the end, I would like to know about how much the transitory factors were and how much the impact of the exchange rate was.

I also wonder what the cost of inventory or the timing of ingot procurement is different from what is included in the inventory valuation. I think this kind of fluctuation often occurs, such as LME prices moving in May or April. I am wondering what you mean by saying that this is especially transient this time around, and I would appreciate an explanation of this.

Second, this is not related to the financial results, but the approval rate for the appointment of the president and chairman at the general shareholders' meeting was less than 70%, which I believe is not often seen in other companies. Please tell me what kind of awareness of the problem you have as management in this area. That is all.

**Okada [A]:** As you asked, the difference in inventory carryover unit price and raw material procurement cost arise every month. The difference was larger than in the first quarter of the previous year.

There is a time lag before the increase in raw material procurement costs is reflected in manufacturing costs. The rise in raw material prices towards the latter half of last fiscal year led to an increase in manufacturing costs in the second half of fiscal year 2024 and an impact on carryover unit prices for this fiscal year, which ultimately had a negative impact on the first quarter financial results.

Raw material procurement costs have recently stabilized and are lower than in the second half of the previous fiscal year. We do not expect there to be any further deterioration compared to the previous fiscal year from the second quarter onwards. That is all from Okada.

**Tanaka [A]:** Now, Tanaka will give a few words as answer to the second question about the approval rate for the appointment, which was less than 70%. Some shareholders include P/B ratios and the number of outside directors and auditors in their approval criteria, which unfortunately resulted in the percentage being below 70% this time.

In this regard, P/B ratio is one of the major guidelines, and although the P/B ratio is currently below 1x, we intend to recover the share price as soon as possible so that it will exceed 1x. That is all.

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

**Ueda [M]:** Now I would like to introduce the next questioner. Mr. Ozaki from Daiwa Securities, please ask your question.

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**Ozaki [Q]:** I am Ozaki from Daiwa Securities. Could you please allow me to confirm how much progress you expected in Q1 against your original plan? It is JPY46 billion per year, so dividing by four gives JPY11.5 billion. The question is how much you expected for Q1. The figure you came up with was JPY7.9 billion, and if there were two for transients, I think it would be JPY9.9 billion. How do you evaluate this result? Also, I wasn't quite clear on how the inventory cost impact differs from the inventory valuation difference. Could you please explain again?

Second, despite the poor progress in Q1 profits, it sounds like there is little support from the fact that the benefits of raw materials in the US will start to emerge. For example, the price of copper ingot has plummeted since it is no longer subject to tariffs. Don't you need to expect a similar risk for aluminum? These are my questions.

**Okada [A]:** As for how we see the JPY7.9 billion figure for Q1 against the internal plan of JPY46 billion, as you mentioned, the profit plan for Q1 was about JPY10 billion. Therefore, the amount subtracted from the transitory amount is directly a negative contribution to the plan.

Also, as for the inventory valuation difference, I think it is indeed very difficult to understand. The cost of inventory is the accounting difference between the amount of production carried over to the next term along with overhead costs and the amount of materials sold where inventory has been carried over, or rather, compared to the sales in the month of production, for those carried over, SG&A expenses are recorded as costs of production.

For inventory, the difference between the average of the ingot you have by the weighted average method and the ingot just paid out next is recorded as the effect of inventory. Sorry it is a bit confusing, but that is the basis of this concept. That is all from Okada.

**Ozaki [Q]:** I guess you mean whether it is only the impact of ingot or includes overhead costs in the calculation.

**Okada [A]:** Yes, that's the short answer.

**Ozaki [Q]:** So are you saying that since overhead costs had a large impact this time, you are adding JPY1 billion as inventory costs?

**Okada [A]:** Yes, that is right.

**Ozaki [M]:** I understand.

**Kumamoto [A]:** Regarding the future of aluminum tariffs, this is also difficult to forecast. As you already know, this is not being applied to any particular country, but to all countries.

One thing I find troublesome is that the US uses about 4.5 million tons of new ingot, about 70% of which comes from Canada. It has been reported in the media that not even tariff negotiations between Canada and the US have been conducted, so we are not sure what will happen.

Therefore, although it may be a very shortsighted view, the US is not going to drop its fist so easily, and Canada is not going to drop its fist so easily either. I have a feeling that the 50% tariff on ingot coming from Canada will continue for the time being.

On the other hand, the reason for the high 50% tariff is to revive the manufacturing industry in the US, and to support the revival of the aluminum smelting business. As you all know, smelting aluminum requires an enormous amount of electricity or energy. One of the challenges for aluminum is electric power, and it is

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difficult to find companies that are willing to engage in aluminum refining. Imports will continue for a long time, and it is a bit unpredictable what kind of result we will have. That is all. Then, Hashimoto, please continue.

**Hashimoto [A]:** One big thing behind this is that the tariffs on aluminum and steel are no longer completely exempt this time. Traditionally, Section 232 continued for a long time. In that sense, it is slightly different from the positioning of copper. The tariffs have been in place for a long time, but Section 232 exemption was seen by some as a loophole, and now that it is no longer in place at all, I believe that the current situation with tariffs will continue. That is all.

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

**Ueda [M]:** Okay, I will introduce the next questioner. Mr. Goroh from UBS Securities, please ask your question.

**Goroh [Q]:** I am Goroh from UBS Securities. I would also like to ask two questions.

First, once again, as for the way to look at profit, your company is engaged in roll margin business, charging roll margin for the fluctuation of volume, so if the roll margin is stable, your profit will be stable. I think we should expect an increase in profits when volumes are increasing, as they are this time. The only mechanism for that roll margin had been for ingot. Now that it is possible to negotiate a price that includes energy costs, the cost of other secondary materials, and various other costs, I think that increased confidence in margins has been the root of the decline in your company's cost of capital and the increase in ROE.

This time, I think your idea about the inventory valuation is close to the carry-over concept in steel industry. I think that this kind of cost increase has been known for some time, and the roll margin has revised by 20% in Japan since January. The move to raise prices after the benefit of China's value-added tax refund is no longer available is also what has been in the works for some time.

Unless efforts are made to ensure margins without a time lag, the figures may lead to concerns that the profit structure itself may be shaky, although it may be a little too abrupt to cut off the quarter as shown here. I would like you to explain how the roll margin revision that has been underway since January can be implemented without a time lag.

Also, in your explanation this time, you did not mention anything about the positive effect of the increase in volume, but there may be a calculation that simply means that the fixed costs will be reduced. I would like to ask you to explain whether marginal profit will clearly appear in Q2, Q3, and Q4. Sorry, this first question is somewhat broad.

Second, you mentioned that the financial rating has improved, but if you think only about Q1, the cash inflow was reduced in some areas, and I think free cash flow was a big negative YoY. The D/E ratio temporarily went up again.

Since it is a quarterly fluctuation, this may not be so important, but in terms of the full-year target, this financial discipline and cash management should be improved, since material costs should be reduced by strong yen. Please answer these two questions.

**Okada [A]:** We have been able to firmly secure the roll margin, which was part of the structural reform to date, and we believe that we have been able to firmly realize the major move to reflect such market fluctuations in the selling price of our products through surcharges.

However, regarding the time lag you pointed out, in some cases the past results, or in some cases one year's results, are added to the next year's sales price in the form of a roll-merging plus surcharge, so we believe that a time lag is inevitable in the surcharge area.

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In such a situation, we are making efforts in manufacturing and other areas to secure and obtain profits as planned, and we are making firm efforts as a manufacturing company to achieve the planned profits. We would like to consider various options for the future as well.

In addition, as for the increase in sales volume, the actual margin has not been as high as expected despite the increase in sales volume due to the impact of the product mix and the impact of foreign exchange rates. This is the main reason for the lower margins.

In Japan, the roll margin is not affected by the exchange rate, so there is no major impact, but there is a slight influence of the product mix, which is one factor that we could not explain in a major positive way.

In addition, the free cash flow was negative even though we acquired A ratings, and the D/E ratio for Q1 was 1.1 times, which was 0.1 point worse than the D/E ratio at the end of June.

In our internal budgets and financial plans, we originally planned our business in each quarter and planned to store a small amount of inventory in Q1, including domestic business. Against this plan, it is true that we did not generate as much long-term working capital as we had expected, but we believe that we will be able to achieve less than 1x by March while still managing our financial position firmly. That is all from Okada.

**Goroh [Q]:** Do you mean that the volume effect will become more visible in Q2, Q3, and Q4? I understand that the strong yen has not ended yet. Could you please explain how we should look at the quantity effect and what is to come?

**Hashimoto [A]:** Yes. As for the revision of roll margin, as has already been mentioned, first of all, costs are going up, including labor costs. Then, there is the cost increase of recycled materials, which will be significant for us in the future. Against these two backgrounds, we are continuing to negotiate with our customers, and they are actually making revisions. In terms of area, this is Japan and Thailand. We are making progress in these countries.

In the meantime, recycling costs were rising, so it was difficult to see the effects of the price revision in a tangible form. I think you can see this after recycled materials settle down a bit, or there is a big gap emerging in the US.

Regarding foreign exchange, the appreciation of the Thai baht is a concern to the Thai central bank, and the general view is that further appreciation of the baht is unlikely, including intervention. Under such circumstances, we believe that there will be no further deterioration in foreign exchange rates, and that the revision of the roll margin that I mentioned earlier will have an effect in Q2 and beyond.

**Goroh [M]:** Yes, thank you.

**Ueda [M]:** Okay, I will introduce the next questioner. Mr. Shibata from SBI Securities, please ask your question.

**Shibata [Q]:** Thanks for your help. I am Shibata from SBI Securities. Now, I have two brief questions, please.

It seems that shipments of thick plates in Q1 were a little weak compared to the company's plan, so could you follow up a little bit on this, including your view of the future? This is the first question.

Second, regarding metal benefits and the expected improvement in North America, my impression from your various explanations is that there will be a considerable improvement in metal benefits from Q3 onward as an upside to the assumptions made at the beginning of the fiscal year. If you assume so, why has your plan remained unchanged? That is all.

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**Hashimoto [A]:** Regarding thick plates, when we made the plan, we thought it would still be weak in H1, and in fact, we will see the same level in H1 and a gradual increase from H2. Our customers are planning to increase production considerably toward next year, so we expect this to happen at some point in H2. In this sense, we are of the view that the result will not be so different from the initial plan.

**Tanaka [A]:** Your second question was why we have not changed our full-year forecast. Tanaka will answer. As you just asked, we believe on the one hand that the cost advantage of raw material procurement will increase considerably in H2. On the other hand, we are not sure how the exchange rate will fluctuate, so we have decided to leave our forecast unchanged for the year as a whole, taking into account risk factors and the factors that could swing the forecast to the upside.

**Shibata [Q]:** Is it safe to say that there is room to revise your plan if the effects of metal benefits become more visible as the results of Q2 become available?

**Tanaka [A]:** Well, I can't say anything about that until Q2 is over, so we would like to carefully assess the situation in Q2.

**Shibata [Q]:** I understand. Then I'll keep a little hope in mind as an upside for the future. Thank you very much.

**Ueda [M]:** Thank you for your question. With that, I would like to conclude the question-and-answer session. I would like to take a moment here for President Tanaka to say a few words. Mr. Tanaka, please.

**Tanaka [M]:** Thank you very much for taking time out of your busy schedule today to attend our Q1 financial results briefing. As mentioned in the explanation, there were some transient factors at the end of Q1 that caused us to fall slightly short of the Q1 plan, but we expect that demand will remain fairly high throughout the year. We would like to capture the demand in this area.

In addition, we will continue to negotiate on price revisions domestically as well as on long-term overseas contracts. We are now making progress on contracts with new customers, so we want to capture those effects to ensure a solid margin.

On the other hand, it is difficult to predict how tariffs will change over the medium to long term, so we will need to keep a close eye on the situation. We are already capturing benefits in the area of procurement prices for raw materials, and we would like to take advantage of these benefits.

Overall, although there have been ups and downs in various areas, we are determined to achieve the plan for FY2025 by capturing the positive aspects. Next time, we will report on the results for H1, and we look forward to continuing to work with you.

That is all from me. Thank you very much for your time today.

**Ueda [M]:** With that, we conclude the financial results briefing of UACJ for Q1 of FY2025. 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.

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

**Ueda [M]:** Thank you very much for taking time out of your busy schedule to join us today.

[END]

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