



Aluminum lightens the world

アルミでかなえる、軽やかな世界

FY2024 to FY2027

Fourth Mid-term Management Plan

Value, Connect, and Lightens the World

May 13, 2024

UACJ Corporation



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1. A Better World, Made by the UACJ Group



A World Where People and Companies Are Changing

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

● A changing world

An increasingly polarized world with rising tensions

Large-scale climate change-related disasters

Stronger sustainability laws and regulations

Resource depletion

Uncertainty in economic trends, energy shortages, and rising prices

● Changing individual mindsets toward the need for reduced environmental impact

Eco-minded purchase behavior

Promotion of recycling

Reduction of food loss

Spread of eco-friendly vehicles

Shift away from plastics

● Changing corporate mindsets toward the need for reduced environmental impact

Supply of products with excellent recyclability

Conservation of water resources

Initiatives for carbon neutrality

Initiatives for energy conservation and creation

The UACJ Group Philosophy System

UACJ Group Philosophy



The UACJ Way: Our Guiding Principle



Our Purpose

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

Our Vision

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

Our Values

The UACJ Way: Our Guiding Principle

Respect and understand your associates

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

Embrace honesty and foresight

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

Be curious and challenging

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

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

Passing down a “Brighter World” over the next century

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

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

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

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

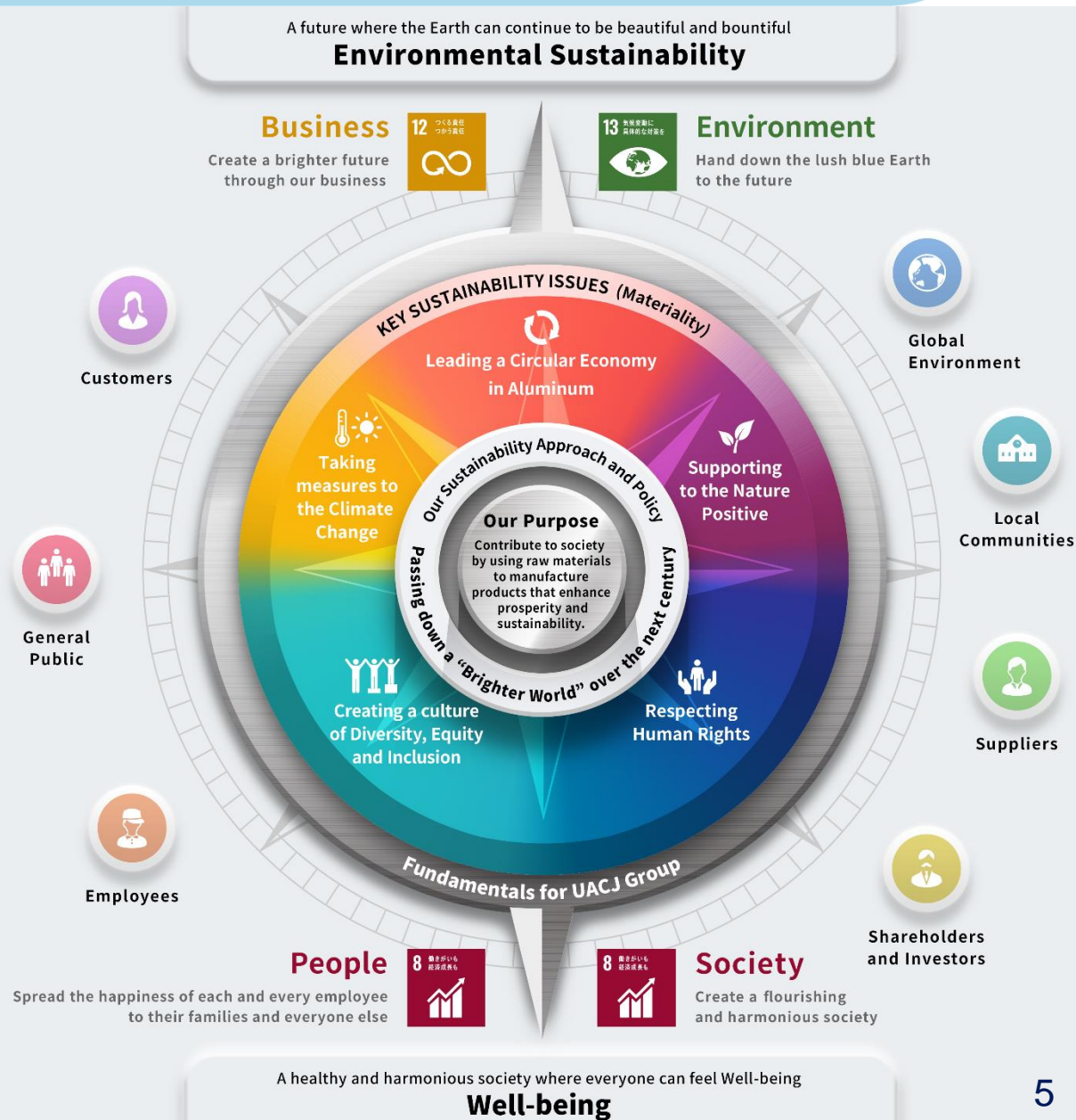
We contribute to create a healthy and harmonious society where everyone can feel Well-being.

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

A brighter tomorrow with aluminum.

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

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



The UACJ Group's Material Issues

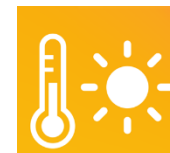
Five material issues for creating value unique to the UACJ Group

Creating a better world through business

Leaving a lush, blue Earth for future generations



Aiming to realize a sustainable global environment



Addressing climate change



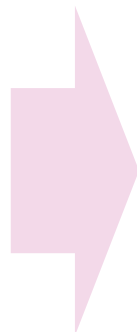
Driving a circular economy in aluminum



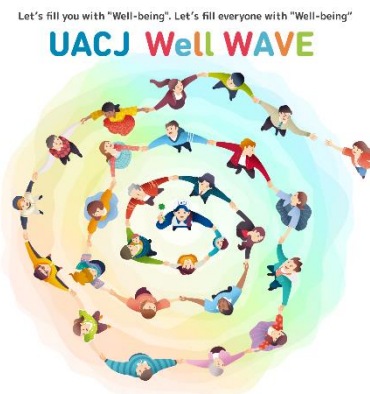
Conservation, restoration, and nurturing of nature (Nature-positive)

Seeking prosperous, harmonious societies

Aiming to spread the happiness of each employee to their families and humanity at large



Seeking well-being (fulfillment, happiness, and harmony)



Respect for human rights



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

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

Building a sustainable world by using aluminum to reduce environmental impact



UACJ Vision 2030 Financial Targets

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

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

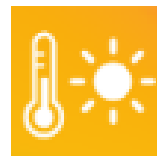
UACJ VISION 2030 Major Non-Financial Targets



Driving a circular economy in aluminum

FY2030 target

UACJ recycling rate **80%**



Addressing climate change

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



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

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



Respect for human rights

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



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

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



Occupational health and safety

Number of serious workplace accidents **Maintaining zero**



Product quality assurance

Number of serious quality defects **Zero**

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

2. Review of Previous Mid-Term Management Plan



Review of the Third Mid-Term Management Plan: Major Financial Targets and Basic Policies

Achieved most financial/action targets thanks to completing structural reforms as well as profit contributions from overseas businesses

■ Basic Policies

Complete structural reforms (to Mar 2023)

- Profit improvement target of ¥21 billion (BM: FY2019)
- Lower break-even point 10% from FY2019 to FY2022
- Consolidate manufacturing bases completed and optimal manufacturing system built up
- Reduce D/E ratio (from 1.7 in FY2019 to 1.3 in FY2022)
- Reduce director and executive officer headcount



Strengthen foundations for growth

- Invest in North American can stock and automotive areas
- Decide to make recycling-related investments in Japan, the U.S., and Thailand
- Strengthen partnerships/collaboration with customers to create a circular economy in aluminum
- Expand and achieve profit in priority activity areas



Promote global sustainability

- Establish a foundation for sustainability activities
- Form company-wide working groups by theme in environmental domains to strengthen initiatives



■ Major Financial Targets

Financial indicators	FY2023 plan targets	FY2023 results
Net sales	¥700 billion	¥892.8 billion
Business profit	¥32.7 billion	¥43.4 billion
Business profit margin	4.7 %	4.9 %
ROE	7.5 %	5.3 %
ROIC*1	6.0 %	7.5 %
Debt-equity ratio*2	1.2 or less	1.0

*Assumptions for plan: ¥110/US\$; LME = US\$2,050/t; Crude oil (Dubai) = US\$60/barrel

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

*2 Debt-to-equity ratio excludes subordinated loans

Review of the Third Mid-Term Management Plan: Highlights

Varied reforms have further boosted domestic & overseas business earnings

Complete structural reforms

- Lower break-even point
- Establish optimal production system
- Business selection and concentration
- Reduce director and executive officer headcount



Reform price-setting structure

- Introduce energy surcharge system
- Scheme for passing on rising logistics costs
- Increase roll margins due to price hikes and environmental investments

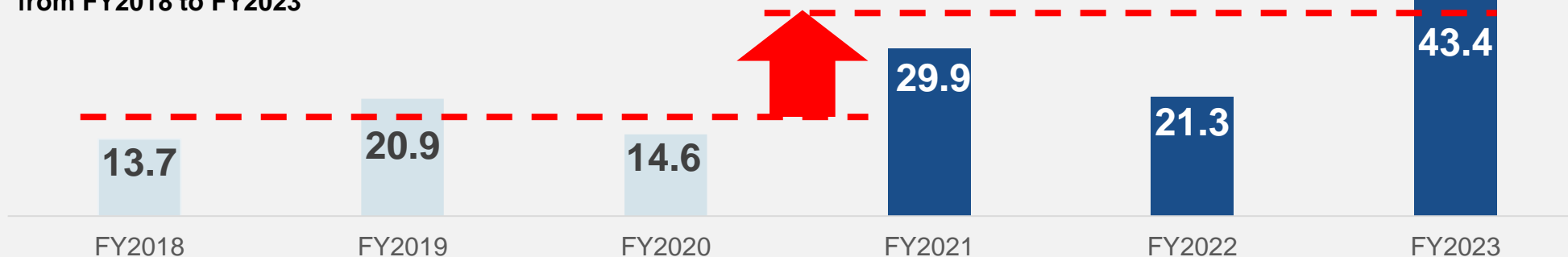


Expand overseas business earnings contribution

- TAA: Significant revenue expansion
- UATH: Factory launch, profit expansion
- UWH: Strategic investment

Business profit from FY2018 to FY2023

(billion yen)



3. Fourth Mid-Term Management Plan

3-1. Overview



Market Environment and Business Opportunities

UACJ's market environment

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

Opportunities for UACJ's value-added materials

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

- Growing global demand for can stock due to increasing environmental awareness among consumers
- Expanding needs for lighter weight

Expansion of a circular economy in aluminum

- Further increase in recycling, especially for aluminum can stock, for which demand is growing
- Expanding recycling in automotives and other areas

Promoting supply of value-added materials and products

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

Fourth Mid-Term Management Plan Positioning

Fourth Mid-Term Management Plan

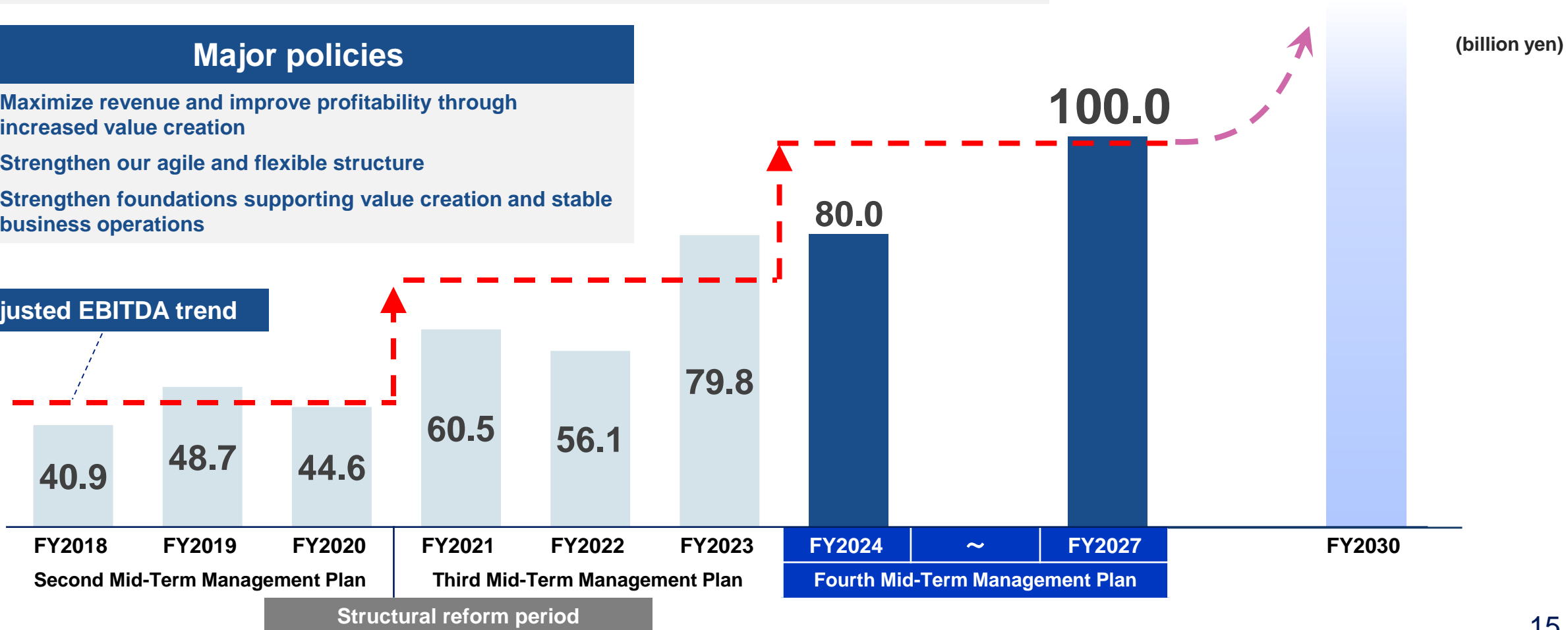
Becoming a value-adding materials company
Value, Connect, and Lightens the World

UACJ VISION 2030

Major policies

1. Maximize revenue and improve profitability through increased value creation
2. Strengthen our agile and flexible structure
3. Strengthen foundations supporting value creation and stable business operations

Adjusted EBITDA trend



Financial Strategy and Cash Allocation

Allocating financial resources to strengthen the financial base, improve capital efficiency, and increase corporate value

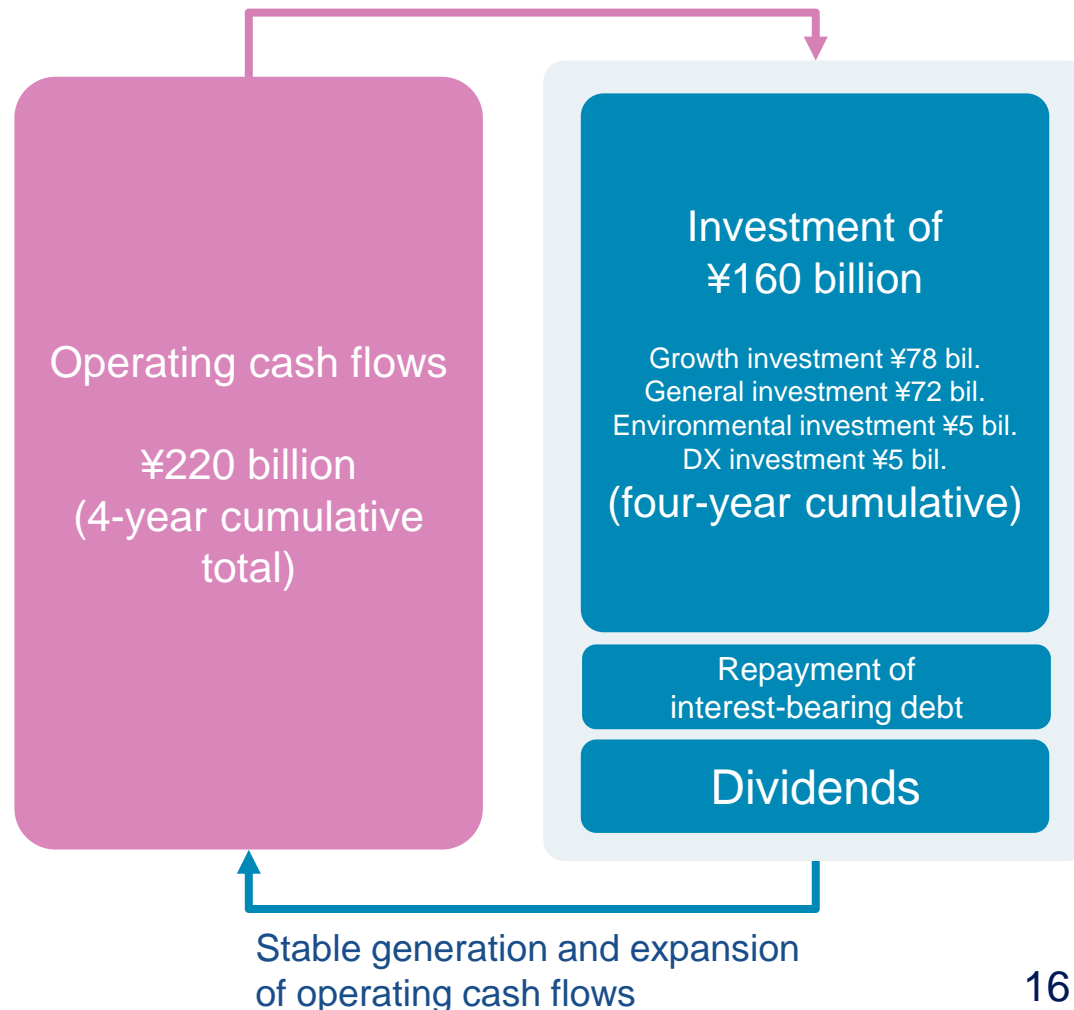
Financial strategy indicators

- **Strengthening profitability**
 Business profit: FY2023 ¥43.4 billion ⇒ FY2027 **¥60 billion**
 Net profit: FY2023 ¥13.9 billion ⇒ FY2027 **¥30 billion**
- **Capital efficiency improvement: Target ROIC of 9%** (based on business profit)
- **Financial base: Target debt-to-equity ratio of less than 1x**
- **Cash allocation: Growth investments of ¥78 billion**
- **Cost of equity capital: Current 9% → Reducing** (target 7% level)
 (Pre-tax WACC 7%)
- **Shareholder return: Dividend payout ratio of 30% or more**
- **Further strengthening of dialogue with capital markets: Proactive investor relations**
- **Expanding and deepening information disclosure: Appropriately disclose financial and non-financial information**



Enhancement of corporate value: Achieving **P/B ratio of 1.0 or more**

Financial strategy (D/E ratio under 1.0)

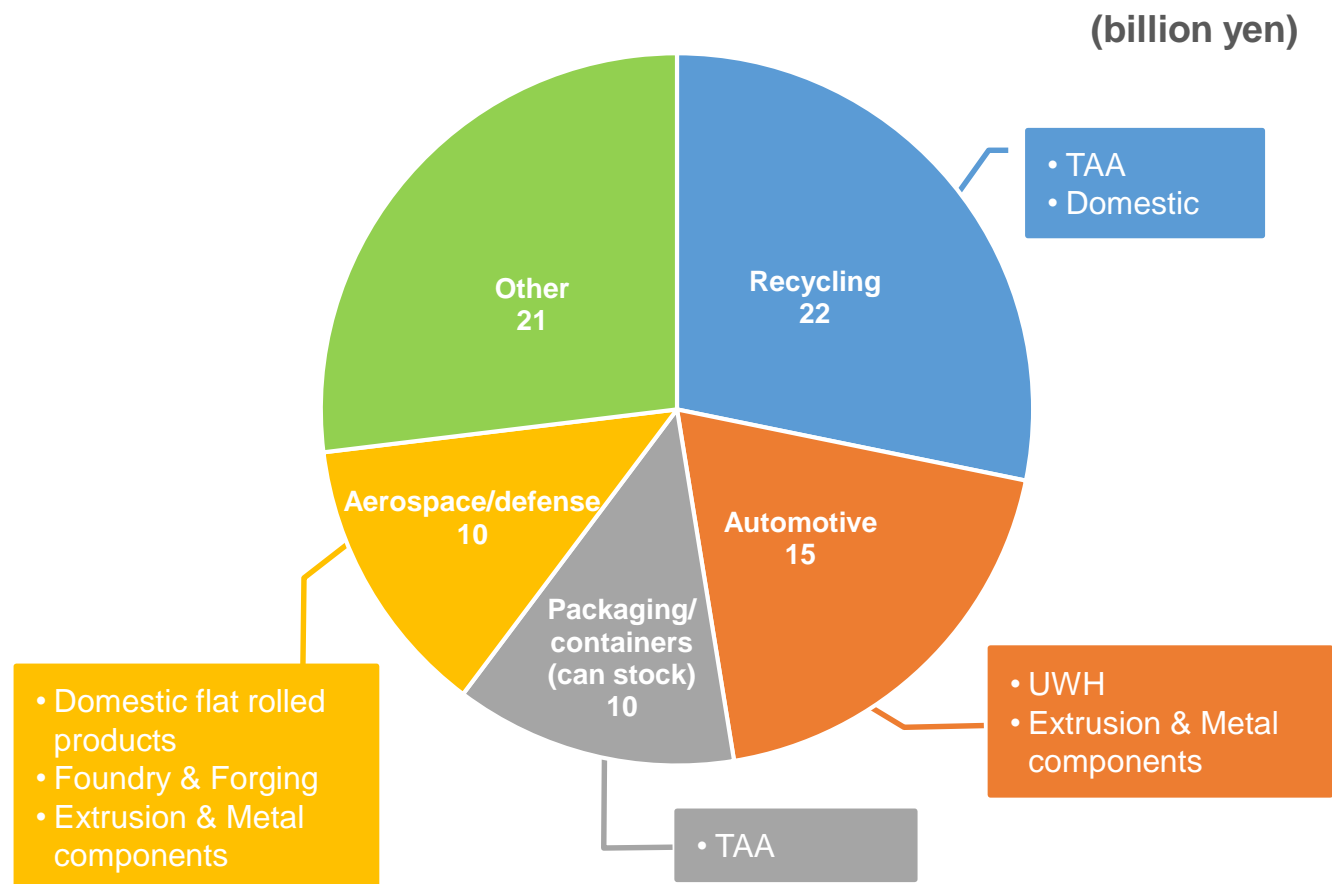


Investment Plan

Prioritize investment in high-growth areas

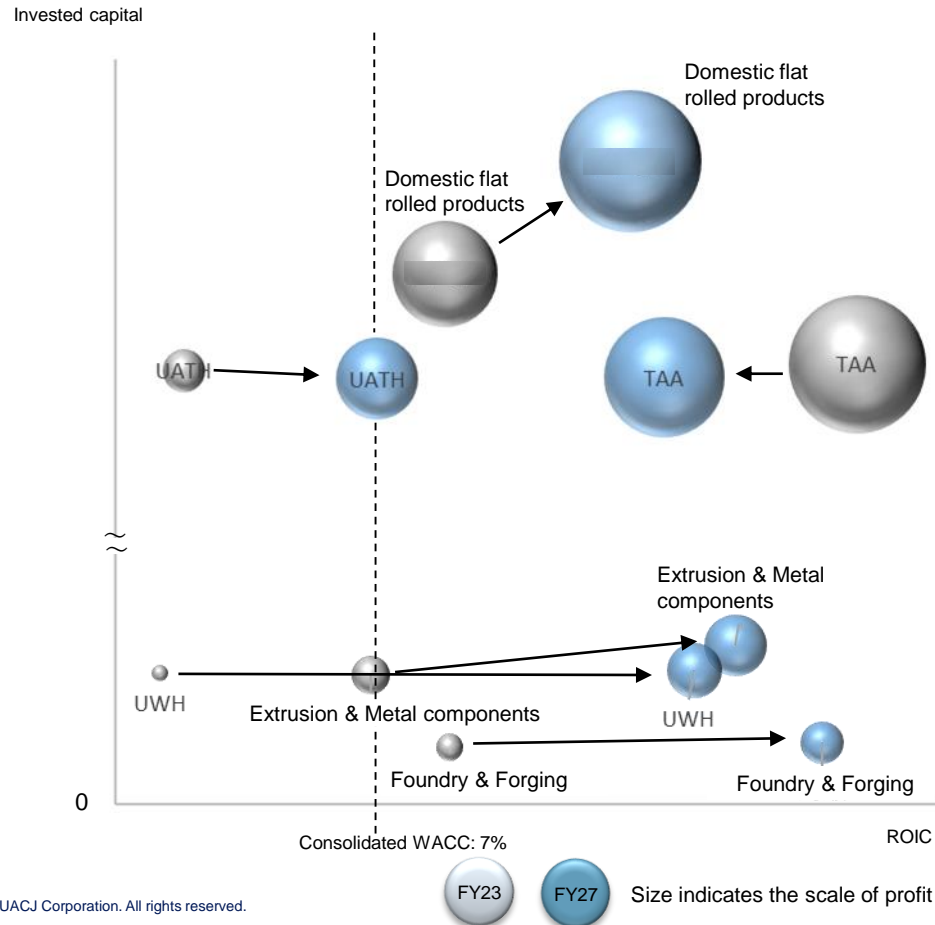
Category	Amount (¥bil.)	Segment, purpose
Growth investment	78	<ul style="list-style-type: none"> • Recycling applications • Automotive • Packaging/containers (can stock) • Aerospace/defense, etc.
General investment	72	<ul style="list-style-type: none"> • Safety measures • Production equipment updates • Quality improvement
Environmental investment	5	<ul style="list-style-type: none"> • Energy conservation • Fuel conversion, etc.
DX investment	5	<ul style="list-style-type: none"> • Automation • System improvement • Database construction, etc.

Breakdown of growth investment fields



Toward improved ROIC through focused investment in high-growth areas

Portfolio envisioned in FY2027



Business	Target segment	Investment allocation policies under the new plan
Flat rolled products business (domestic)	Recycling Aerospace/defense	Investment in recycling and other value-added areas Investment focused on aerospace, defense
Flat rolled products business (TAA)	Recycling Packaging/ containers (can stock)	Priority on growth investment
Flat rolled products business (UATH)	Recycling	Focus on greater profitability through enhanced productivity, etc., without major capacity expansion
Automotive parts business (UWH)	Automotive	Priority on growth investment
Foundry & forging business	Aerospace/defense	Priority on growth investment for aerospace/defense
Extrusion & metal components business	Automotive Aerospace/defense Other	Priority on growth investment for aerospace/defense No major investment elsewhere; focus on key areas

Fourth Mid-Term Management Plan Financial Targets

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

Net sales

¥1,050 billion

Business profit

¥60 bil.

Adjusted EBITDA^{*1}

¥100 bil.

ROE

9% or more

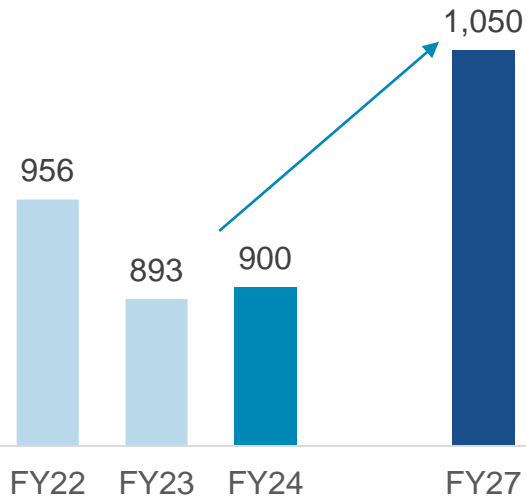
ROIC

9% or more

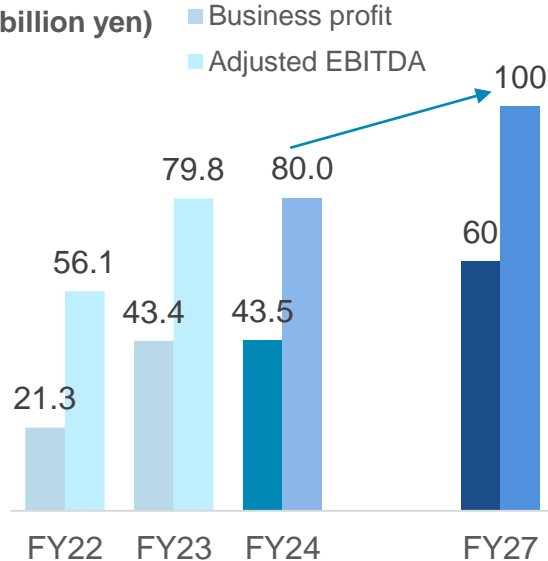
Debt-to-equity ratio^{*3}

Less than 1.0

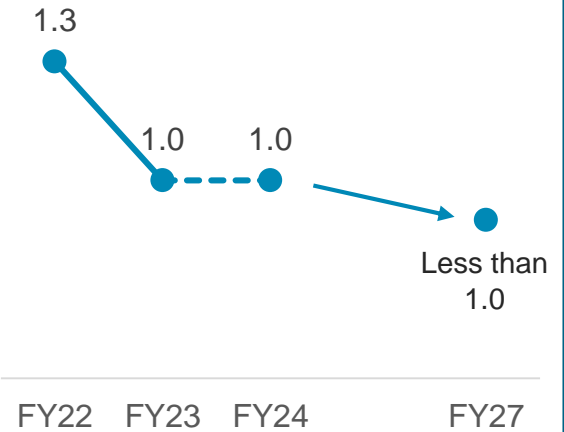
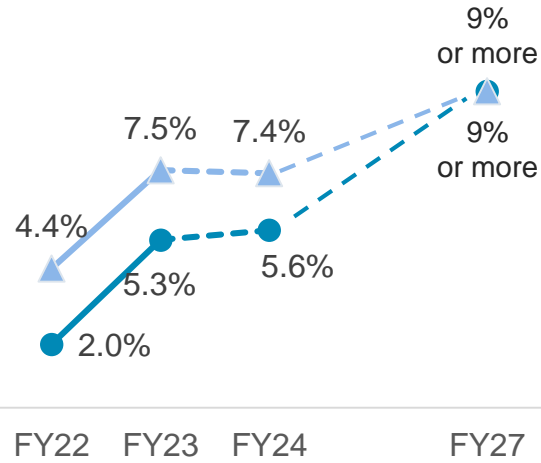
(billion yen)



(billion yen)



ROE
ROIC



*1 Adjusted EBITDA = EBITDA minus inventory valuation effects

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

*3 Debt-to-equity ratio excludes subordinated loans

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

Shareholder Return Policy

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

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

*Net profit = Profit attributable to owners of parent

**Dividend
payout ratio**

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

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



Increased

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

30% or more

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



Higher total shareholder return (TSR)

3. Fourth Mid-Term Management Plan

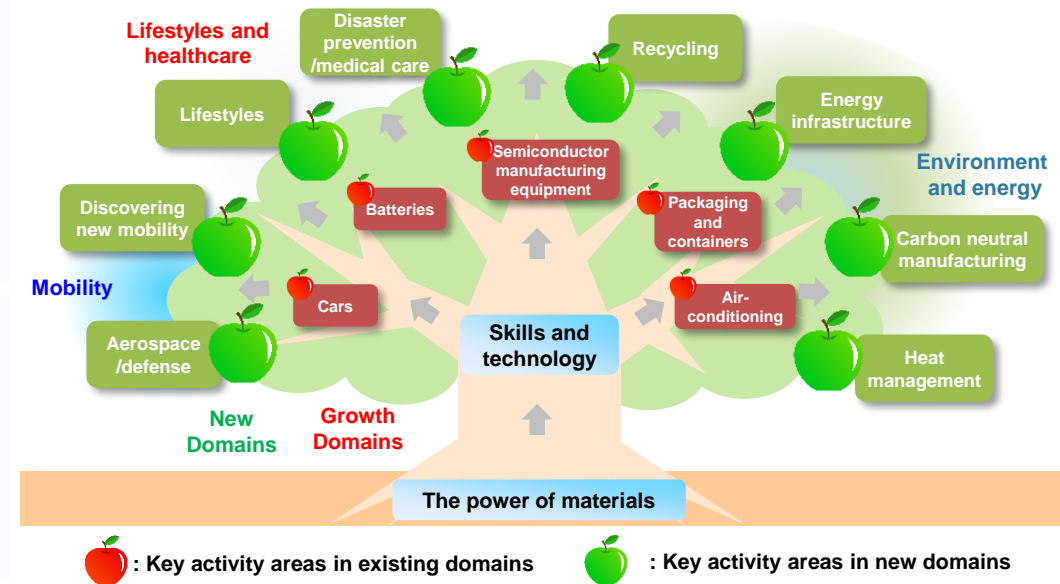
3-2. Major Policies



Major Policies of the Fourth Mid-Term Management Plan

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

<p>1</p>	<p>Strategies for growth and added value</p>	<p>Maximize revenue and improve profitability through increased value creation</p> <ul style="list-style-type: none"> ① Promote recycling ② Expand materials plus processing businesses ③ Contribute to supply chain stability in advanced fields ④ Expand new domains
<p>2</p>	<p>Strengthening operational resilience</p>	<p>Strengthen our agile and flexible structure</p> <ul style="list-style-type: none"> ① Build capability to address environmental changes ② Increasing asset efficiency ③ Automation (improving safety/productivity)
<p>3</p>	<p>Strengthening business foundations</p>	<p>Strengthen foundations supporting value creation and stable business operations</p> <ul style="list-style-type: none"> ① Attract and develop diverse talent and increase engagement ② Acquire, strengthen, and leverage intangible assets such as technologies and brands ③ Use digital technologies to strengthen competitiveness and organizational capabilities ④ Strengthen proposal capabilities by further promoting collaboration and cooperation among businesses/divisions and with the supply chain and value chain



Maintain and strengthen basic UACJ principles

Conduct business in line with the UACJ Way

Health, safety, quality, compliance, governance

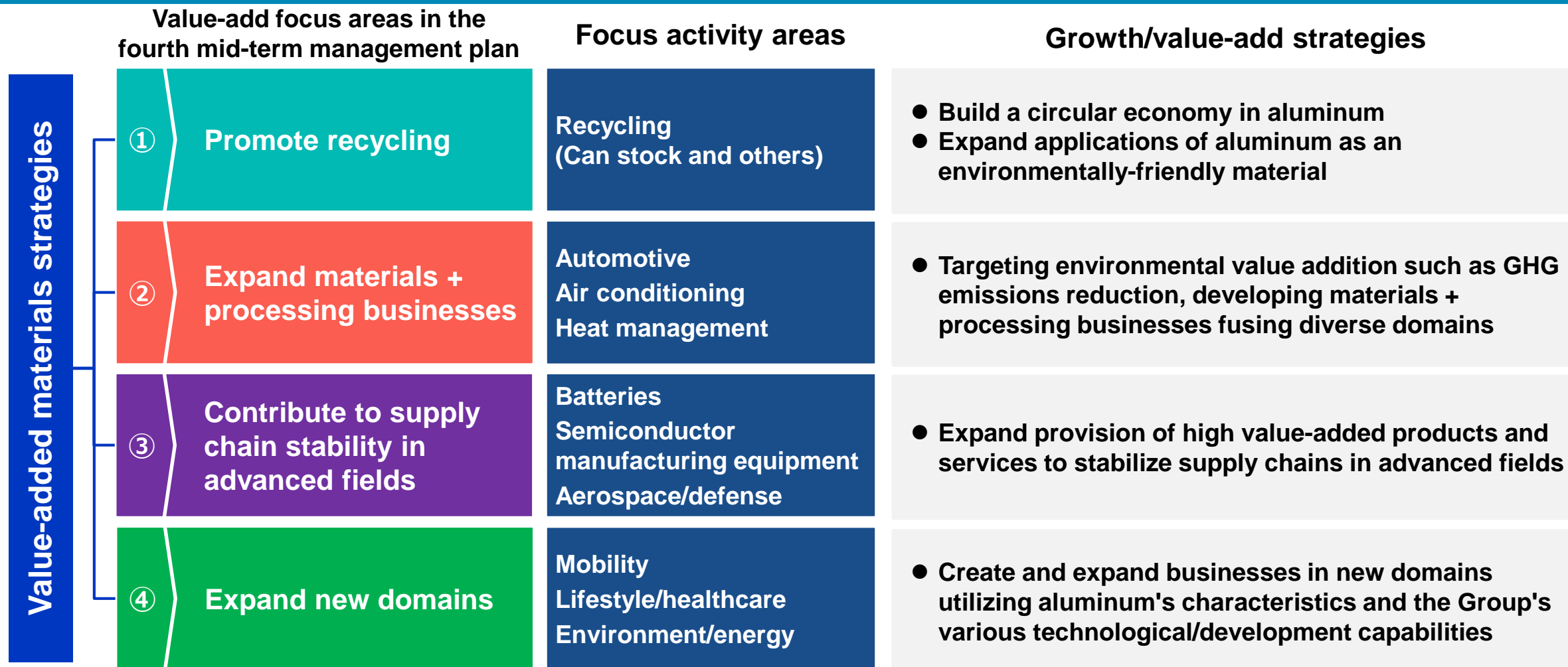
Approach to Business Opportunities: UACJ's Value-Added Materials Strategy

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

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



① Promote Recycling: Future Challenges and Vision

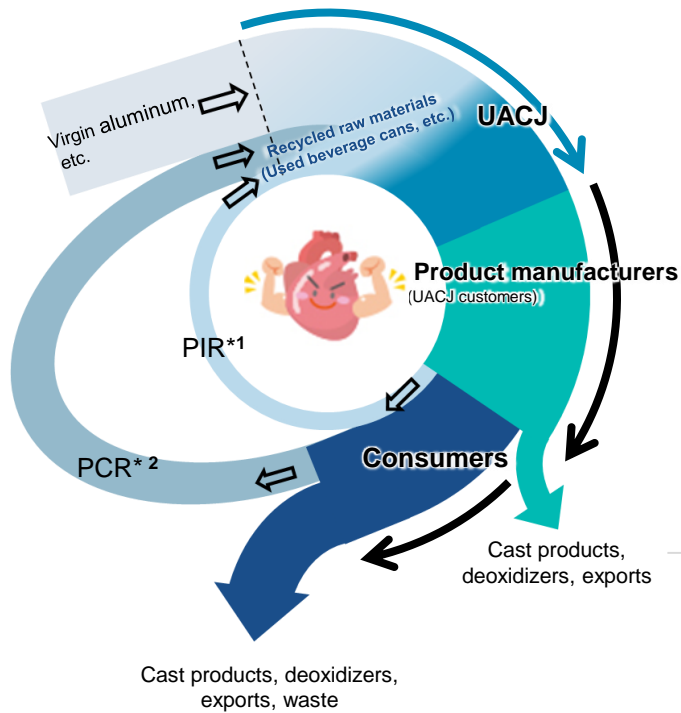
Strategies for growth and added value

Strengthening operational resilience

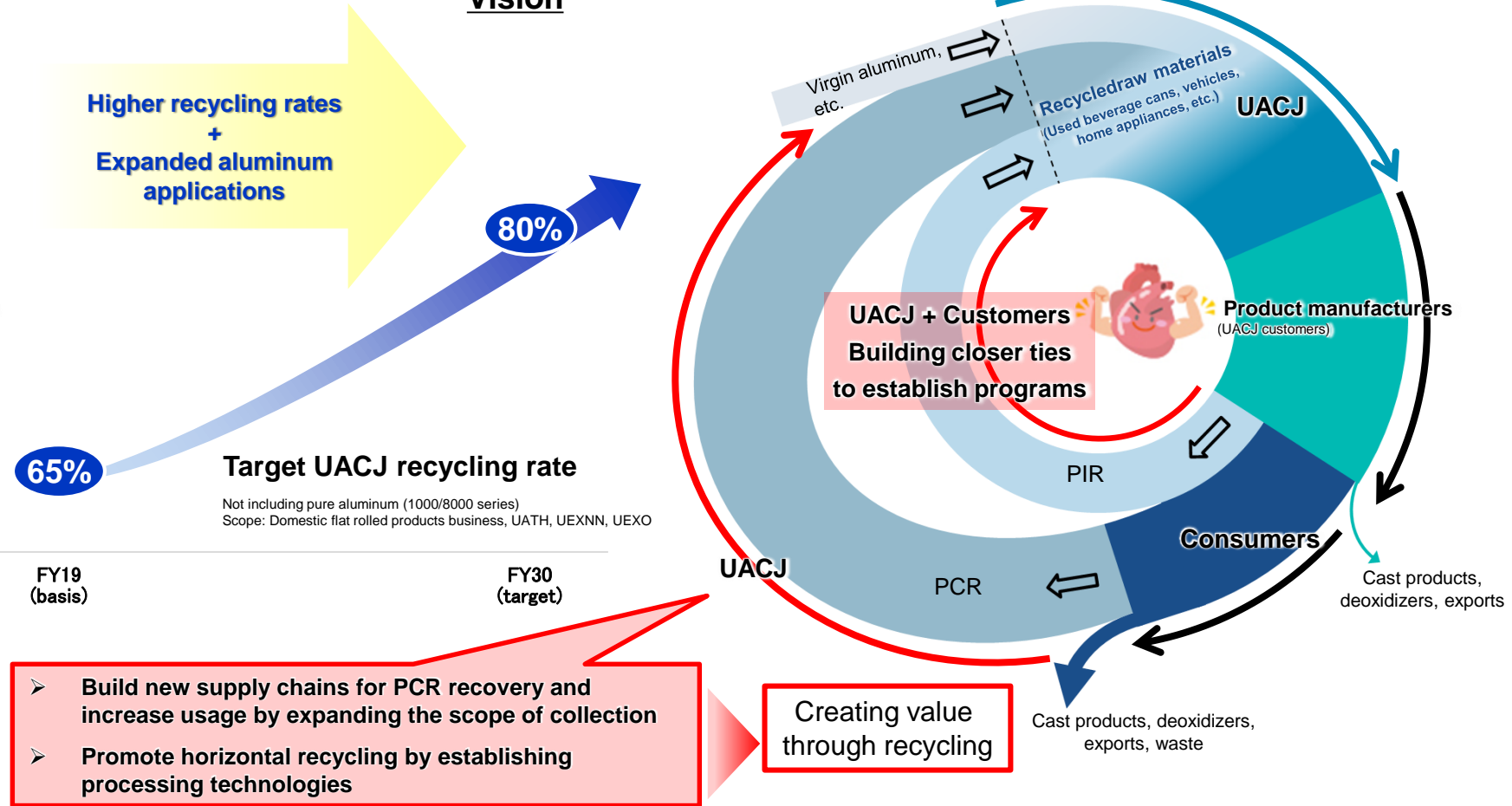
Strengthening business foundations

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

Current roles



Vision



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

*1 PIR: Post-industrial recycled material. Scrap generated at the material processing stage in manufacturing.
 *2 PCR: Post-consumer recycled material. Scrap from used products.

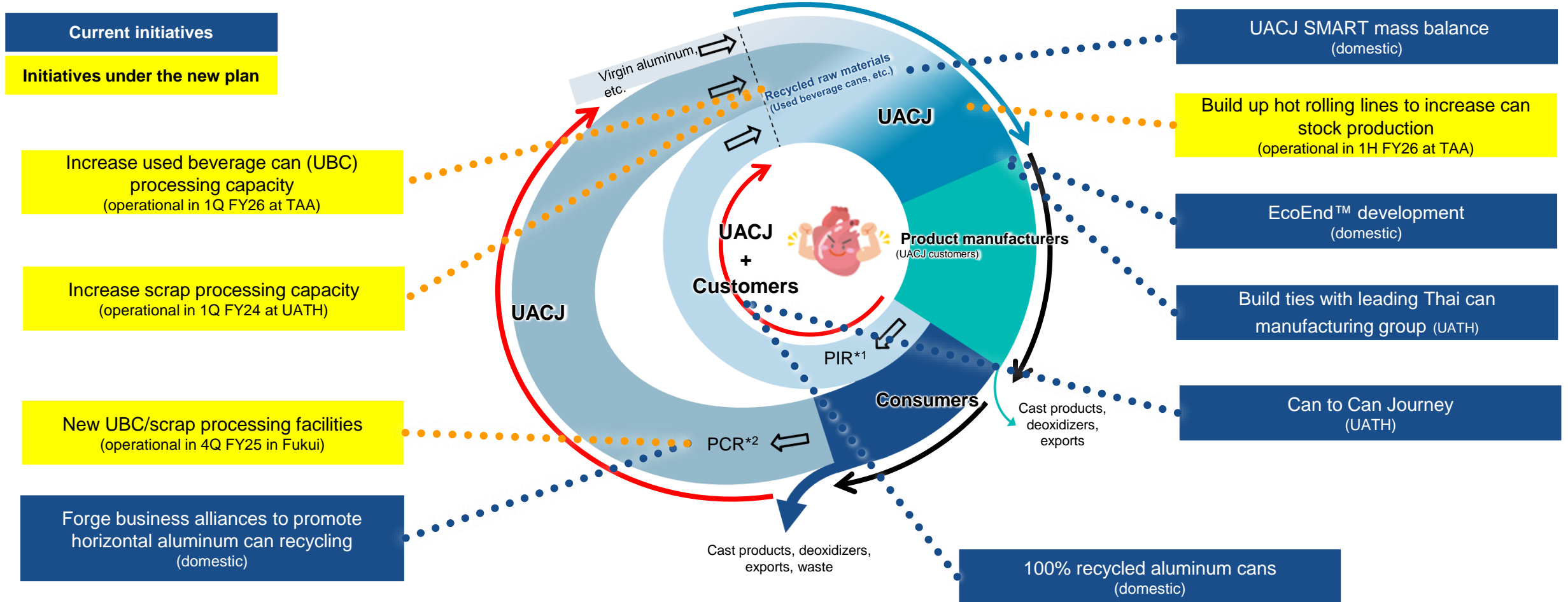
① Promote Recycling: Promote horizontal recycling of can stock

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Contribute to building a global horizontal recycling loop for aluminum cans



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

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

① Promote Recycling: Promote Horizontal Recycling of Can Stock

Strategies for growth and added value

Strengthening operational resilience

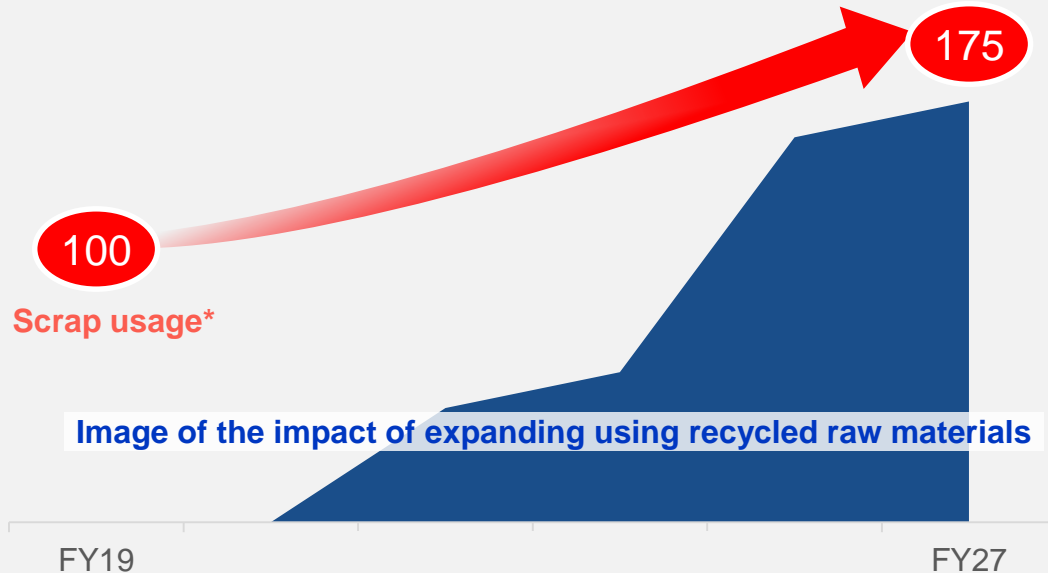
Strengthening business foundations

Strengthening recycling efforts to build a demand-pull business model

Expanding business domains upstream

- Launching recycling-related facilities in Japan, the U.S., and Thailand, and expanding business domains upstream
- Expanding the use of recycled materials by establishing a collection scheme

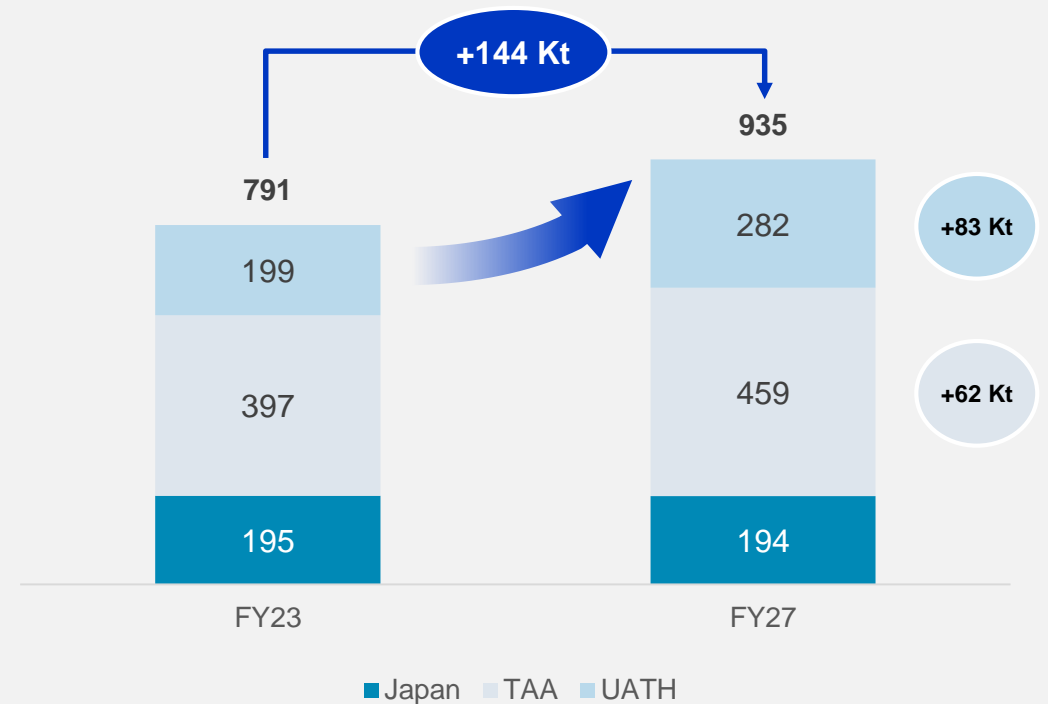
Expanding using recycled raw materials



* UBC usage, indexed to actual FY2019 usage in Japan, UATH, and TAA = 100

Expanding can stock sales with a recycling focus

- Expanding the sales volume of can stock to thicken aluminum cycle pipelines (expanding aluminum use), harnessing its high recyclability



② Expand Materials + Processing Businesses

Strategies for growth and added value

Strengthening operational resilience

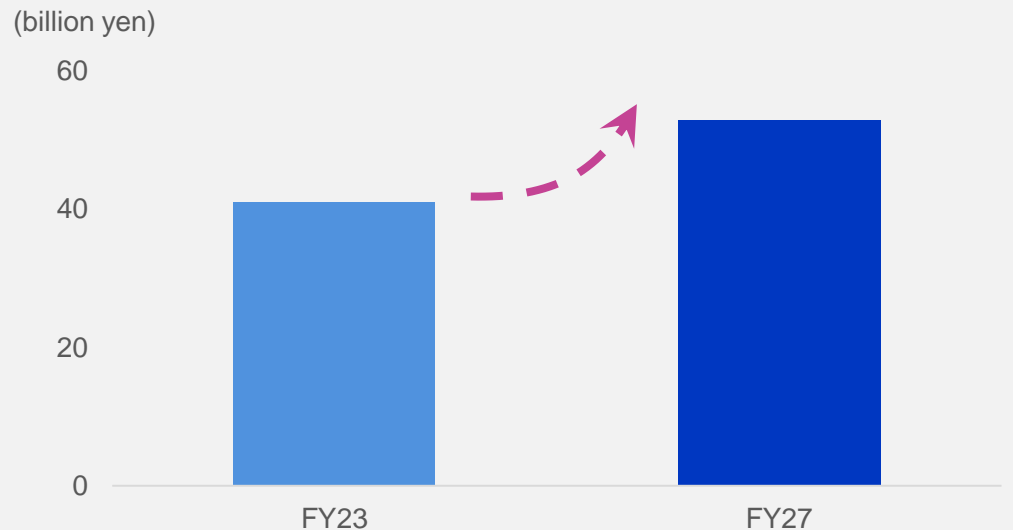
Strengthening business foundations

Aiming to expand value-added materials (including processing) businesses through maximum utilization of material characteristics

Expanding the Automotive Parts Business

- Maximizing strengths of the UACJ Group, which has all value chain pieces from material design to processing

Outlook for UWH sales



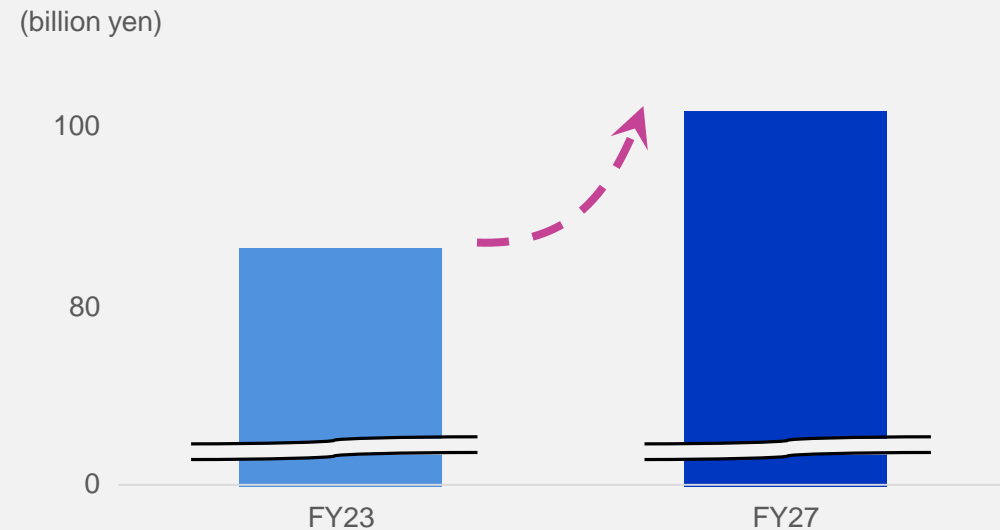
Net sales growth rate

CAGR: 6.5%
(FY2023 to FY2027)

Expanding heat management domains

- Supporting air-conditioning markets in emerging countries and the expanding heat pump market, especially in Europe
- Establishing mass production of pin fins for onboard cooling power semiconductors in EVs

Outlook for sales growth



Net sales growth rate

CAGR: 4.2%
(FY2023 to FY2027)

③ Contribute to Supply Chain Stability in Advanced Fields

Strategies for growth and added value

Strengthening operational resilience

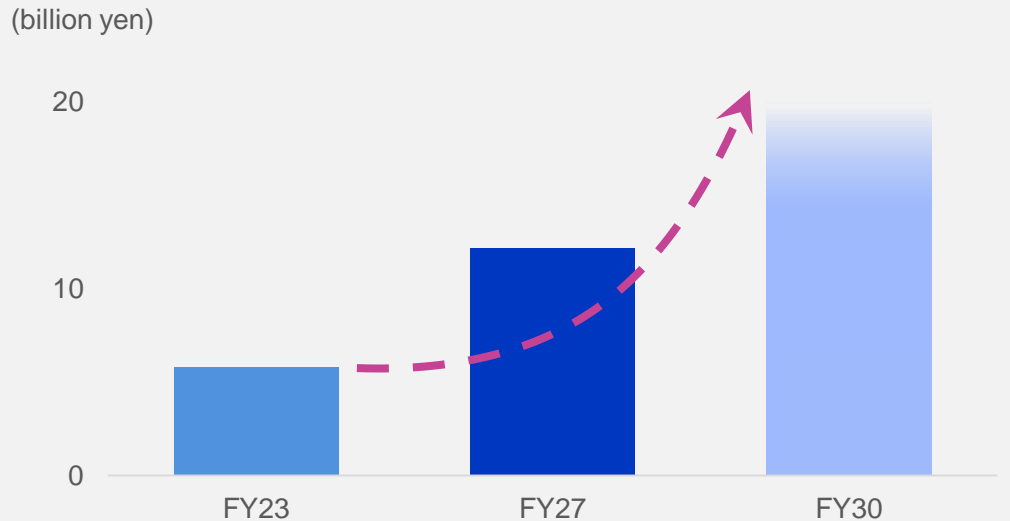
Strengthening business foundations

Helping to build supply chains in advanced fields by providing value-added products and services

Focus on the aerospace/defense domain

- As a leading aluminum company, providing a stable supply of high-quality products and services to help build supply chains

Outlook for sales growth



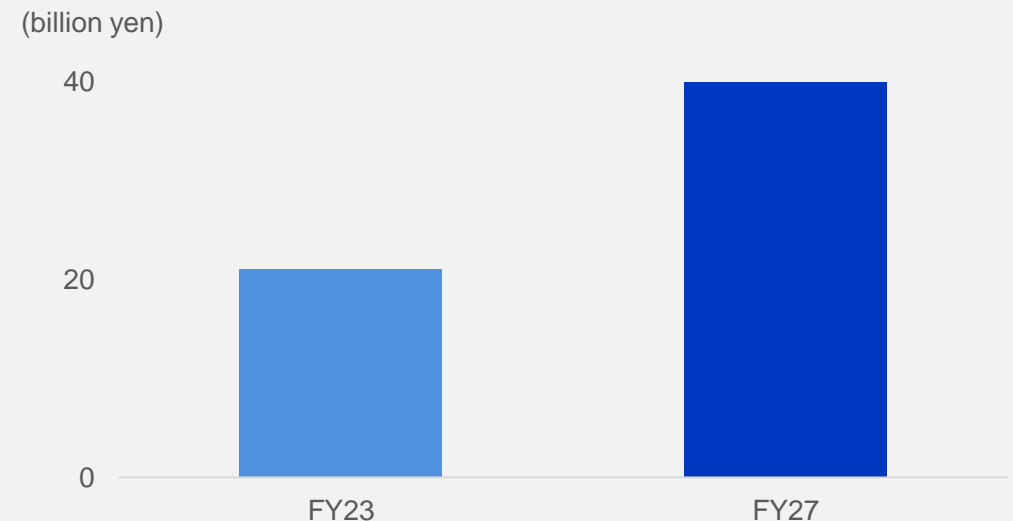
Net sales
growth rate

CAGR: 19.2%
(FY2023 to FY2030)

Expand the battery domain

- Supporting rapidly-growing demand in the battery domain due to the shift to EVs

Outlook for sales growth



Net sales
growth rate

CAGR: 18.0%
(FY2023 to FY2027)

④ Expand new domains

Strategies for growth and added value

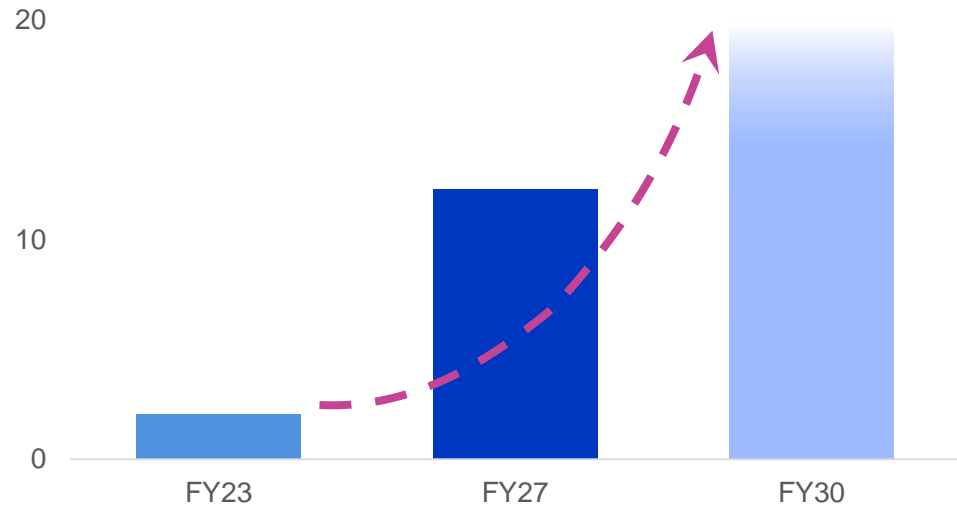
Strengthening operational resilience

Strengthening business foundations

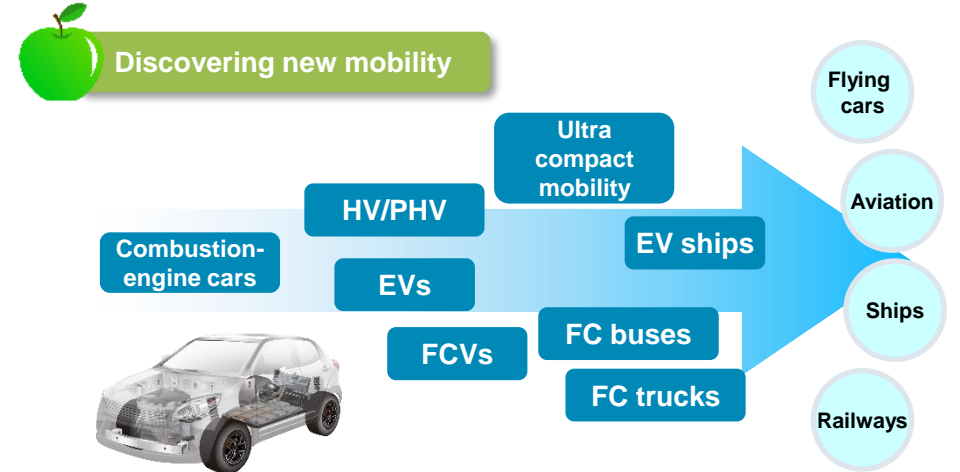
Create/expand new, socially relevant segments focused on key activity areas

Outlook for sales growth

(billion yen)



Mobility



Lifestyle and healthcare



Environment and energy



Contribute to income in key activity areas

Strategies for growth and added value

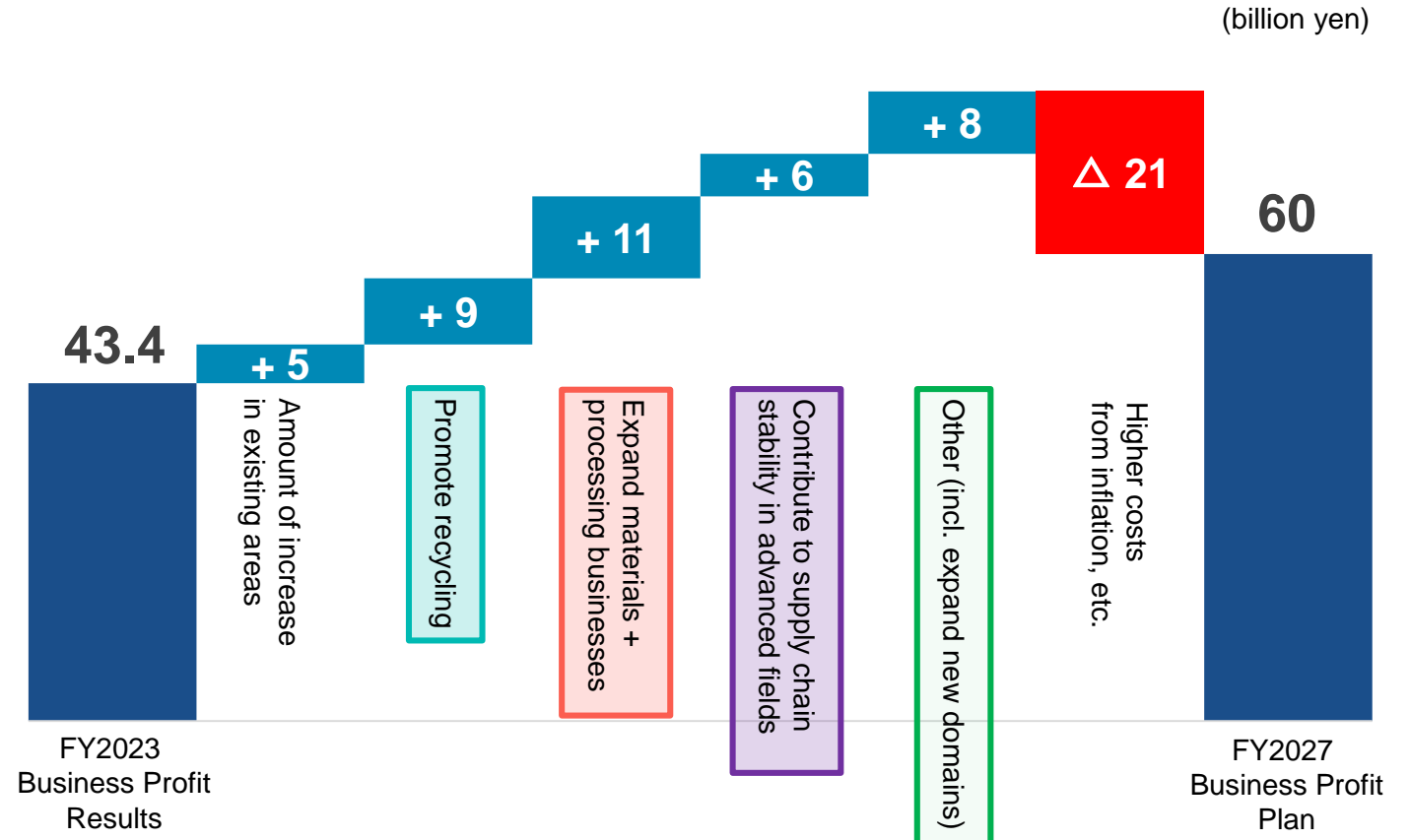
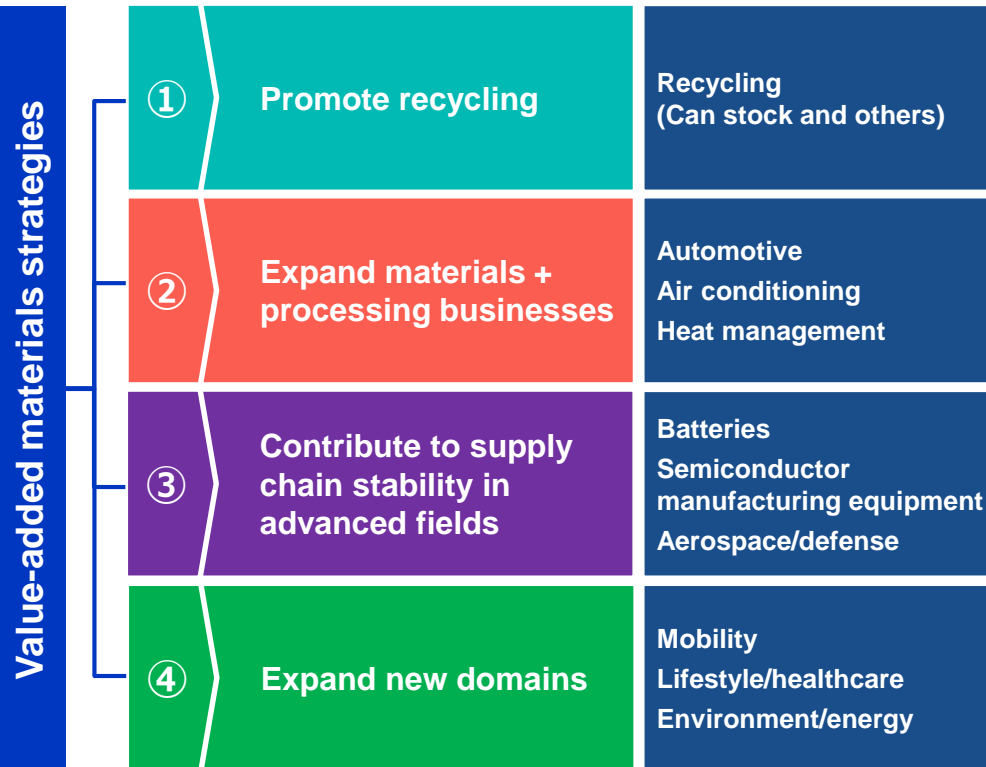
Strengthening operational resilience

Strengthening business foundations

Maximize revenue and enhance profitability through value-added materials

Value-add focus areas in the fourth mid-term management plan

Focus activity areas



Initiatives to strengthen structure

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

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

Build capability to address environmental changes

- Flexible response to market changes that may occur in the future (raw material and other goods' price increases, population decline, labor cost increases, etc.)
- Building a pricing scheme that responds to inflation
- Establishing a flexible production system

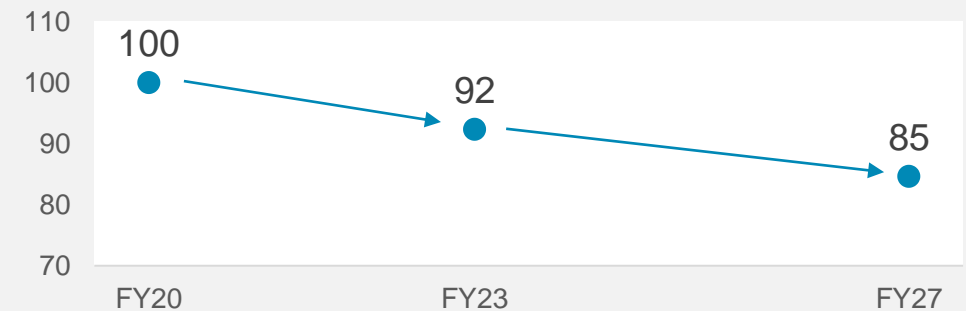
Automation (improving safety/productivity)

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

Increasing asset efficiency

- Promote ROIC management and increase efficiency by working capital reduction
- Boost production/procurement planning accuracy and reduce inventories via improved sales forecasting accuracy
- Control the increase in working capital due to sales increase by shortening CCC*

CCC trend (index: FY2020 = 100)



*CCC = Cash conversion cycle

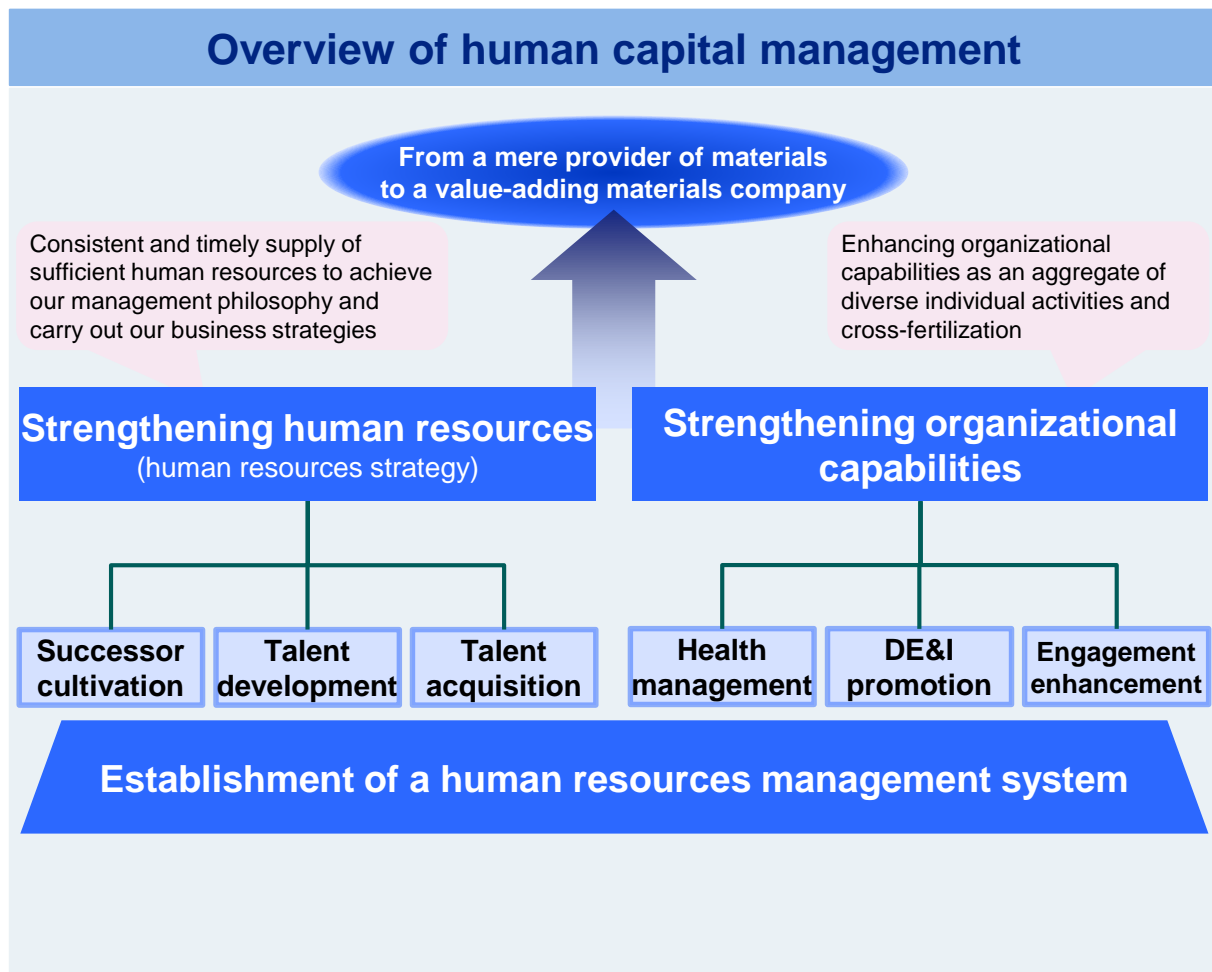
① Attract and Develop Diverse Talent and Increase Engagement: Human Capital Management

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Promoting human capital management by strengthening human resources and organizational capabilities



Human resources	Building a human resource portfolio that contributes to sustainable growth by attracting and developing a diverse workforce
Organizational capability	Strengthening organizational capabilities through cross-fertilization between diverse human resources
Mechanisms	Developing a human resource management system that encourages individual and organizational growth

① Attract and Develop Diverse Talent and Increase Engagement: Promote Health Management

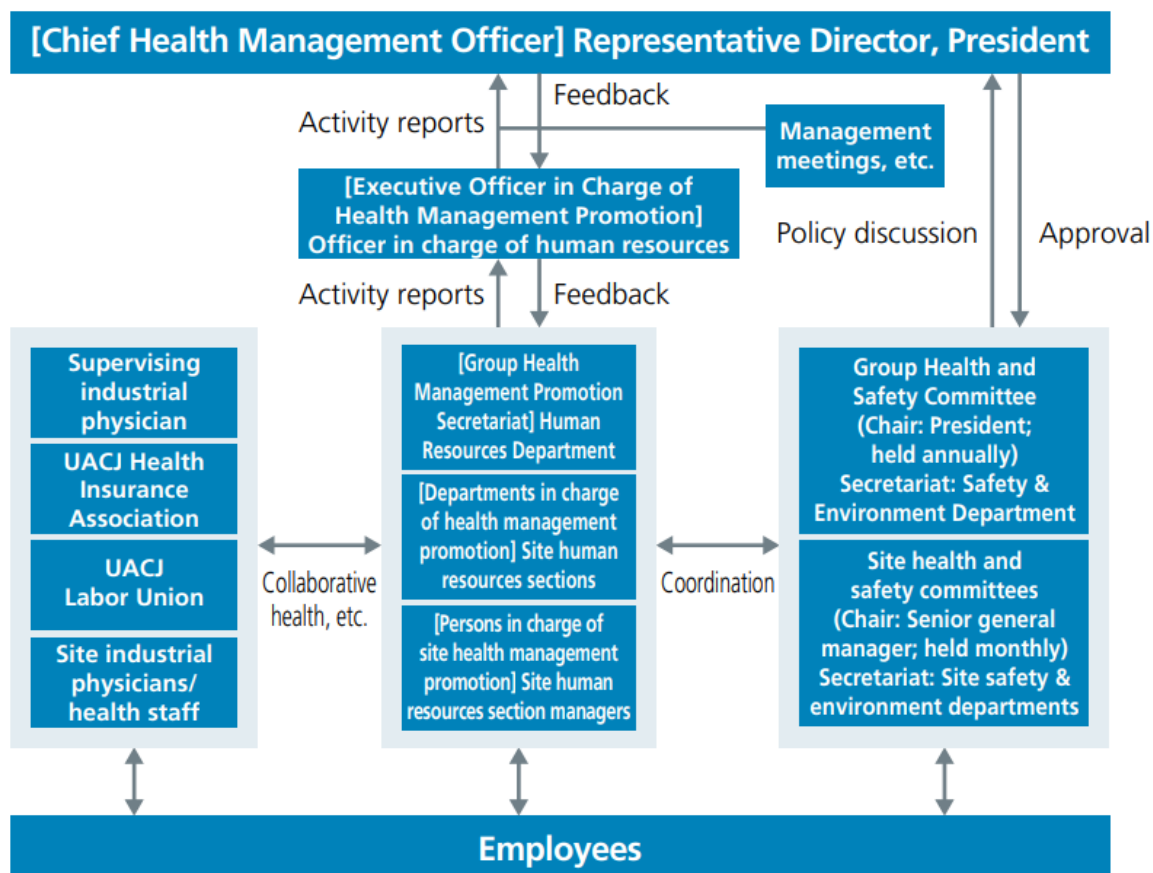
Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Taking strategic actions for employee health management to maintain and improve their physical and mental health

Health management promotion structure



The UACJ Group recognizes that healthy employees, both physically and mentally, are the foundation for continuous business development. Accordingly, we strive to help employees and their families maintain and improve said health.

Through health management, we aim to contribute to a better world where people can perform their jobs actively and productively.

② Acquire, strengthen, and leverage technologies, brands, and other intangible assets: Branding initiatives

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

ALmitas⁺ development

Highlight aluminum as a value-added material in ingredient branding

Goals of ALmitas⁺ brand penetration

Increase awareness of aluminum among competitive materials

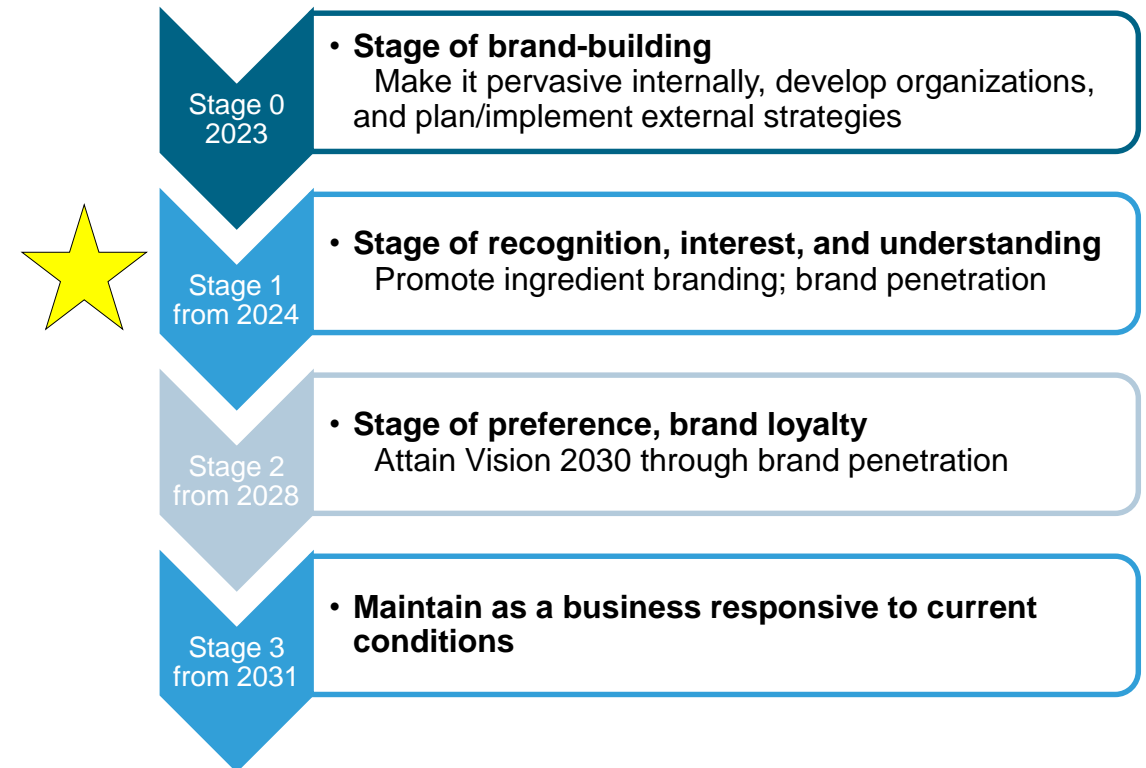


Promote aluminum along with the finished product, and cultivate possibilities for business expansion into new fields/areas

Toward business area expansion, attainment of UACJ Vision 2030

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

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



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

③ Use Digital Technologies to Strengthen Competitiveness and Organizational Capabilities

Strategies for growth and added value

Strengthening operational resilience

Strengthening business foundations

Harnessing data and digital technologies to transform operations and further strengthen competitive advantage

Key issues

- Visually tracking management data to achieve data-driven management
- Creating safe work environments via a long-term pursuit of automation at production sites
- Strengthening the organization through streamlining, evolution, optimization, and visualization of business processes

Key DX promotion topics and key issues in the fourth mid-term management plan

Management DX

Achieving data management through visualization of management information

Streamlining/evolving overhead operations

Safety and environment DX

Visualizing safety activities using AI
Visualizing environment-related information

Key topics

Digitalizing operations

Automating operations and production, improving traceability

Manufacturing DX

Streamlining/evolving sales operations
Establishing shared/standard systems

Sales DX

④ Further Promoting Collaboration and Cooperation among Businesses and with the Supply Chain and Value Chain

Strategies for growth and added value

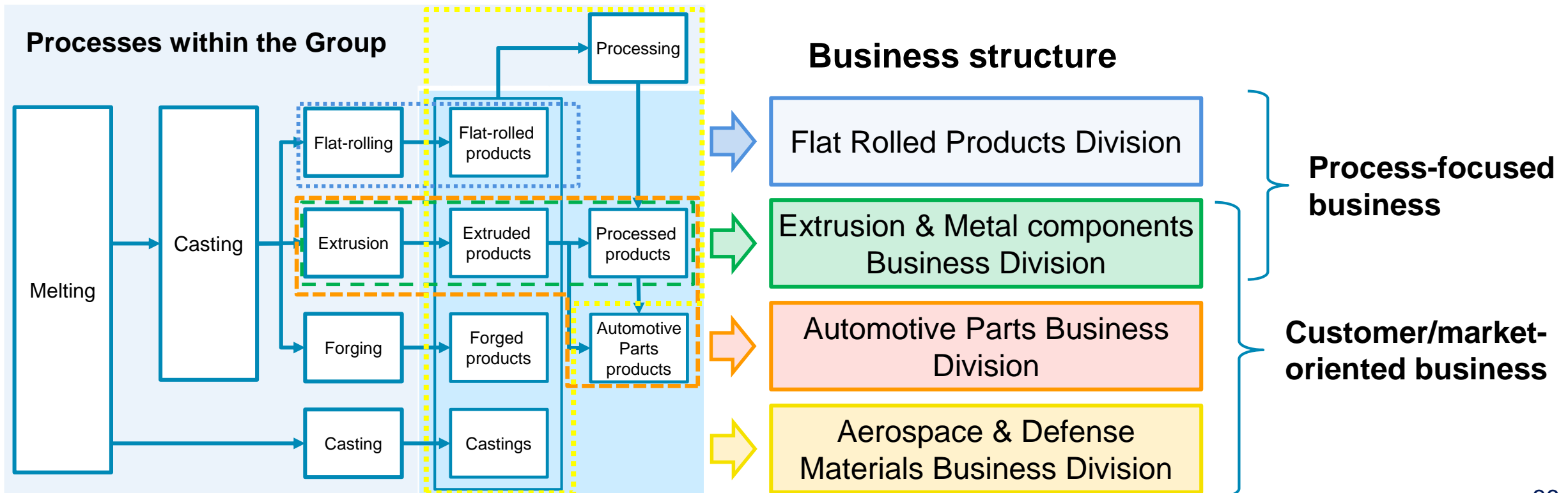
Strengthening operational resilience

Strengthening business foundations

Organically and maximally utilizing all Group-held capital in accordance with market needs

- Traditionally oriented business
- Customer/market-oriented business with a retention process

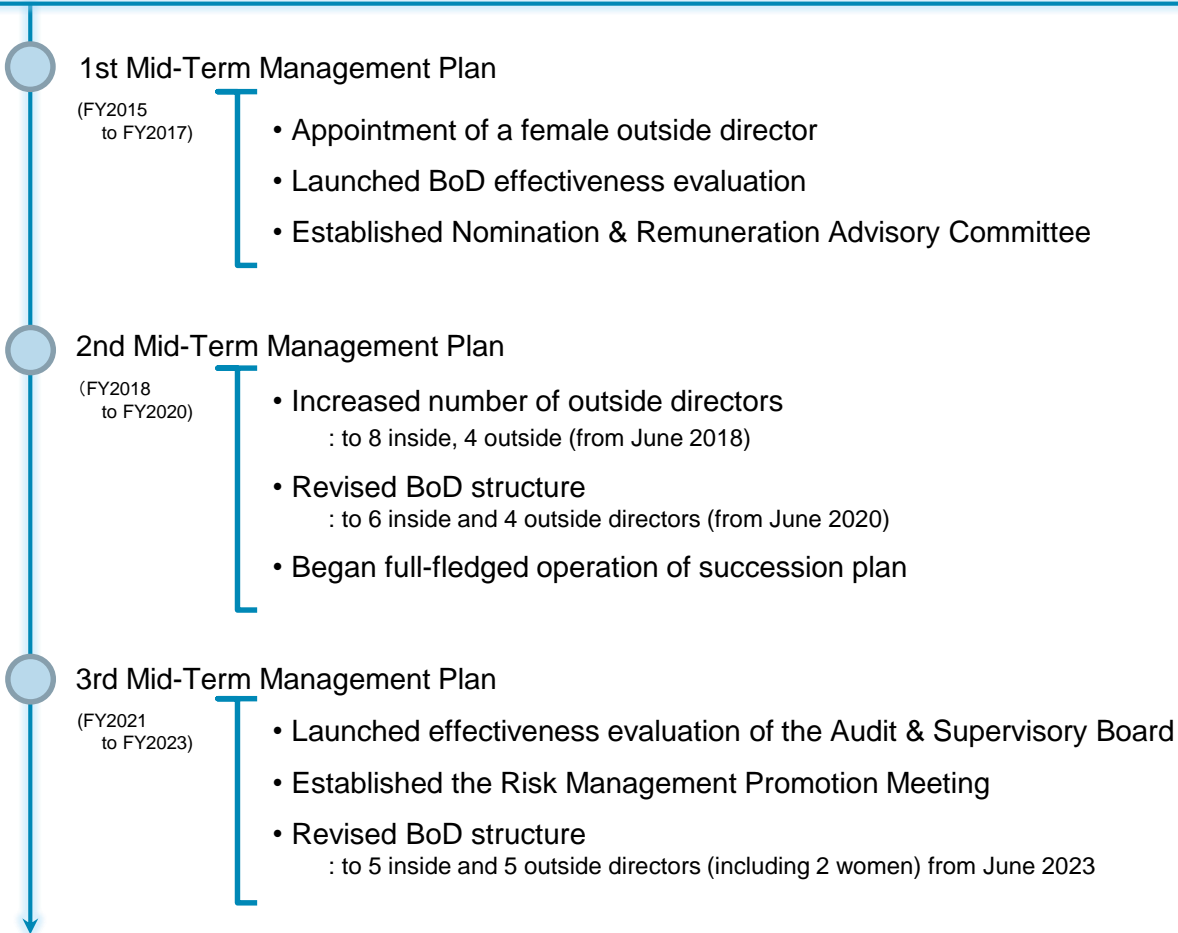
Expand scale by capturing demand, expand the value creation of value-added materials



Approach to Governance

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

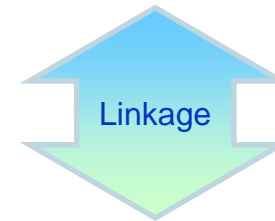
Major efforts to strengthen governance to date



Initiatives in the fourth mid-term management plan

Supervision Deepening BoD effectiveness

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



Further enhancement of corporate value through dual supervision and execution

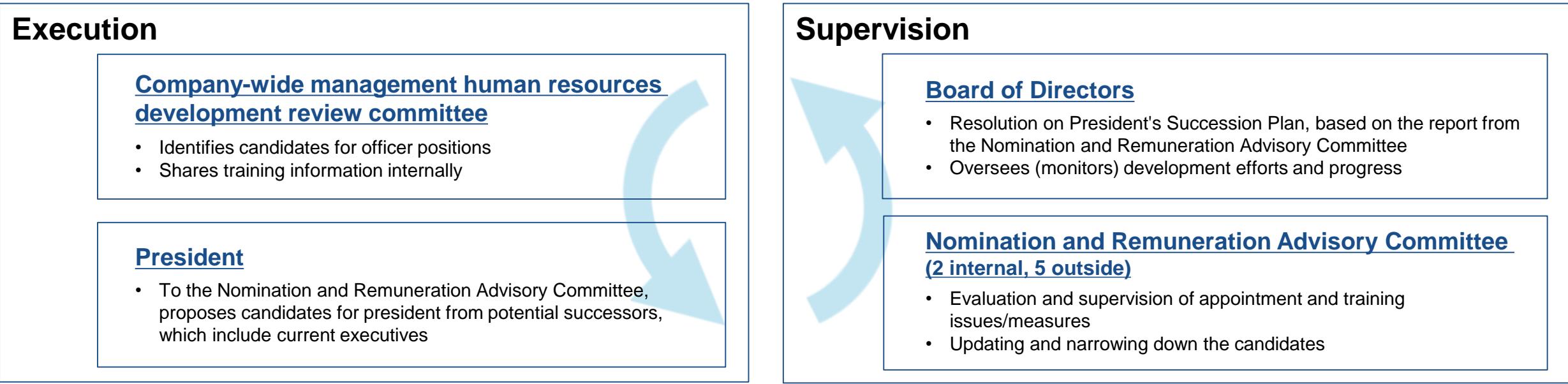
Execution Evolving the Group governance mechanism

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

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

President appointed in line with succession plans

Nomination and Remuneration Advisory Committee led presidential succession planning and appointed new president



Toward the Appointment of a New President

Final evaluation of the qualities required of the new president based on VISION 2030 and the new mid-term management plan

In 2024, appointment of new leaders to further accelerate efforts to realize UACJ VISION 2030

3. Fourth Mid-Term Management Plan

3-3. Business Strategy



Flat Rolled Products Division Basic Policy

Become the world's No. 1 comprehensive aluminum sheet business by securing stable earnings and creating added value

Shift from quantity to quality

A structure not solely reliant on quantity

- ✓ Establish a sales portfolio, sales prices, and new development structure to ensure stable earnings even in deteriorating market conditions
- ✓ Establish a production system capable of dynamically adapting to fluctuating demand in focus areas

Shift from goods to services

Providing environmental solutions

- ✓ Provide UACJ-led solutions (e.g., EcoEnd™) to environmental issues
- ✓ In addition to CO₂ reduction and horizontal recycling, pitch added value by providing third-party certification of GHG emissions

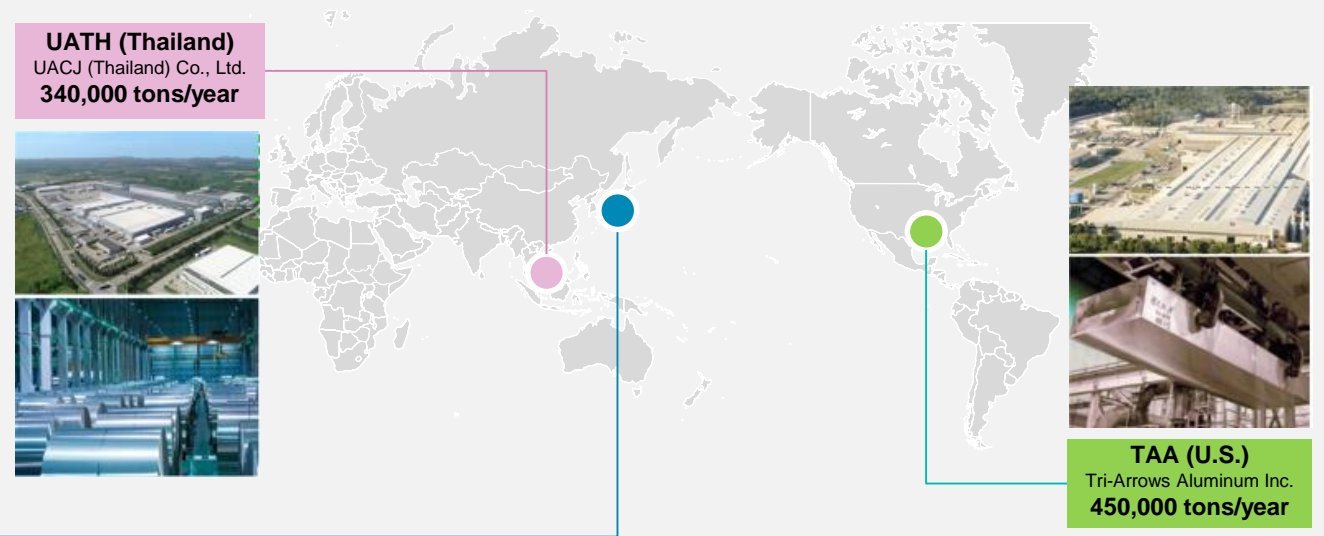
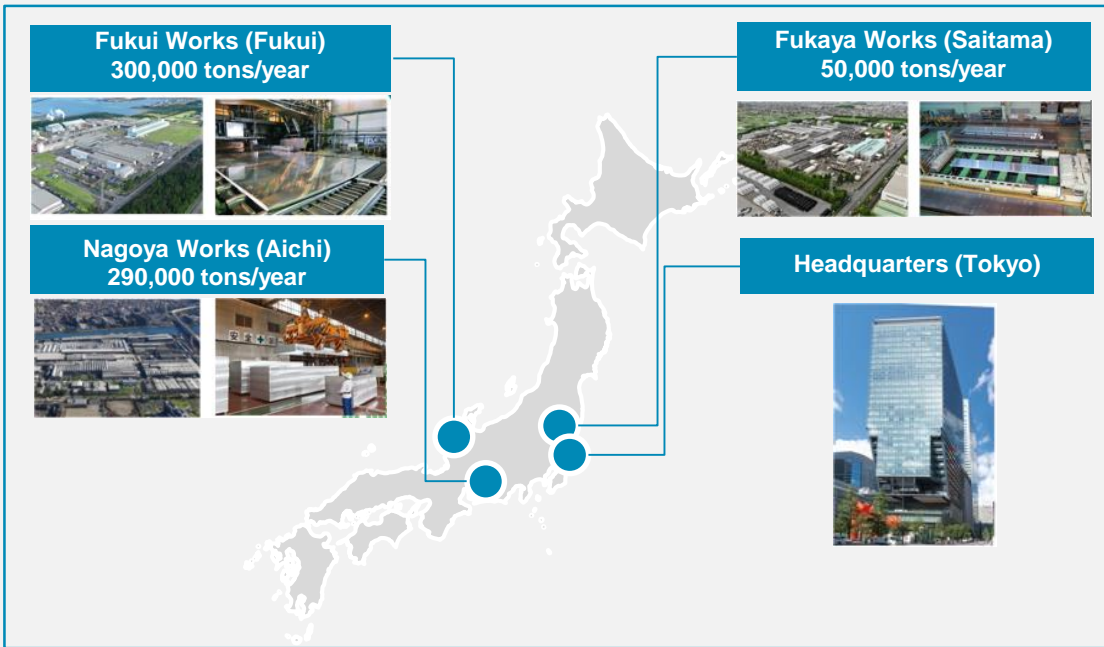
Evolution of the three-country supply system

Pursuing an ideal tripolar system

- ✓ Differentiate from competitors by evolving our three-country supply structure to adapt to market environment changes, while building a business structure resilient to change

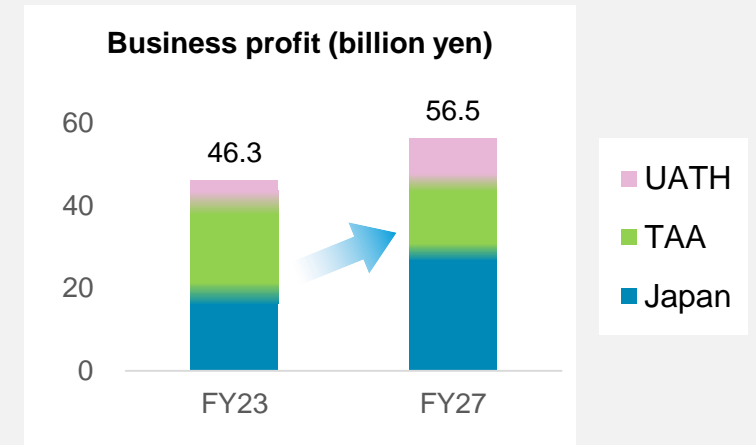
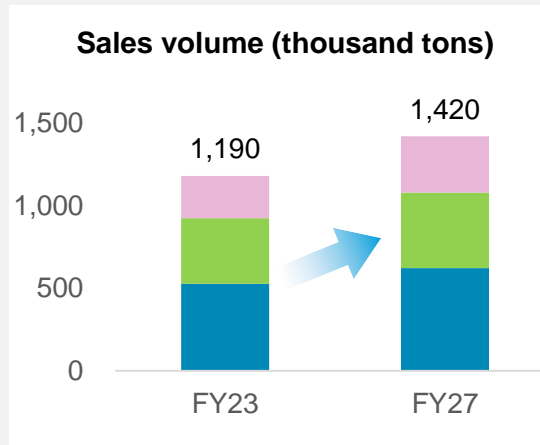
Flat Rolled Products Division Evolve the Three-Country Supply System

Strengthen inter-compatibility between UACJ and UATH, in addition to previous three-country cooperation



Capacity Targeting **1.5 million tons**

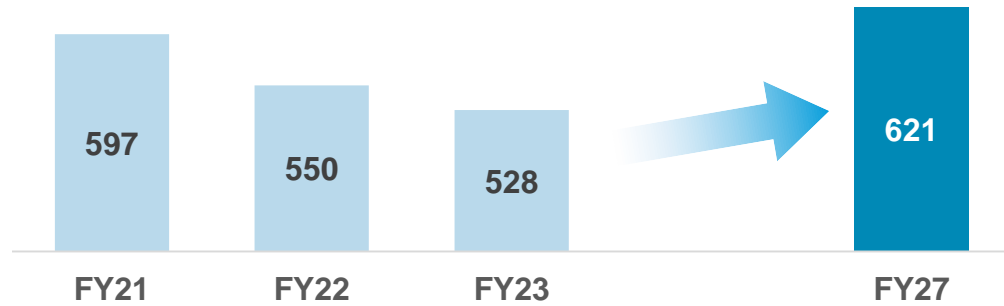
Sales 1.19 ⇒ **1.42 million tons**



Domestic Flat-Rolled Products Business

Strengthen revenue base by expanding sales in growth markets and creating added value through recycling

Sales volume (thousands of tons)



Business environment

- Stimulated capital investment as semiconductor industry returns to Japan
- Increasing shift to environmentally friendly vehicles and rising battery-related demand
- Growing environmental awareness leading to expanding recycling needs

Initiatives in the fourth mid-term management plan

- Expand sales of high value-added products for growth markets such as semiconductors and batteries
- Build new UBC and scrap processing facility to improve recycling rate
- Build a flexible production system capable of handling high-mix supply

Strategies by area

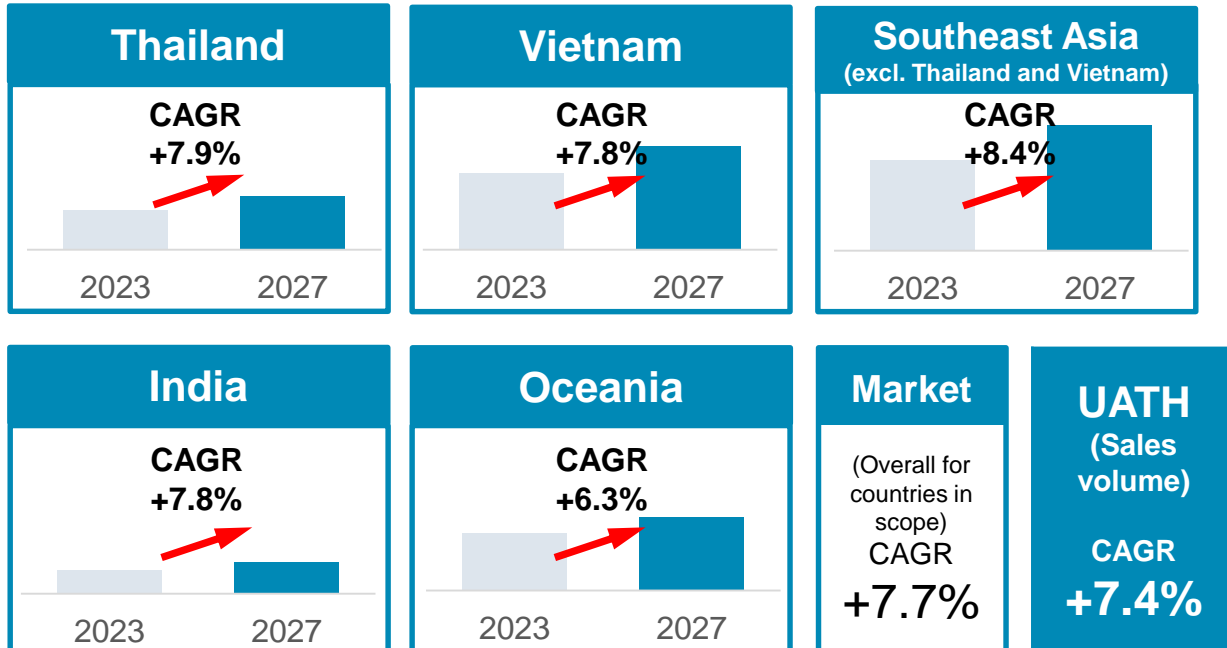
Area		Policy	Sales volume
Can stock		✓ Create added value by promoting recycling to stimulate demand for cans	➔
Foil		✓ Seek to expand sales in growing markets such as battery foil by strengthening cooperation with customers	➔
Automotive materials	Body panels	✓ Stabilize earnings by expanding purchasing customers and items sold ✓ Add value by reducing environmental impact, etc.	➔
	Heat exchangers	✓ Review product mix and strengthen recycling support	➔
Thick plates		✓ Expand sales to match semiconductor demand recovery and the rise of new energy transport applications	➔
Other general materials	AC fin stock, etc.	✓ Improve productivity by reviewing the product mix and establishing cooperation between bases in Japan and Thailand	➔

Southeast Asia Flat Rolled Products Business (UATH)

Further strengthen business foundation by expanding sales and building a recycling loop

Increasing sales volume due to market expansion

- Leverage strengths of Southeast Asia's only aluminum flat-rolled product facilities
- Strengthen sales to global customers in Southeast Asia, India, and Oceania



*Source: CRU, Aluminium Beverage Can Sheet Market Outlook March 2024 Report

Efforts to improve and stabilize profitability

- Reduce outside influence by establishing systems for prices, including via use of surcharges
- Improve yields by building smart factories, etc.
- Establish local operation of factories through human resource development

Environmental contribution through recycling

- Strengthen recycling ties with global customers
- Promote environmental contribution by establishing an intra-regional recycling loop
- Increased use of recycled materials by adding a scrap processing facility (side well furnace)

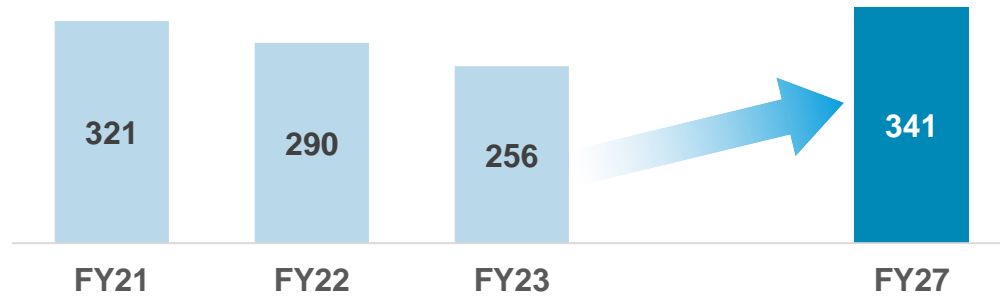


Side well furnace building

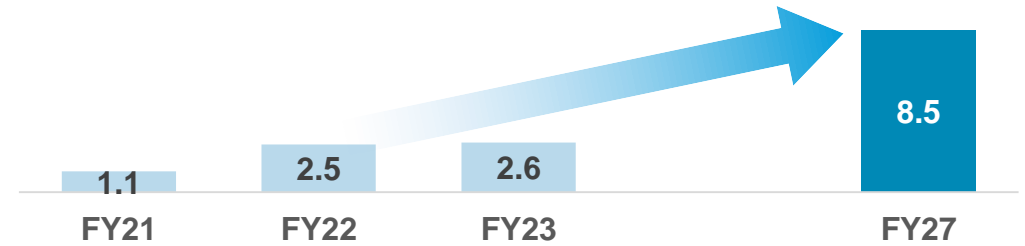
Southeast Asia Flat Rolled Products Business (UATH)

Capture demand in Asia and Oceania to improve profitability during the 4th mid-term management plan

Sales volume (thousands of tons)



Business profit (billions of yen)



Business environment

- Southeast Asian can market slowly recovering from inventory adjustment phase
- Indian can market expanding rapidly with economic growth
- Growing environmental awareness leading to calls for recycling

Initiatives in the fourth mid-term management plan

- Expand sales volume to Asia and Oceania
- Stabilize profitability by establishing systems for selling prices
- Provide value through environmental contributions via promoting intra-regional recycling
- Establish local operation of factories



North America Flat-Rolled Products Business (TAA)

Production capacity expansion to meet increasing demand and added UBC processing facilities to enhance recycling

Expand capacity in response to demand increase

- Expected solid demand growth of about 3% per annum from 2024 onward
- Expand hot rolling capacity by 50,000 tons/year by the end of FY2025
- Due in part to the start of operations at competitors' new mills, supply increase and demand expansion are expected to balance in the long term

Enhance recycling

- Leveraging high technology in scrap recycling
- Expand UBC processing facilities (shredder) in FY2026
- Strengthen sustainability as well as cost competitiveness



US scrap processing facility



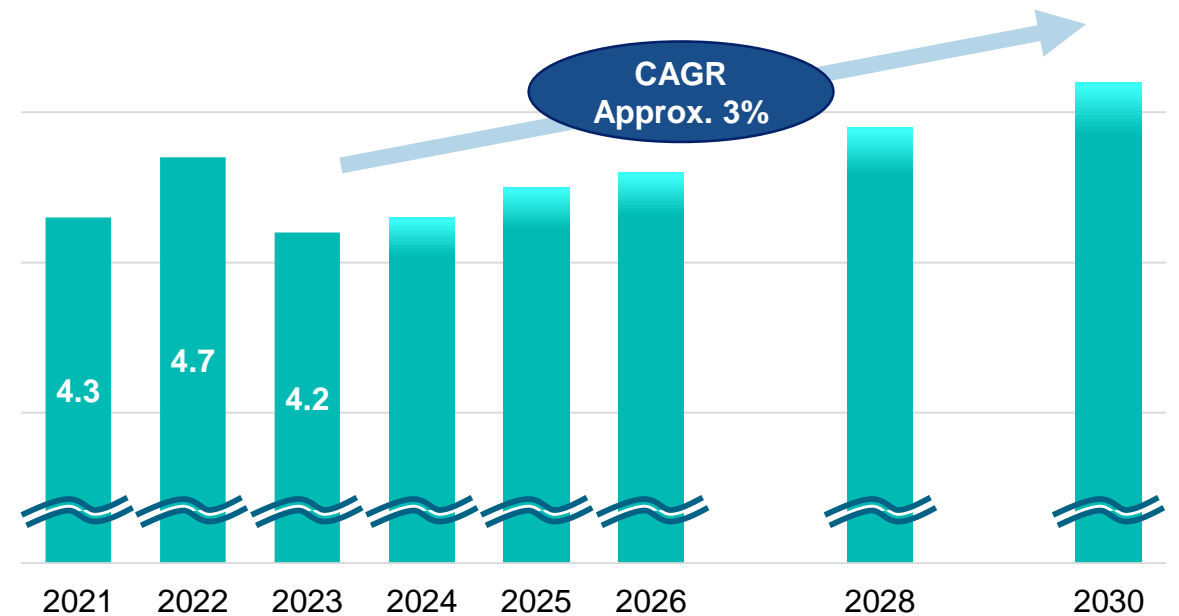
Logan Aluminum Inc., the US

US Can Stock Demand



Aluminum cans are viewed as “premium products” by consumers who prioritize environmental impact, significantly boosting demand growth

(Billion Pounds)

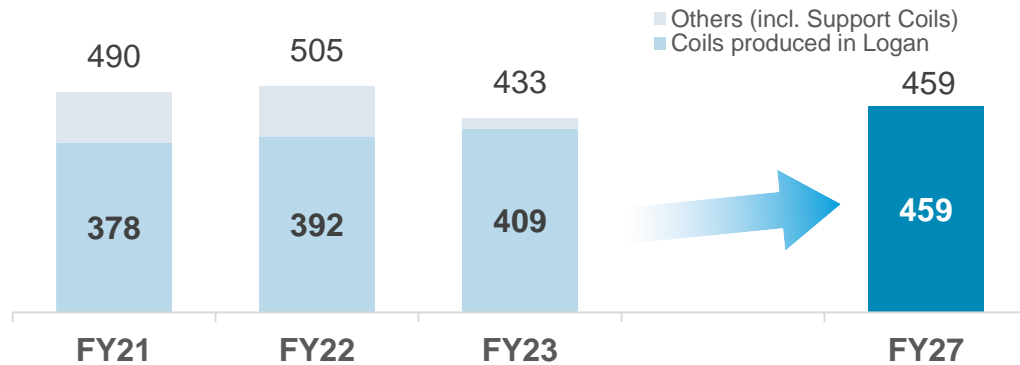


Source: Research by UACJ

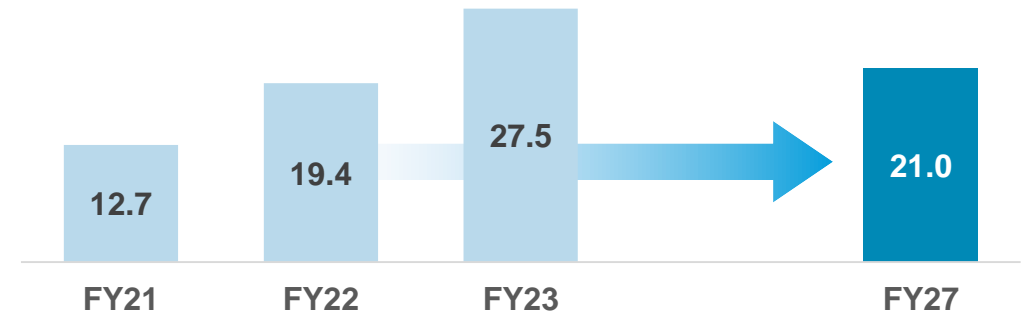
North America Flat-Rolled Products Business (TAA)

Continued high profitability by further improving world-class cost competitiveness

Sales volume (thousands of tons)



Business profit (billions of yen)



Business environment

- Long-term demand for can stock growing at approximately 3% per year in US
- Expansion of new beverage can fields such as energy drinks
- Increased supply capacity in the North American region due to new mill construction by the competitors
- Raw material costs to increase due to rising scrap market prices

Initiatives in the fourth mid-term management plan

- Increased hot-rolling facilities to boost supply capacity
- Increased use of recycled materials by expanding UBC processing facilities to further enhance cost competitiveness
- Maintain profitability by increasing the use of recycled materials under expected cost increases due to rising scrap market prices

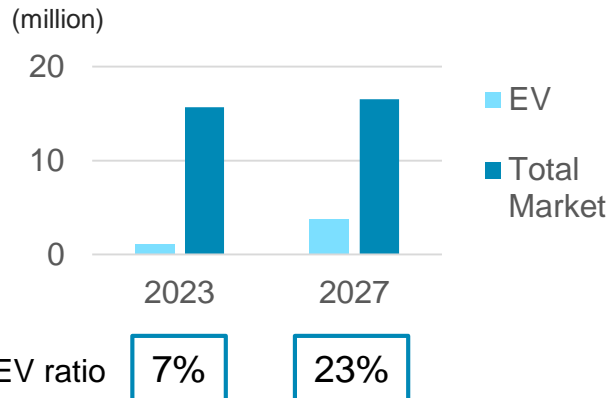
North America Automotive Parts Business (UWH)

Technology to realize the added value of enhanced material to meet demand for aluminum parts

Response to the needs for lighter automobiles

- Increased use of aluminum parts due to increased demand for lighter weight in response to fuel consumption regulations
- New demand of aluminum components for EVs, such as shock-absorbing battery housing
- UWH offers the added value of enhanced material through advanced extrusion-molding techniques

North American automotive market



2023-27 North American CAGR

EV	+35%
Total automotive market	+ 1%
Demand for aluminum extruded parts	+ 9%

UWH Sales CAGR + 6%

Synergies with Japan

- Strategically respond to the North American market through a group-wide organization
- Utilize the Japanese client base to strengthen suggestions for Japanese OEM
- Mutual development of accumulated technologies

Efforts to improve and stabilize profitability

- Stabilize earnings by diversifying customer portfolio
- Continue to improve product portfolio
- Labor productivity improvement by automation of processing

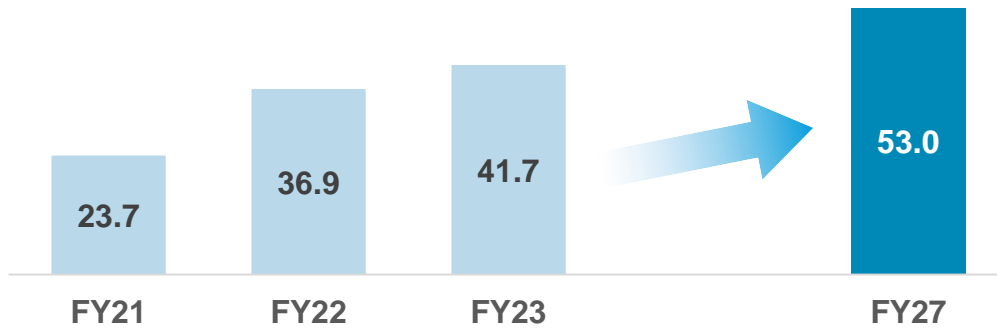


Source: Our estimation

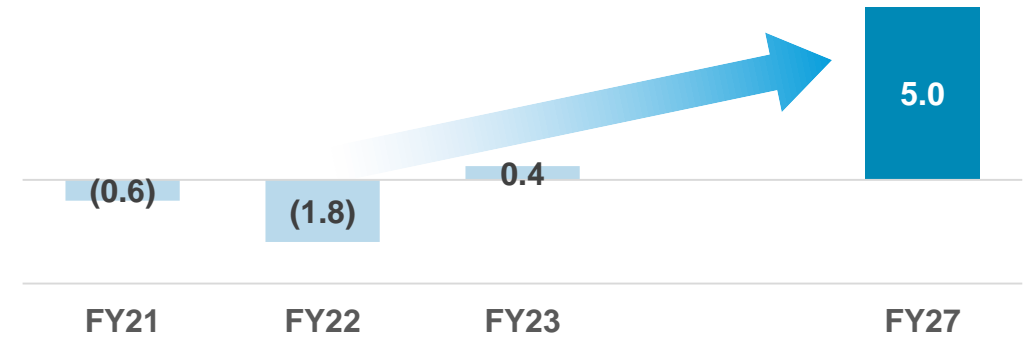
North America Automotive Parts Business (UWH)

Promote full-scale earnings by expanding sales in view of the need for lighter automotive parts

Net sales (billions of yen)



Business profit (billions of yen)



Business environment

- The North American automotive market is growing at a moderate annual rate of 1 to 2%
- Demand for aluminum extrusion parts increases to reduce weight
- Growing demand for lighter weight for HVs and internal combustion vehicles in addition to EVs

Initiatives in the fourth mid-term management plan

- Diversifying the customer portfolio through new customer development
- Improved productivity through process improvements such as automation
- Expanding capacity in response to growing demand

3. Fourth Mid-Term Management Plan

3-4. Toward Management Conscious of Cost of Capital and Stock Price



Situation Analysis

Improved profitability and strengthened financial base led to higher stock prices during the third mid-term management plan period

Improving profitability

- Completion of structural reforms and reform of price-setting structure
- Permeated ROIC internally as a business management indicator
→ Cost of capital conscious management and improved return on capital

Strengthening financial foundation

- Creation of free cash flows by improving earning power
- Working capital reduction (CCC improvement)
- Accumulating equity capital (debt-to-equity ratio improvement)

Dialogue with capital markets

- Expansion and deepening of information disclosure
- Management with an awareness of co-creating corporate value with investors

Improved financial indicators

	FY2020		FY2023
Adjusted EBITDA*1	¥44.6 bil.	→	¥79.8 bil.
ROIC*2	2.9%	→	7.5%
ROE	-1.8%	→	5.3%
Debt-to-equity ratio	1.6	→	1.0

Market evaluation

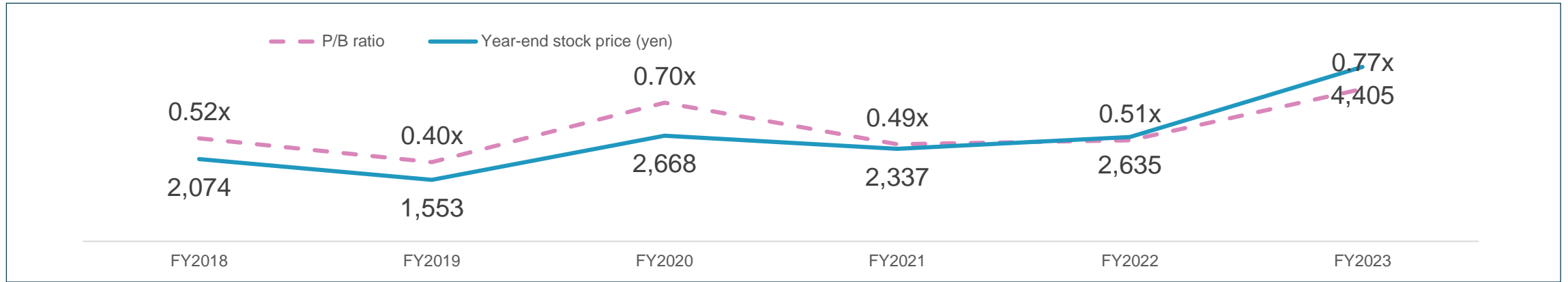
- ✓ **Stock price: Up 65%** (March 2020 to March 2023)
- ✓ **P/B ratio: Improved to 0.77** (March 2023)

*1 Adjusted EBITDA = EBITDA minus inventory valuation effects

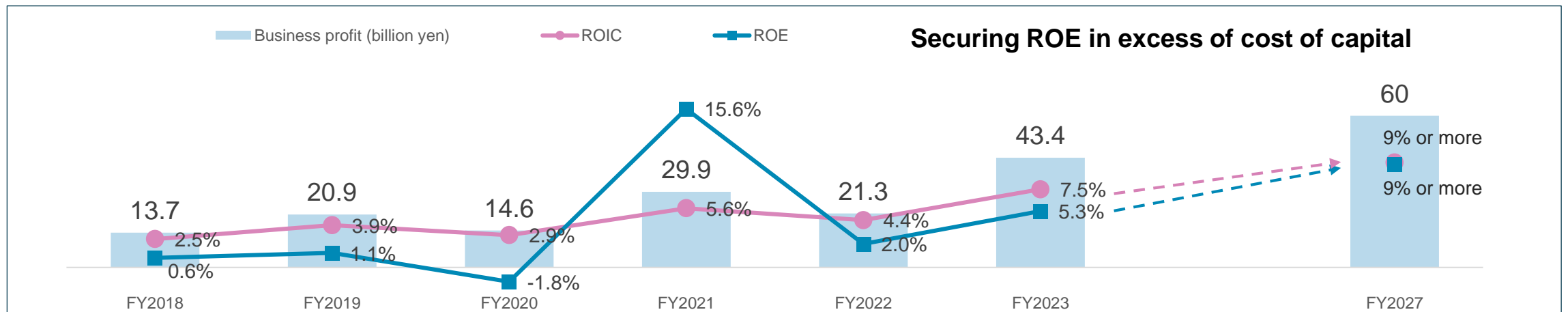
*2 ROIC is calculated based on pre-tax business profit

Situation Analysis

Market evaluation: P/B ratio and year-end stock price FY2018 to FY2023

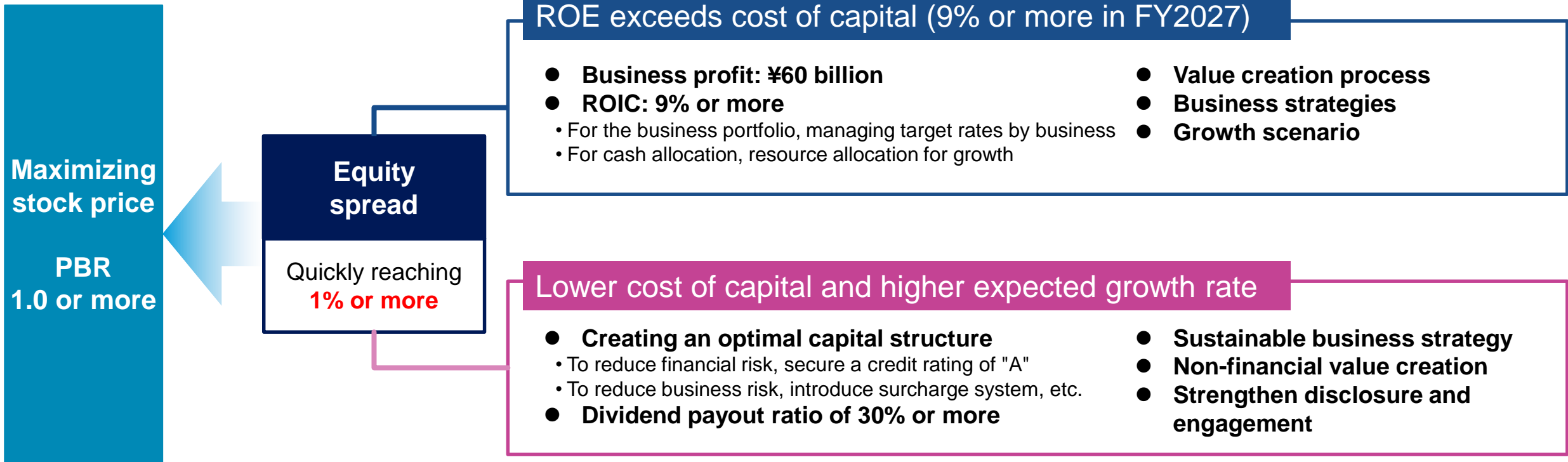


Profit and return on invested capital (business profit/ROE/ROIC) FY2018 to FY2023 and FY2027



Policy Actions

To achieve a P/B ratio of 1.0 or more by implementing the measures included in the fourth mid-term management plan



- In addition to the appropriate allocation of management resources, we will improve ROE by generating earnings that exceed invested capital through the realization of past return on investment.
- We will aim to reduce the cost of capital by implementing measures to mitigate financial and business risks, improving disclosure materials, and promoting dialogue with the market

4. Reference Material

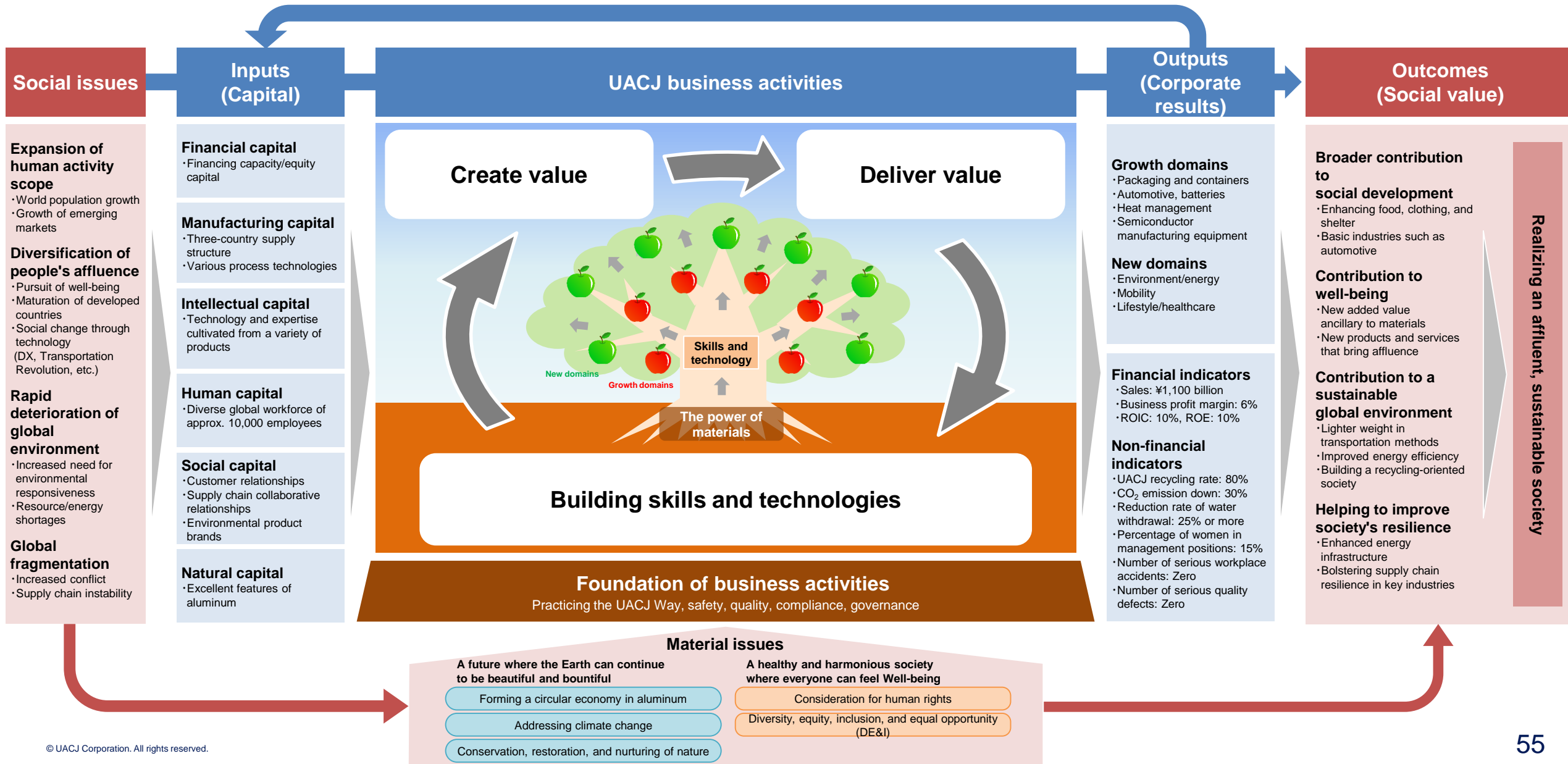


Assumptions and Sensitivities

	FY2023	FY2027	Sensitivity on operating profit
Nikkei average price of aluminum (¥/kg)	389	383	¥10/kg rise → +¥2.0-¥3.0 billion/year
LME (\$)	2,202	2,200	\$100/t rise → +¥2.2-¥3.5 billion/year
Foreign exchange (¥/\$)	145	140	<ul style="list-style-type: none"> Fuel and additional metal cost: become positive by stronger yen Rolling margin, forex conversion: become positive by weaker yen
Foreign exchange (¥/Thai baht)	4.1	4.0	
Crude oil (Dubai: \$)	82	80	\$10 increase → Approx. ¥(1.0)-¥(1.5) billion/year

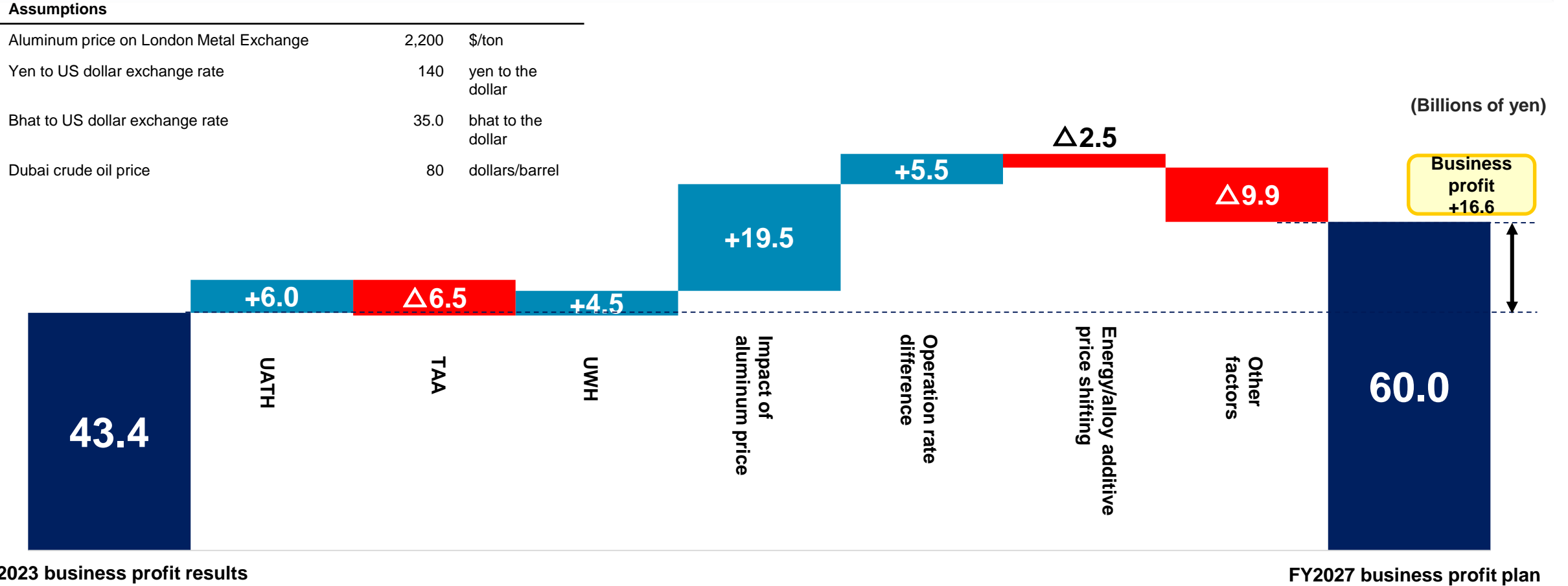
4. Reference Material

Value Creation Process

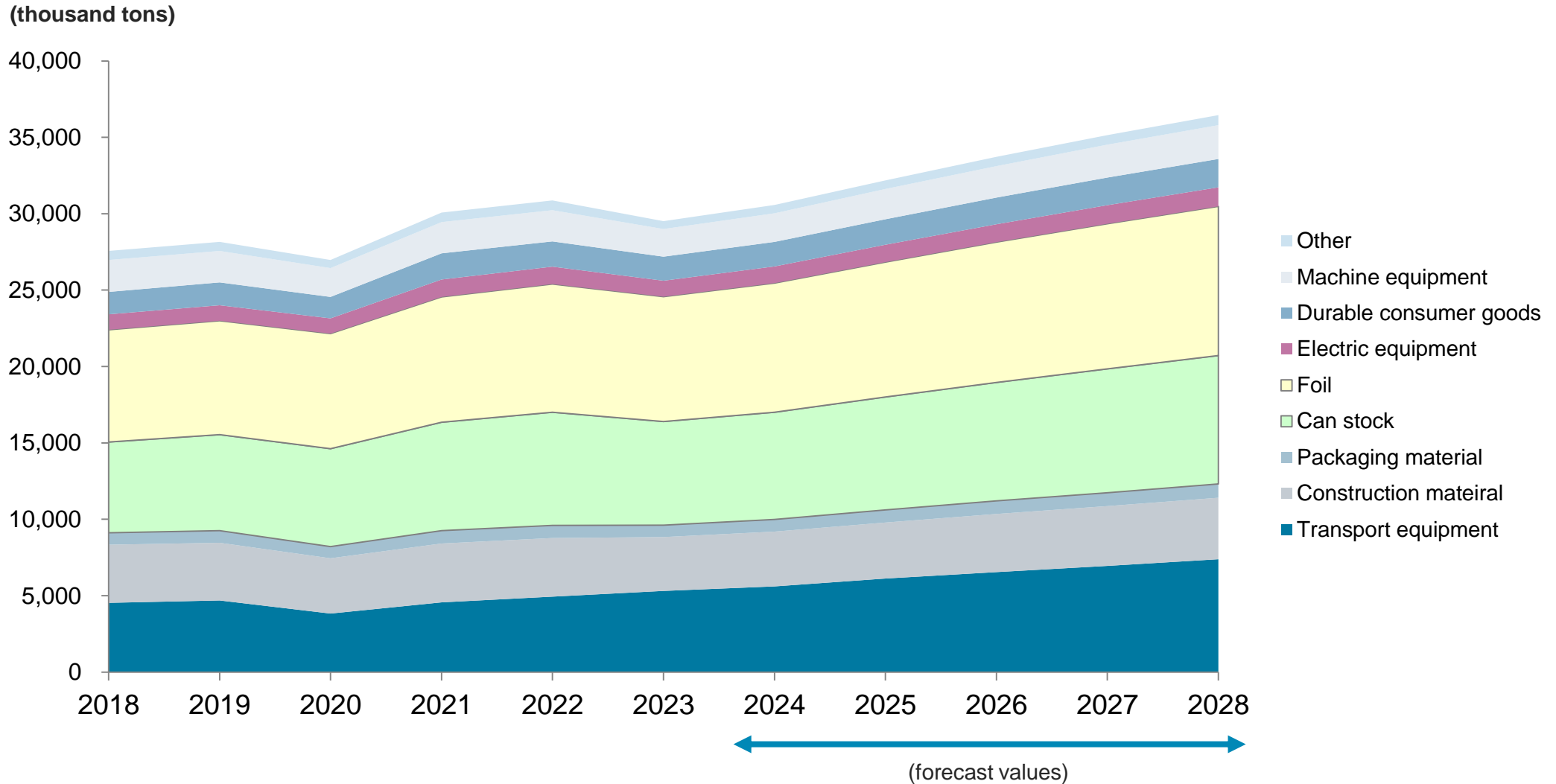


Business Profit Analysis: FY2023 Results → FY2027 Plan

Business profit: ¥43.4B (FY2023) → ¥60B (FY2027 plan)

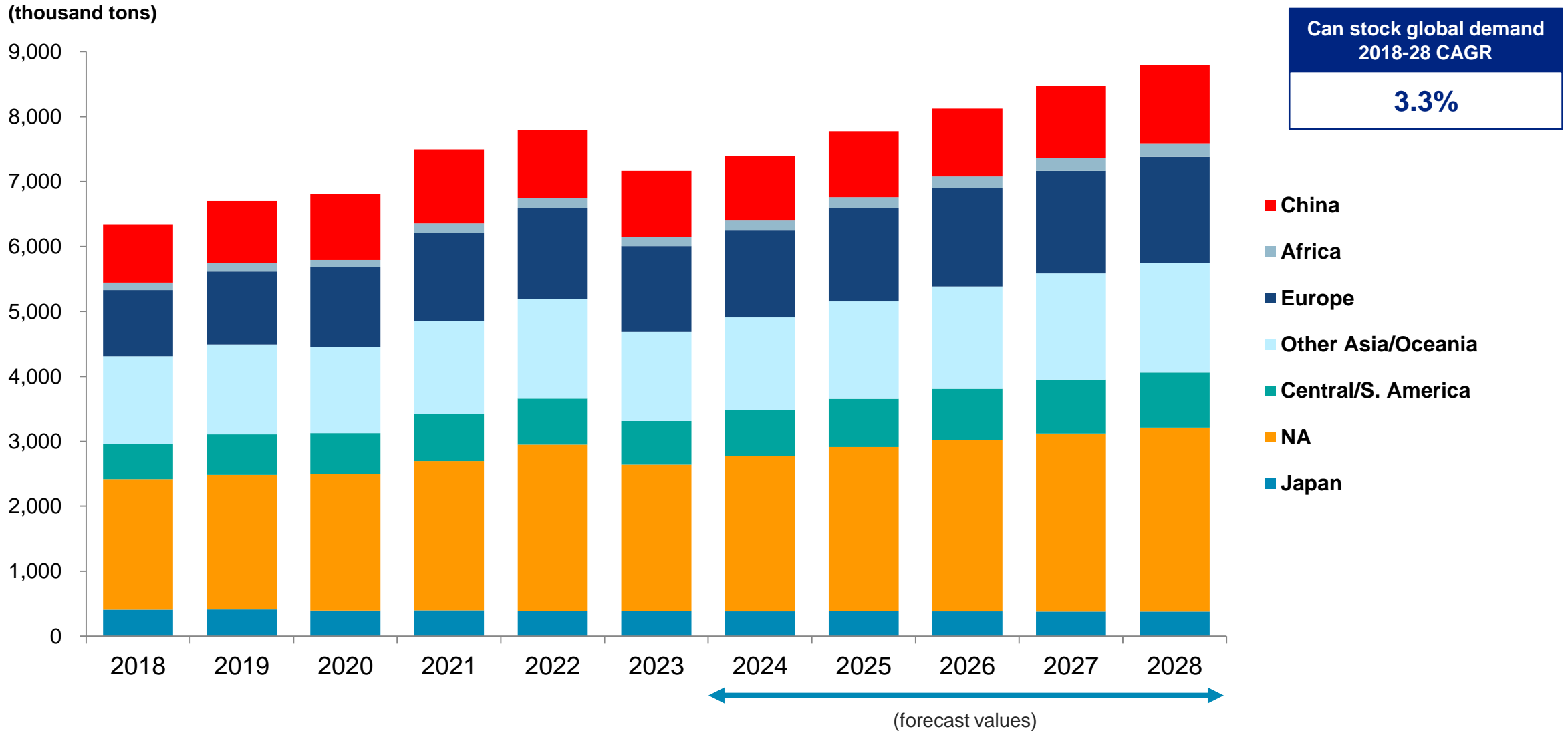


Market Environment: Global Demand Forecast for Aluminum Flat-Rolling Materials



*Source: CRU, Aluminium Rolled Products Market Outlook February 2024 Report

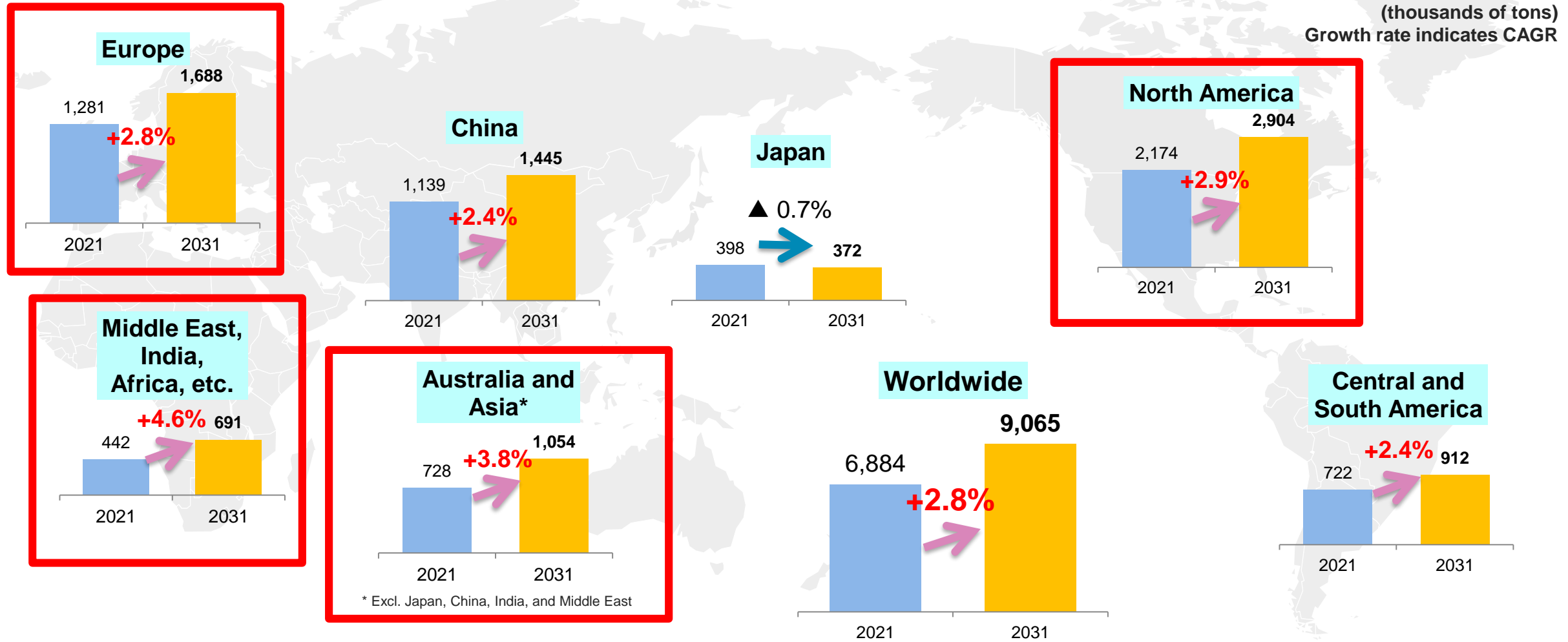
Market Environment: Global Demand Forecast for Can Stock



*Source: CRU, Aluminium Rolled Products Market Outlook February 2024 Report

Market Environment: Can Stock Demand by Region

Increase in overseas demand for can stock



*Source: CRU, Aluminum Rolled Products Market Outlook, March 2024 Report

Co-existence and Co-creation Activities with Local Communities

Working together with local communities for a better, more prosperous world over the next century

Contribution to culture, arts, and sports



Supporting artistic activities and promoting DE&I in society

3rd Paralympic Art Contest Grand Prix
“To the Reality and Future of the Earth Supported by Aluminum” by Kenta

* Jointly held a design competition with Paralympic Art under the theme “Tomorrow with Aluminum”



Promoting social and regional contributions through sponsorship of sports teams and organizations



Advancing culture and cultivating the next generation through sponsorship of the annual Ryūō shogi tournament

Photo: Provided by Yomiuri Shimbun

Contribution to future generations



Helping to cultivate the next generation through sponsorship of educational events
Planet Earth Classroom, an environmental education project for elementary school students (hosted by Asahi Shimbun)



Nurturing rich hearts and minds for children around the world through sponsorship of Music Sharing (NPO)



Contributing to local environmental preservation through participation in tree-planting and cleanup activities
Beach cleanup activities at Fujimae-Higata (Nagoya City)



Helping to cultivate the next generation by holding sports clinics
UACJ Baseball Clinic, taught by Tokyo Yakult Swallows players



Aluminum lightens the world

アルミでかなえる、軽やかな世界