

Fiscal 2020 Financial Report 10-Year Financial Highlights

		Fiscal 2011	Fiscal 2012	Fiscal 2013
Consolidated sales and income				
Net sales	Total	452,898	436,485	364,107
Operating income	Total	18,709	15,069	17,772
Ordinary income	Total	16,595	14,606	16,798
Income (loss) before income taxes	Total	10,098	9,743	15,523
Net income (loss) attributable to owners of the parent	Total	11,838	4,656	9,946
Operating margin	Total	4.1%	3.5%	4.9%
Net income (loss) to net sales ratio	Total	2.6%	1.1%	2.7%
Consolidated financial condition				
Total assets ¹	Total	535,148	536,200	608,490
Net assets	Total	124,440	138,166	168,140
Shareholders' equity	Total	122,985	136,387	155,515
Interest-bearing debt	Total	225,324	215,318	256,309
Current assets ¹	Total	204,890	191,653	236,638
Non-current assets ¹	Total	330,257	344,547	371,852
Current liabilities ¹	Total	263,221	251,858	236,387
Non-current liabilities ¹	Total	147,487	146,175	203,963
Shareholders' equity ratio ¹	Total	23.0%	25.4%	25.6%
Return on equity	Former Furukawa-Sky until FY2012	5.1%	4.3%	8.6%
	Former Sumitomo Light Metal	19.1%	2.7%	—
Consolidated cash flows				
Cash flows from operating activities	Total	36,239	29,032	14,233
Cash flows from investing activities	Total	(38,120)	(21,520)	(25,452)
Free cash flow	Total	(1,881)	7,512	(11,219)
Cash flows from financing activities	Total	(8,034)	(12,887)	14,067
Per share information				
Net income (loss) per share (yen) ²	Former Furukawa-Sky until FY2012	15.59	13.85	30.36
	Former Sumitomo Light Metal	14.95	2.59	—
Annual dividend per share (yen) ²	Former Furukawa-Sky until FY2012	6.0	6.0	9.0
	Former Sumitomo Light Metal	1.5	3.5	—
Main consolidated expenses				
Capital investment	Total	13,351	25,554	27,104
Depreciation and amortization	Total	22,821	20,121	17,165
Research and development expenses	Total	5,111	5,031	3,688

Notes: All yen figures in this table has been rounded. Figures for fiscal 2011 and 2012 are combined results of UACJ's predecessors, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. Figures for 2013 are comprised of the combined results of those two companies in the first half of the fiscal year and UACJ's results in the second half. Effective from fiscal 2013, certain accounting principles were changed, including those for treating notes matured at the fiscal year-end; however, results in the prior fiscal years have not been adjusted to reflect the change.

(Millions of yen)

Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
572,541	575,735	568,316	624,270	661,330	615,150	569,756
23,679	15,212	25,869	29,205	14,868	10,126	11,144
21,337	12,010	19,819	19,408	6,201	3,788	5,958
18,856	13,976	18,281	19,692	10,041	(1,622)	3,473
8,649	5,105	8,715	12,253	1,116	2,038	(3,269)
4.1%	2.6%	4.6%	4.7%	2.2%	1.6%	2.0%
1.5%	0.9%	1.5%	2.0%	0.2%	0.3%	(0.6%)
677,952	662,543	725,443	774,071	807,224	752,785	732,960
187,136	178,582	198,360	208,396	206,204	202,716	196,445
172,305	165,030	184,090	194,235	190,998	188,363	183,063
295,953	289,006	323,825	342,336	375,080	344,011	335,789
269,889	263,409	305,563	322,461	348,291	288,919	294,502
408,063	399,135	419,880	451,610	458,933	463,866	438,457
287,884	249,784	237,650	273,148	273,269	264,434	251,150
202,932	234,177	289,433	292,527	327,751	285,635	285,365
25.4%	24.9%	25.4%	25.1%	23.7%	25.0%	25.0%
5.3%	3.0%	5.0%	6.5%	0.6%	1.1%	(1.8%)
—	—	—	—	—	—	—
26,777	22,511	28,393	17,381	10,651	58,115	38,623
(49,668)	(34,759)	(55,456)	(51,853)	(34,947)	(30,021)	(20,950)
(22,891)	(12,248)	(27,063)	(34,472)	(24,296)	28,094	17,673
25,694	11,176	49,478	13,543	28,971	(25,852)	(17,008)
20.21	11.94	201.63	253.96	23.14	42.26	(67.79)
—	—	—	—	—	—	—
6.0	6.0	60.0	60.0	60.0	20.0	0.00
—	—	—	—	—	—	—
46,539	30,489	31,556	51,195	52,544	48,947	18,090
22,636	22,893	23,508	25,686	27,215	27,748	30,010
4,619	4,630	4,412	4,409	4,529	4,305	4,452

¹ The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Statement No. 28), issued by the Accounting Standards Board of Japan on February 16, 2018. Accordingly, amounts for total assets, current assets, non-current assets, current liabilities, non-current liabilities, and shareholders' equity ratio were calculated to reflect this application retroactively from fiscal 2017.

² In fiscal 2017, UACJ conducted a 1-for-10 reverse stock split of common stock on October 1, 2017. Figures for net income per share and annual dividend per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016.

Operating Environment

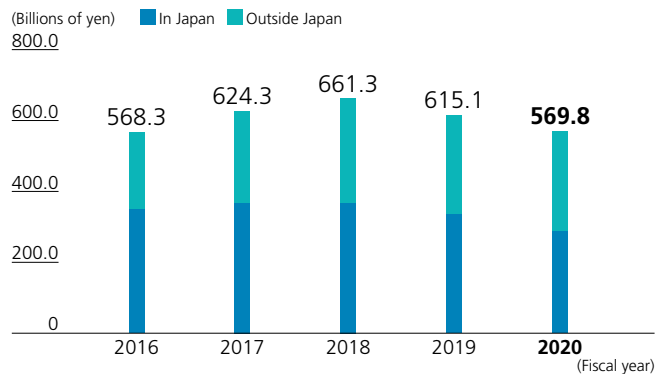
During fiscal 2020, the Company's fiscal year ended March 31, 2021, the global economy remained unstable due to the impact of the worldwide COVID-19 pandemic; however, signs of recovery were seen in some countries, particularly China. In Japan, while the economy had been picking up, the government repeatedly implemented restrictions on economic activities in response to outbreaks of new variants of COVID-19. Consequently, the Company's operating environment remained uncertain.

In Japan, overall demand for flat-rolled aluminum products declined compared with the previous fiscal year, although demand from the beverage can and construction industries was down only slightly. Likewise, demand for extruded aluminum products decreased on the whole, including parts and materials for buses and trucks, automotive heat exchangers, and industrial machinery. Outside Japan, however, demand for aluminum can stock was brisk, especially in the United States.

Consolidated Earnings Results

In fiscal 2020, the Company posted net sales of ¥569.8 billion, down 7.4% year on year. Among the main factors underlying this decrease, the Rolled Aluminum Products business segment posted a decline in sales volume in Japan, and the average

Net sales in and outside Japan



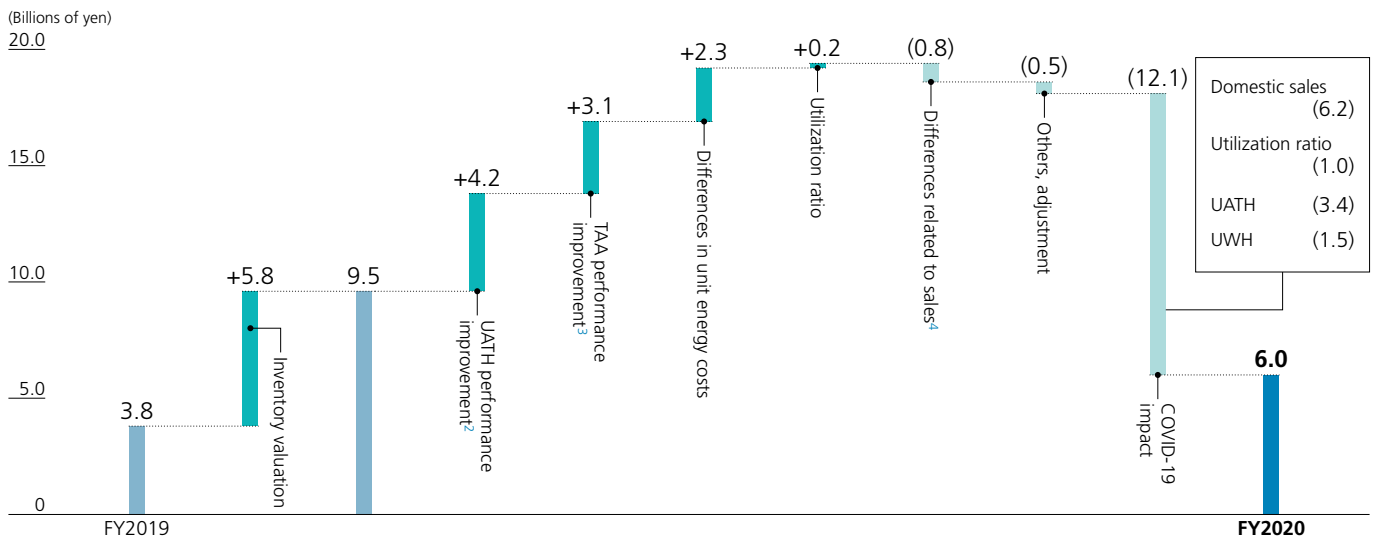
Consolidated earnings results and targets

(Billions of yen)

	FY2018	FY2019	FY2020	FY2020 Targets of the mid-term management plan
Net sales	661.3	615.1	569.8	805.0
Operating income	14.9	10.1	11.1	37.0
Ordinary income before inventory valuation impact	3.0	9.8	6.2	–
Ordinary income	6.2	3.8	6.0	30.0
Net income (loss) attributable to owners of the parent	1.1	2.0	(3.3)	–
Adjusted EBITDA ¹	42.6	47.3	44.7	77.0

¹ Adjusted EBITDA = operating income + depreciation and amortization + amortization of goodwill – inventory valuation

Analysis of Consolidated Ordinary income between Fiscal 2019 and 2020



² Excluding impact of inventory valuation and COVID-19 ³ Excluding impact of inventory valuation

⁴ Difference in income from increase in domestic sales volume and improvement in product mix

market price of aluminum ingots was down in the first half of the fiscal year. Despite this result, however, UACJ (Thailand) Co., Ltd., and Tri-Arrows Aluminum Inc. both recorded increased sales volume, indicating the success of the Company's focus on the growing can stock and automotive industries, and growth markets in Southeast Asia and North America. This was a major policy of the Company's second mid-term management plan spanning from fiscal 2018 to 2020.

On the profit front, despite the serious impact of the COVID-19 pandemic, operating income increased by 10.1% to

¥11.1 billion, and ordinary income jumped 57.3% to ¥6.0 billion. Main factors underlying these results included a favorable valuation of inventory assets, which reflected the higher average market price of aluminum ingots, and the improved performance of UACJ (Thailand) and Tri-Arrows Aluminum. On the other hand, the Company posted a net loss attributable to owners of the parent of ¥3.3 billion, compared with net income of ¥2.0 billion in the previous fiscal year. This was mainly due to a structural reform loss and tax expenses.

Assumptions and Sensitivities

	Average during FY2019	Average during FY2020	Forecast for FY2021	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	245	243	288	¥10/kg rise → +¥2.0-¥3.0 billion/year
LME (\$)	1,749	1,802	2,100	\$100/t rise → +¥2.2-¥3.5 billion/year
Foreign exchange (¥/\$)	109	106	108	Almost no impact • Fuel and additional metal cost: become positive by stronger yen • Rolling margin, forex conversion: become positive by weaker yen
Foreign exchange (¥/Thai baht)	3.5	3.4	3.5	
Crude oil (Dubai: \$)	60	45	63	\$10 increase → Approx. ¥(1.0)-¥(1.5) billion/year

About Adjusted EBITDA

The price of aluminum ingots, the UACJ Group's main raw material, fluctuates according to market transactions on the London Metal Exchange⁵. This has no substantial impact on the Group's income, however, because changing market prices of aluminum are passed onto customers. Specifically, the Group concludes agreements with customers specifying that the selling prices of its mainstay flat-rolled and extruded products are set by combining the aluminum ingot price and the costs associated with machining and processing the

ingots into finished products. Nevertheless, depending on the valuation of its inventory assets⁶ over a fiscal year, the Company will post either a gain or loss. For that reason, the Company adjusts its earnings before interest, taxes, depreciation and amortization (EBITDA) by excluding inventory valuation*, thereby eliminating the effect of changes in the aluminum market price. Accordingly, adjusted EBITDA can be regarded as the most accurate indicator of the Company's profitability. It totaled ¥44.7 billion in fiscal 2020.

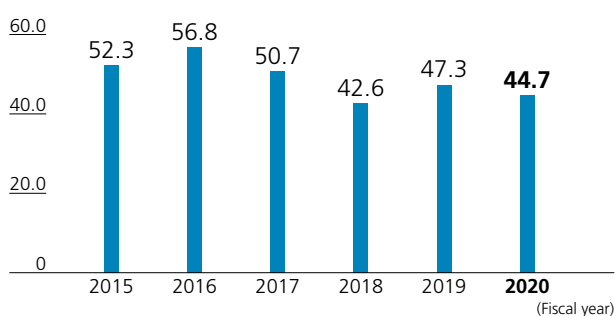
Notes:

⁵ Based in London, England, the London Metal Exchange is the world's largest exchange dealing in non-ferrous metals, and its prices are used as a benchmark for global market prices of non-ferrous metals.

⁶ Inventory valuation represents the gain or loss generated by the difference between the market price of aluminum at the times when the Group sold an aluminum product and when it purchased aluminum ingots as raw materials for the product, or between the market price of aluminum when it purchased aluminum ingots and the average price of inventories in stock. Accordingly, if aluminum ingots were purchased at a high price and the market price subsequently decreased, the Company would post a loss on inventory evaluation. Conversely, if aluminum ingots were purchased at a low price and the market price subsequently increased, the Company would post a gain on inventory evaluation.

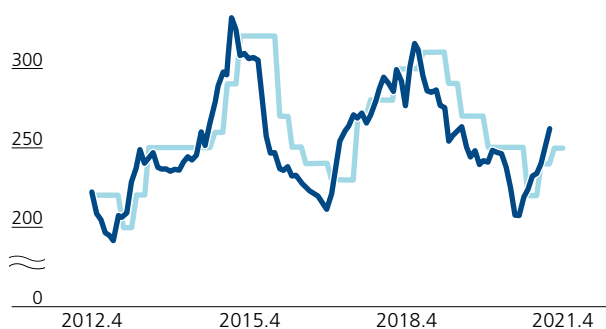
Adjusted EBITDA

(Billions of yen)
80.0



Market prices of primary aluminum ingots

(Yen per kilogram) ● Nikkei average price ● Average global market price
350



Consolidated Financial Results by Business Segment

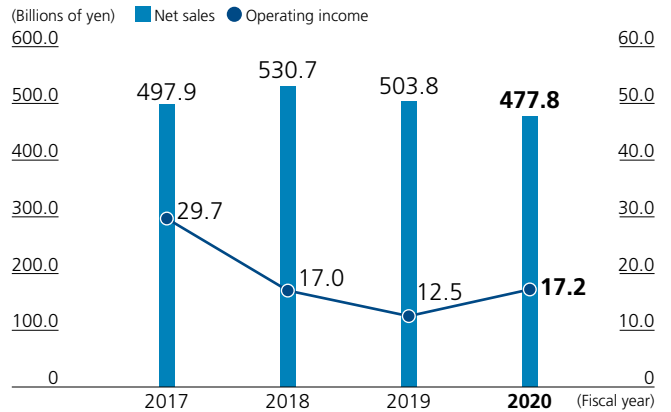
Rolled Aluminum Products Business Segment

In fiscal 2020, total sales volume for this business segment edged up 3 thousand tons to 1,113 thousand tons, staying on par with the previous fiscal year and surpassing the million-ton mark for the fifth consecutive year. In Japan, although demand for aluminum components for computers was brisk as telecommuting was widely adopted, the segment recorded declining sales volume of flat-rolled aluminum for can stock, automobile parts, electrical machinery, and precision instruments. As a result, the volume of products sold to the Japanese market decreased by 43 thousand tons year on year. In contrast, the sales volume of products for markets outside Japan increased by 46 thousand tons, as both UACJ (Thailand) and Tri-Arrows Aluminum boosted their sales volume of flat-rolled aluminum for can stock despite being impacted by the COVID-19 pandemic.

Net sales in this segment decreased by 5.2% to ¥477.8

billion, mainly due to the lower sales volume in Japan and to a decrease in the market price of aluminum ingots in the first half of the fiscal year. Operating income, however, rose by 36.7% to ¥17.2 billion, largely as a result of favorable Inventory valuation.

Net sales and operating income



Note: Figures in the graph exclude intersegment sales and transfers.

Sales volume of flat-rolled aluminum by product usage and geographical region

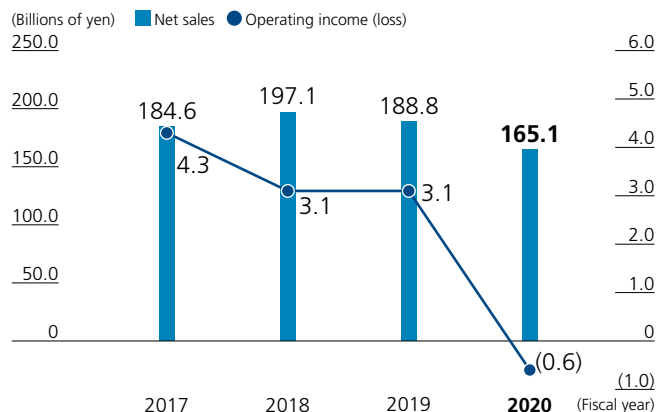
Product usage	Fiscal 2020 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock	693	62.3%	Can manufacturers	Beverage and food product manufacturers
Foil stock	52	4.7%	Foil manufacturers	Pharmaceutical and food product manufacturers, Battery manufacturers
Casings and substrates ⁷	25	2.2%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	123	11.1%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	42	3.8%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	180	16.2%	Building material manufacturers and metal trading companies	Large construction general contractors
Total	1,113	100%		
Sold to the Japanese market	441	39.6%		
Sold to markets outside Japan	673	60.5%		

⁷ PC and smart device casings; electronic equipment substrates

Precision-Machined Components and Related Businesses Segment

In fiscal 2020, net sales in this segment amounted to ¥165.1 billion, a decrease of 12.5% compared with the previous fiscal year. This decrease was mainly due to the substantial impact of the COVID-19 pandemic, particularly on the automobile industry. Furthermore, the segment posted an operating loss of ¥0.6 billion, compared with operating income of ¥3.1 billion in the previous fiscal year.

Net sales and operating income



Note: Figures in the graph exclude intersegment sales and transfers

Consolidated Financial Results by Geographical Segment

North America

Business conditions

Market opportunities

- Demand for aluminum can stock is growing more than 5% annually
- Shift away from plastic is driving up demand for can stock
- Rapidly growing market offers potential for pricing power and wider product applications

Tri-Arrows Aluminum's competitive advantages

- Operate a factory that achieves high productivity
- Long-term relationships with can manufacturers and brands
- Very cost competitive due to world-leading productivity
- Rapidly progressing sustainability management driven by the application of scrap recycling technologies

Challenges and tasks

- Expand sources of raw materials
- Step up cooperation with UACJ (Thailand) and the Group's companies in Japan
- Increase production capacity through strategic investments

Market overview, fiscal 2020 results, and goals

In North America, demand for aluminum can stock, the UACJ Group's mainstay product, has remained solid despite the COVID-19 pandemic. Meanwhile, as automakers increasingly adopt aluminum as a means to reduce vehicle weight, aluminum product manufacturers have begun making these products in response, resulting in a tight balance of supply and demand.

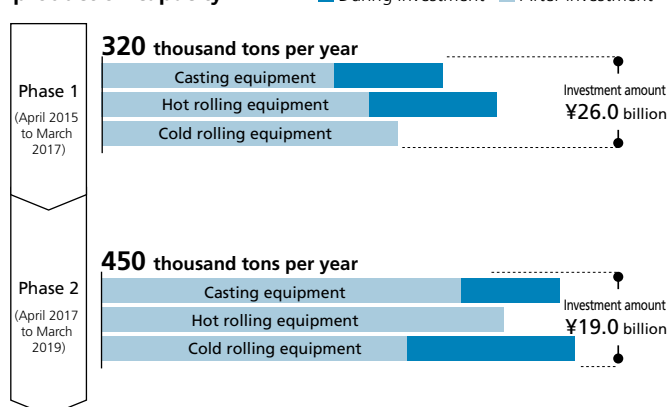
In this market environment, Tri-Arrows Aluminum, operator of the Group's main manufacturing plants in the United States, has increased its production capacity to 450 thousand tons. The company expanded casting and hot rolling facilities between 2015 and 2017, and installed more casting equipment, including a scrap recycling furnace, and new cold rolling machines between 2017 and 2019.

By leveraging this expanded production capacity, the company tapped brisk demand and maintained a high level of sales in fiscal 2020. As a result, the North America segment posted net sales of ¥163.7 billion, an increase of ¥10.1 billion year on year.

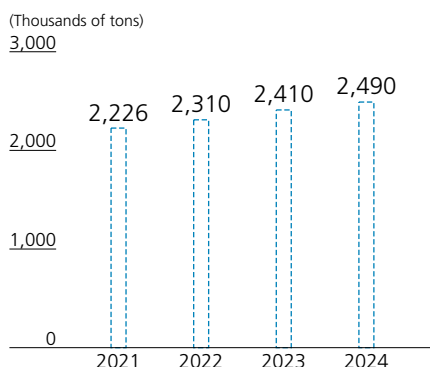
Looking ahead, Tri-Arrows Aluminum is aiming to boost sales volume by operating at full capacity, and to increase profits by renewing long-term contracts to secure orders while

raising product prices. UACJ Automotive Whitehall Industries will work to regain orders from new electric vehicle manufacturers, following a decline in orders due to the COVID-19 pandemic, and take steps to tap demand for aluminum automotive parts when mass production of new vehicle models begins in 2022.

Breakdown of investment in Tri-Arrows Aluminum's production capacity

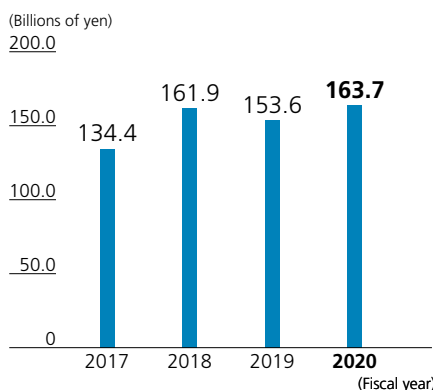


Projected can stock consumption in the US

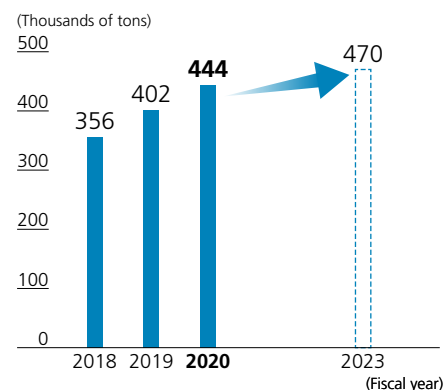


Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

North America segment sales



Tri-Arrows Aluminum's sales volume results and forecast



Asia and other Regions

Business conditions

Market opportunities

- Steeply rising demand in the Asia-Pacific region backed by economic growth
- Increasing exports to countries shifting away from plastic containers

UACJ (Thailand)'s competitive advantages

- Operating Southeast Asia's only state-of-the-art aluminum rolling mill
- Excellent access to other Asian countries where demand is projected to grow
- Solid relations with beverage can manufacturers from Japan and other countries

Challenges and tasks

- Increase production capacity beyond 320 thousand tons
- Continue securing and training local workers to independently operate manufacturing facilities
- Boost earnings by cutting costs and diversifying products, sales regions, and customers
- Strengthen ties with international customers
- Deploy recycling technologies and establish recycling systems

Market overview, fiscal 2020 results, and goals

In Southeast Asia, a greenfield market for flat-rolled aluminum, UACJ (Thailand) has the largest production capacity by far. Economic growth in the region has been driving up demand for aluminum products. In response, UACJ has carried out three phases of investment in UACJ (Thailand), boosting its annual production capacity to 320 thousand tons.

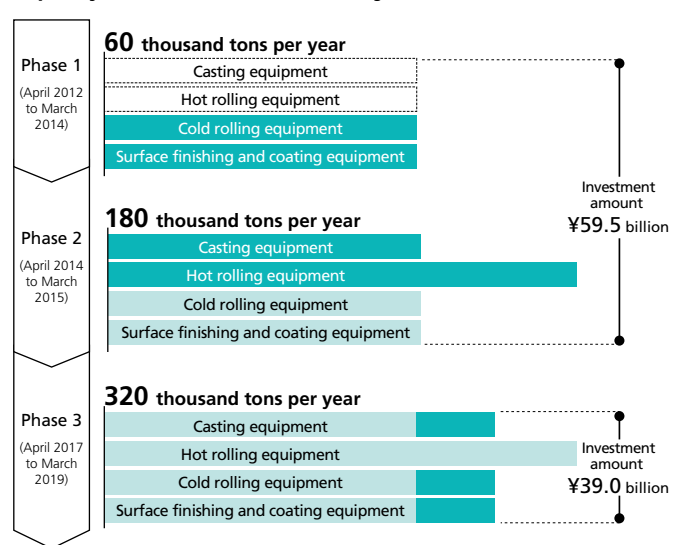
In fiscal 2020, UACJ (Thailand) was heavily impacted by the COVID-19 pandemic. Nevertheless, after its sales volume bottomed out between July and September 2020, global demand for can stock picked up from October to December, and the company was able to bring operations back up to full capacity. The company also made progress in its shift to independent operations by filling plant operator and management positions with Thai nationals.

Despite the market's recovery, net sales posted by the Asia and other Regions segment decreased by ¥7.5 billion year on year to ¥118.7 billion in fiscal 2020, mainly due to the pandemic's impact. In fiscal 2021, however, orders have been exceeding production plans, and the outlook for fiscal 2022 and after looks highly favorable.

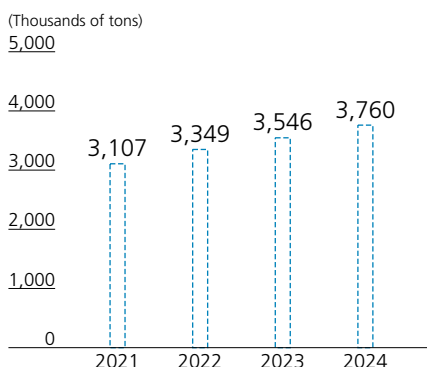
Against that backdrop, UACJ (Thailand) will work to enhance its operational capacity, continue cutting costs,

improve its product mix and raise selling prices, while aiming to accelerate the returns on investments in its production facilities.

Breakdown of investment in UACJ (Thailand)'s production capacity

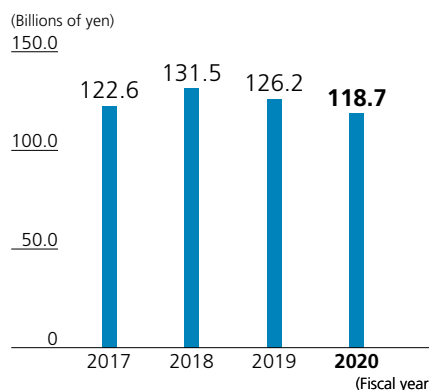


Projected can stock consumption in countries supplied by this segment

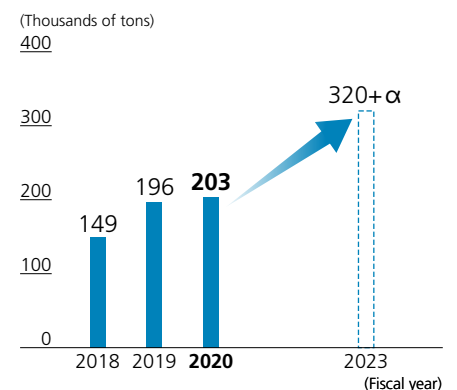


Source: CRU Aluminium Rolled Products Market Outlook Report for November 2020

Asia and Other Regions segment sales



UACJ (Thailand)'s sales volume results and forecast



Japan

Business conditions

Market opportunities

- Adoption of aluminum by automakers amid growing need to reduce environmental impacts
- Advances in digital technologies are driving up demand for aluminum materials used in IT-related devices and semiconductors
- The packaging and container industries are under increasing pressure to supply recyclable products

UACJ's competitive advantages

- Overwhelming market share in Japan
- Manufacturing diverse types of products
- Market-specific strategies
- Long history of excellent relations with customers
- Ability to flexibly meet customers' needs

Challenges and tasks

- Promote aluminum can recycling in partnership with customers
- Increase customers in the automobile industry and have Fukui Works boost cost competitiveness
- Acquire new customers of thick plates in the hydrogen industry

Market overview, fiscal 2020 results, and goals

UACJ has already secured a dominant position in Japan's flat-rolled aluminum market, with a market share of about 50%. This market, however, is expected to shrink as the country's population continues to decline. Therefore, in preparation for falling demand, the Company recognized the need to boost profitability by reorganizing its manufacturing network. In fiscal 2019, it launched a series of structural reforms to consolidate production into a smaller number of manufacturing facilities and raise overall productivity.

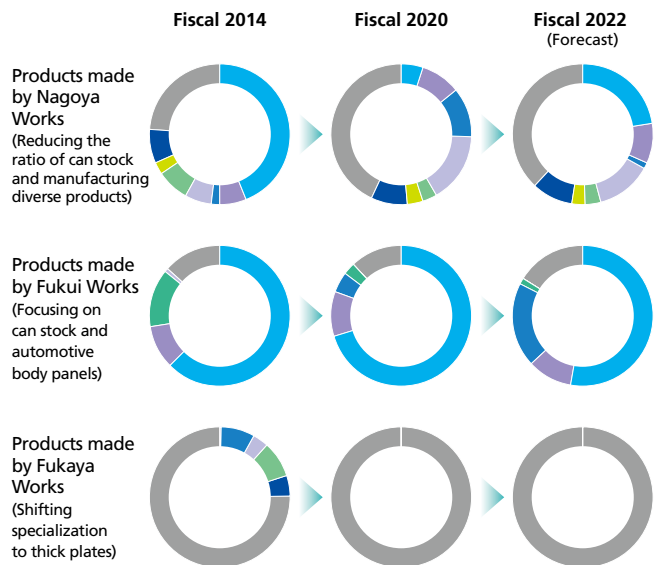
In fiscal 2020, the Japan segment benefited from solid demand for aluminum components used in IT-related devices and equipment, as workplaces across the country adopted telecommuting practices in response to the COVID-19 pandemic. On the other hand, demand for aluminum automotive parts, which the Company regards as a growth market, was sluggish in the first half of fiscal 2020. Although demand recovered in the second half, the overall impact was substantial, resulting in year-on-year decreases in both sales volume and sales. The segment's net sales amounted to ¥287.3 billion, down ¥48.0 billion year on year.

Looking ahead, UACJ will aim for sales growth by reforming the segment's earnings structure and stepping up sales promotions of aluminum automotive parts, for which demand is expected to rise, and thick plates for semiconductor

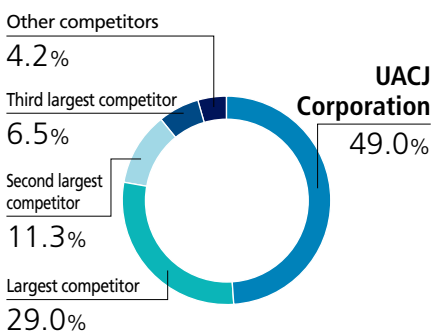
manufacturing equipment, which will be increasingly needed in the future with the widespread adoption of 5G, IoT, AI, and other advanced technologies.

Changes in the product mix of production plants in Japan

- Can stock
- Foil stock
- Automotive body panels
- LNG tanker thick plates
- Heat exchanger materials
- Printing plates
- Beverage container caps
- Compressor fin materials
- Other

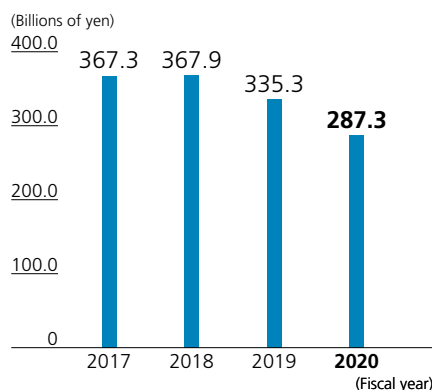


Share of flat-rolled aluminum produced in Japan in FY2020

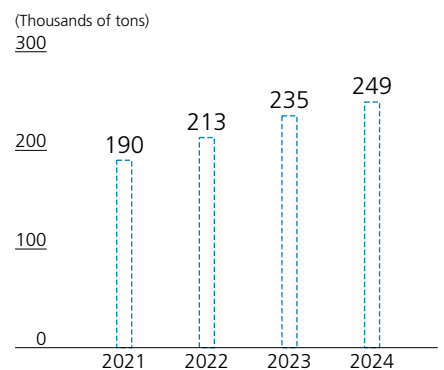


Source: Alutopia magazine, September 2021, Kallos Publishing Co., Ltd.

Japan segment sales



Projected flat-rolled aluminum consumption for vehicles⁸ in Japan



⁸ Includes automobiles, aircraft, and ships
Source: Estimates based on the Aluminium Rolled Products Market Outlook published in May 2020 by CRU International Limited

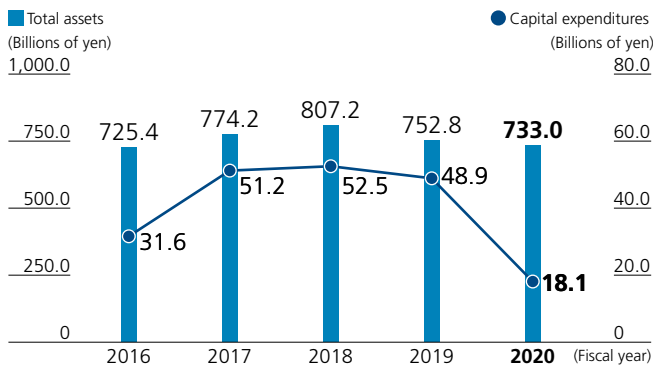
Financial Position

Assets

As of March 31, 2021, total assets stood at ¥733.0 billion, a decrease of 2.6% compared with a year earlier. This was mainly attributable to the completion of large capital investments in production facilities, a reduction in inventory assets, and progress made with structural reforms.

Capital expenditures amounted to ¥18.1 billion in fiscal 2020. Under the Company's new mid-term management plan spanning from fiscal 2021 to 2023, capital expenditures are expected to total ¥78.0 billion, equivalent to about 70% of the ¥107.8 billion in depreciation and amortization forecast over the same three-year period. The capital expenditures will be used to further expand production capacity, and by maximizing that capacity, the Company expects to raise asset efficiency going forward.

Total assets and capital expenditures

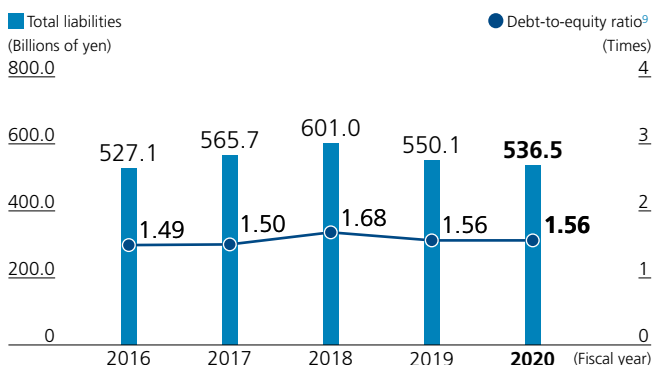


Liabilities and Net Assets

As of March 31, 2021, total liabilities amounted to ¥536.5 billion, a decrease of 2.6% compared with a year earlier. This was mainly attributable to a decrease in interest-bearing debt, repayment of which was made possible by improved cash flow.

Net assets came to ¥196.4 billion, a decrease of 3.1% compared with a year earlier. Among the factors underlying this result, foreign currency translation adjustment decreased year on year, and retained earnings declined because the Company posted a net loss attributable to owners of the parent.

Total liabilities and debt-to-equity ratio



⁹ Subordinated loans are included in debt-to-equity ratio calculations.

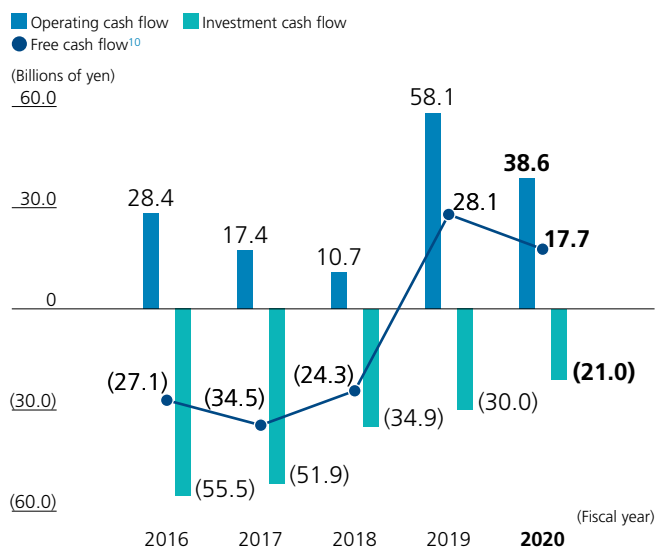
Cash Flows

In fiscal 2020, net cash provided by operating activities fell by 33.5% year on year to ¥38.6 billion. This was mainly due to an increase in notes and accounts receivable—trade, which more than offset an increase in income before income taxes.

Net cash used in investing activities amounted to ¥21.0 billion, down 30.2% year on year, mainly attributable to lower expenditures for large-scale capital investments in Tri-Arrows Aluminum and UACJ (Thailand). To fund its cash requirements, the Company allocated its own funds along with loans and other sources. It deployed financing methods suited to how the funds were spent, while distinguishing between long-term funds, such as capital investment, and working capital (short-term funds). Concerned that financing conditions could worsen due to the impact of the COVID-19 pandemic, the Company borrowed funds for its pandemic countermeasures and established committed credit lines as a means to manage financing risks.

Based on the results, above, free cash flow came to ¥17.7 billion. Despite the impact of the COVID-19 pandemic, the Company achieved positive free cash flow for the second consecutive year, largely due to returns on major investments in production capacity expansion, which has enabled the Group to capture robust demand for aluminum can stock in North America. In addition, the Company reduced interest-bearing debt by about ¥40 billion over the three-year period from fiscal 2018 to 2020.

Cash flows



¹⁰ Free cash flow = operating cash flow + investment cash flow

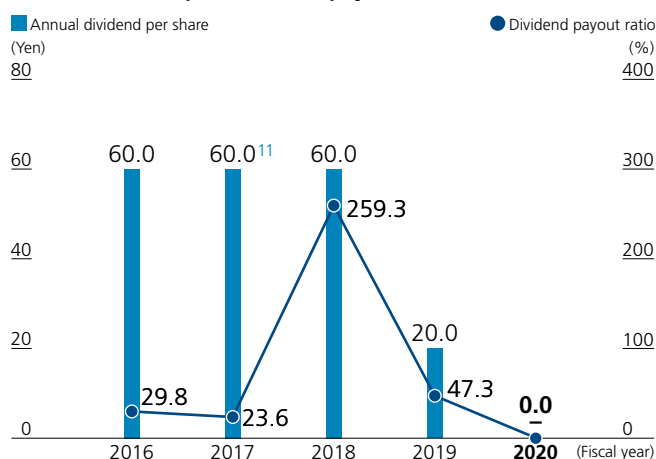
Dividends

The Company's management regards dividends as the principle means of returning profits to shareholders. While following the Company's basic policy of continuously paying stable dividends, management decides on the dividend amount based on a

comprehensive assessment of various factors, including recent financial results, allocation of funds for investment aimed at raising corporate value and R&D needed for bolstering competitiveness, and measures for strengthening the Company's financial structure. As a means to more flexibly return profits to shareholders based on full fiscal year profits, the Company pays a single annual dividend at the fiscal year-end as a matter of policy. Given the strength of financial results in recent years, management will aim for a total return ratio of 30% over the long term in order to share profits commensurately. During the period of its current mid-term management plan, however, management is targeting a consolidated dividend payout ratio within the range of 20 to 30%, based on the amount of profit in the full fiscal year.

Regrettably, the Company did not pay a dividend for fiscal 2020 after a broad range of factors were considered, particularly financial results. The Company plans to resume the payment of a dividend for fiscal 2021, however, since its financial structure is expected to improve following increases in sales and income. The amount has been set at ¥40 per share.

Annual dividend per share and payout ratio



¹¹ The Company conducted a 1-for-10 reverse stock split of common shares effective from October 1, 2017. The annual dividend per share amounts for fiscal 2016 and 2017 were calculated to take the reverse stock split into account.

Forecast for Fiscal 2021

In Japan, the Company expects an increase in sales volume of aluminum thick plates and automotive parts, which have been sluggish due to the COVID-19 pandemic. The higher rate of operations needed to boost this sales volume combined with cost cuts are expected to improve income results. Outside Japan, UACJ (Thailand), which has been seriously impacted by the pandemic, expects to post substantially higher sales and income.

The Company's management considered all of these factors when forecasting consolidated financial results for fiscal 2021, ending March 31, 2022. The forecast includes net sales of ¥700 billion, operating income of ¥33 billion, ordinary income of ¥25 billion, and net income attributable to owners of the parent of ¥12 billion. Anticipating this income growth in fiscal 2021 along with the completion of large investments, management intends to continue making further progress by limiting cash flow used in investment activities.

Forecast of consolidated financial results

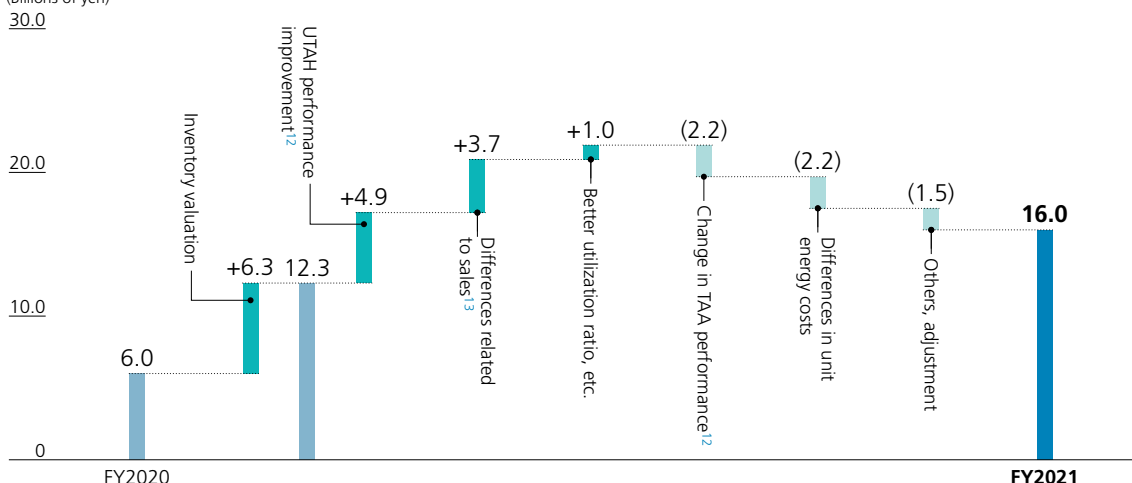
(Billions of yen)

	FY2020 results (A)	FY2021 forecast (B)	Difference (B)-(A)
Net sales	569.8	700.0	130.2
Operating income	11.1	33.0	21.9
Ordinary income before inventory valuation impact	6.2	13.4	7.2
inventory valuation impact	(0.2)	11.6	11.8
Ordinary income	6.0	25.0	19.0
Net income (loss) attributable to owners of the parent	(3.3)	12.0	15.3
Adjusted EBITDA	44.7	54.9	10.2
Annual dividend	—	¥40 per share	—

Note: The forecast for fiscal 2021 was revised in August 2021.

Assumed factors underlying the change between the ordinary income result in fiscal 2020 and forecast for fiscal 2021

(Billions of yen)



¹² Excluding impact of inventory valuation ¹³ Difference between ingot prices at time of purchase and product sale

(Millions of yen)

	Fiscal 2019 (as of March 31, 2020)	Fiscal 2020 (as of March 31, 2021)
Assets		
Current assets		
Cash and deposits	28,741	28,085
Notes and accounts receivable-trade	100,913	119,967
Merchandise and finished goods	45,608	39,810
Work in process	50,153	45,535
Raw materials and supplies	40,158	46,354
Other	23,444	14,967
Allowance for doubtful accounts	(98)	(215)
Total current assets	288,919	294,502
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,353	79,542
Machinery, equipment and vehicles, net	137,232	149,057
Land	104,957	103,754
Construction in progress	50,657	13,178
Other, net	10,168	10,277
Total property, plant and equipment	375,366	355,809
Intangible assets		
Goodwill	39,148	35,162
Other	10,968	9,356
Total intangible assets	50,116	44,518
Investments and other assets		
Investment securities	13,036	14,325
Retirement benefit assets	432	569
Deferred tax assets	9,340	8,481
Other	15,652	14,808
Allowance for doubtful accounts	(75)	(53)
Total investments and other assets	38,384	38,130
Total non-current assets	463,866	438,457
Total assets	752,785	732,960

(Millions of yen)

	Fiscal 2019 (as of March 31, 2020)	Fiscal 2020 (as of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	96,023	101,090
Short-term loans payable	54,298	72,682
Current portion of long-term loans payable	53,494	37,358
Other	60,619	40,019
Total current liabilities	264,434	251,150
Non-current liabilities		
Long-term loans payable	236,218	225,748
Lease obligations	5,031	25,778
Deferred tax liabilities	5,039	9,838
Retirement benefit obligations	18,182	16,527
Other	21,165	7,474
Total noncurrent liabilities	285,635	285,365
Total liabilities	550,069	536,514
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	79,295
Retained earnings	50,481	46,247
Treasury stock	(319)	(329)
Total shareholders' equity	182,756	177,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	937
Deferred gains or losses on hedges	(2,042)	(1,489)
Foreign currency translation adjustment	10,079	4,768
Cumulative adjustments related to retirement benefits	(2,501)	1,357
Total accumulated other comprehensive income	5,607	5,574
Non-controlling interests	14,353	13,382
Total net assets	202,716	196,445
Total liabilities and net assets	752,785	732,960

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
Net sales	615,150	569,756
Cost of sales	549,026	504,183
Gross profit	66,124	65,574
Selling, general and administrative expenses	55,997	54,429
Operating income	10,126	11,144
Non-operating income		
Employment adjustment subsidy	—	801
Foreign exchange gains	—	385
Other	2,779	1,865
Total non-operating income	2,779	3,051
Non-operating expenses		
Interest expenses	6,921	6,352
Other	2,197	1,886
Total non-operating expenses	9,118	8,238
Ordinary income	3,788	5,958
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	1,941
Other	2,057	170
Total extraordinary income	2,057	2,112
Extraordinary loss		
Loss on valuation of shares of subsidiaries and associates	5,330	—
Structural reform loss	986	3,766
Impairment loss	113	193
Loss on retirement of non-current assets	874	463
Other	164	175
Total extraordinary losses	7,467	4,596
Income or loss before income taxes	(1,622)	3,473
Income taxes-current	409	1,475
Income taxes-deferred	(4,958)	3,141
Total income taxes	(4,550)	4,616
Net income	2,927	(1,144)
Net income attributable to non-controlling interests	889	2,125
Net income attributable to owners of the parent	2,038	(3,269)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
Net income	2,927	(1,144)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,599)	866
Deferred gains (losses) on hedges	(1,318)	705
Foreign currency translation adjustment	3,094	(5,290)
Adjustments to retirement benefits	(1,185)	904
Share of other comprehensive income of entities accounted for using equity method	(1,819)	3,805
Total other comprehensive income	(2,827)	990
Comprehensive income	101	(153)
(Attributable to)		
Owners of the parent	272	(3,303)
Non-controlling interests	(171)	3,149

(Millions of yen)

	Fiscal 2019 (ended March 31, 2020)	Fiscal 2020 (ended March 31, 2021)
Net cash provided by (used in) operating activities		
Income or loss before income taxes	(1,622)	3,473
Depreciation and amortization	27,748	30,007
Impairment loss	113	3,091
Amortization of goodwill	3,455	3,389
Interest and dividends income	(970)	(321)
Interest expenses	6,921	6,352
Decrease (increase) in notes and accounts receivable-trade	42,113	(20,359)
Decrease (increase) in inventories	7,936	2,977
Increase (decrease) in notes and accounts payable-trade	(23,077)	6,848
Other	3,746	7,566
Subtotal	66,364	43,024
Interest and dividends income received	1,070	477
Interest expenses paid	(7,046)	(6,363)
Income taxes (paid)	(2,274)	1,485
Net cash provided by (used in) operating activities	58,115	38,623
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(52,851)	(22,898)
Purchase of intangible assets	(516)	(919)
Proceeds from sale of shares of subsidiary due to change in scope of consolidation	21,341	2,208
Other	2,005	660
Net cash provided by (used in) investing activities	(30,021)	(20,950)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(7,441)	17,153
Proceeds from long-term loans payable	24,023	27,993
Repayment of long-term loans payable	(47,459)	(53,758)
Cash dividends paid	(2,894)	(965)
Dividends paid to non-controlling interests	(682)	(730)
Sale-and-leaseback revenues	3,521	24,896
Proceeds from sale and installment back	12,808	301
Payments of sale and installment back payable	(5,415)	(12,497)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,361)	(16,084)
Other	—	(3,735)
Net cash provided by (used in) financing activities	49	418
Effect of exchange rate change on cash and cash equivalents	(25,852)	(17,008)
Net increase (decrease) in cash and cash equivalents	349	(361)
Cash and cash equivalents at beginning of period	2,591	304
Cash and cash equivalents at end of period	25,190	27,781
	27,781	28,085