



UACJ Corporation

Q3 Financial Results Briefing for the Fiscal Year Ending March 2023

February 7, 2023

Event Summary

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[Participants]	122	
[Number of Speakers]	6	
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	Teruo Kawashima	Director, Executive Vice President
	Shinji Tanaka	Director, Executive Officer, Chief Executive, Corporate Strategic Restructuring Division
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	Harunobu Goroh	UBS Securities
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Presentation

Ueda: To all participants, thank you for remaining patient for so long. Thank you very much for taking time out of your busy schedule today to participate in the Financial Results Briefing for Q3 FY2022. of UACJ Corporation.

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

Although information including forward-looking statements may be provided in this presentation, such information is only our current forecast. Please note that actual results may differ significantly from these forecasts due to various factors.

Let me now introduce our company's attendees today. Miyuki Ishihara, Representative Director, President.

Ishihara: My name is Ishihara. Thank you.

Ueda: Teruo Kawashima, Director, Executive Vice President.

Kawashima: My name is Kawashima. Thank you for your time today.

Ueda: This is Shinji Tanaka, Director, Executive Officer, Chief Executive, Corporate Strategic Restructuring Division.

Tanaka: My name is Tanaka. Thank you.

Ueda: This is Joji Kumamoto, Chief Executive, Corporate Strategy Division.

Kumamoto: My name is Kumamoto. Thank you for your time today.

Ueda: This is Haruhiro Iida, General Manager, Accounting Department, Finance and Accounting Division.

Iida: I am Iida. Thank you for your time today.

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

Mr. Kawashima, Director, Executive Vice President, will now explain today's announcement of Q3 results for FY2022 and the outlook for the full year. Please join us as we review the presentation materials. Vice President Kawashima, please.

Kawashima: Now, I, Kawashima, will give an overview of the financial results for Q3. Please open to the page I tell you.

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Key Points of Today's Announcements

Q3 FY2022: Sales increased YoY and ordinary income before metal price lag also increased to ¥15.8 billion (YoY: +¥0.3 billion)

Full-year forecast for FY2022: Ordinary income before metal price lag of ¥20.0 billion

- 1 **■ Overview for Q3 FY2022**
 - ✓ Over Q1-Q3, profit increased; in Q3 alone (three-month period), performance was impacted by automotive production
 - ✓ Japan: Automotive-related businesses continued to be affected by market conditions, but sales of air conditioner fin materials and other general-purpose materials increased
 - ✓ Overseas: Captured strong global can stock demand, and profits increased at both TAA*1 and UATH*2
- 2 **■ Full-Year Forecast for FY2022**
 - ✓ Although we are responding to changes in the external environment, performance will be impacted by disruption to automotive-related production, etc., so we have changed our forecast to **actual profit of ¥20.0 billion**
 - ✓ Applying price-determination system linked to market prices for energy and additive metals from 2H FY2022, as planned
- 3 **■ Progress on Restructuring**
 - ✓ Progress as planned in each measure
 - ✓ **¥21.0 billion** in impact of structural reforms

*1 TAA: Tri-Arrows Aluminum Inc.
*2 UATH: UACJ (Thailand) Co., Ltd.

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Page one contains three key points of this presentation. This is a summary up to this Q3, the outlook for FY2022, and then structural reforms.

As for results through Q3, ordinary profit before inventory valuation effects was JPY15.8 billion, an increase of JPY0.3 billion from the previous period.

We have revised our full year forecast for FY2022 to JPY20 billion.

In addition, energy and additive metal prices have been rising, but after discussing with our customers, we have almost agreed on a price fixing scheme since the summer, and the scheme has been applied from the second half of this fiscal year.

And finally, this is the final year of the structural reform, and we are making progress as planned.

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Changes in the External Environment and Our Countermeasures

We are taking measures to establish a profit structure that is resilient to changes in the external business environment

	Japan 	TAA (United States) 	UATH (Thailand) 
Increase in aluminum ingot prices	Pass on to sales prices		
Soaring unit energy prices	Pass-through to sales prices implemented from 3Q, as planned	Pass through to sales prices (already introduced pricing system linked to market prices)	New contracts Already introduced pricing system linked to market prices Revisions to existing contracts Reached agreements with some customers concerning the pass-through of high energy prices
Soaring additive metals prices	We have introduced a pricing system linked to market prices for products that include many additive metals		
Increase in logistics costs	—		Pass through to sales prices (already introduced formula system)

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Please open page two to the efforts to address changes in the external environment, such as energy.

We have been discussing with our customers in Japan, the US, and Thailand, and we have developed a pricing system that can be linked to the price hikes in almost all regions.

As for the Japanese energy bill, we are in a situation where we have adopted a scheme to partially pass on the price as scheduled from Q3.

In Thailand, we have also signed a contract with a customer for a new contract based on the introduction of this price linkage. For existing contracts, we are also in the process of requesting and agreeing to pass on the higher energy prices.

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Overview of Results for Q3 FY2022

Ordinary income before metal price lag for Q3: ¥15.8 billion (YoY: +¥0.3 billion)

Ordinary income for Q3: ¥10.4 billion (YoY: ¥(25.5) billion)

■ Sales volume: 1,009,000 tons (+43,000 tons YoY)

- **Can stock:** Demand continued to grow at UATH (Thailand) and TAA (United States)
- **General-purpose materials:** In air conditioner fin materials, we captured global demand for air conditioners, and demand increased for printing plate materials as customers moved operations back to Japan
- **Automotive-related (automotive materials, foil), IT-related materials:** Performance was affected by semiconductor shortages and global supply chain disruption

■ Ordinary income before metal price lag: YoY: +¥0.3 billion

Positive factors (Including structural reform effects)

- Improvement in domestic business
- Steady growth of UATH's performance
- Steady growth of TAA's performance

Negative factors

- Increase in energy prices
- Performance impacted by disruption to automotive production

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Now, let's look at the situation in Q3.

I have written a summary on page five, but since these are detailed figures, I will explain them on page six and beyond.

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1. Results for Q3 FY2022

Results for Q3 FY2022

(Billions of yen)

	Q3 FY2021 (A)	Q3 FY2022 (B)	Change (B)–(A)
Net sales	562.7	728.3	165.7
Operating income	42.8	15.5	(27.4)
Ordinary income before metal price lag	15.6	15.8	0.3
Metal price lag	20.4	(5.4)	(25.8)
Ordinary income	36.0	10.4	(25.5)
Net income ^{*1}	23.2	7.3	(15.9)
Adjusted EBITDA ^{*2}	45.0	46.1	1.1

*1 Net income: Net income attributable to owners of the parent
© UACJ Corporation. All rights reserved. *2 Adjusted EBITDA: EBITDA excluding metal price lag

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Please open page six. These are the results of Q3.

Net sales were JPY728.3 billion, consolidated operating profit was JPY15.5 billion, ordinary income before inventory effects was JPY15.8 billion, and inventory effects was negative JPY5.4 billion. As a result, consolidated ordinary profit was JPY10.4 billion, final income was JPY7.3 billion, and adjusted EBITDA was JPY46.1 billion for Q3.

Regarding the difference from the same period last year, net sales increased about JPY165.7 billion. Although this was a very large increase in revenue, about JPY130 billion of this increase was due to changes in market conditions, such as an increase in the price of aluminum ingots or the depreciation of the yen. The remainder is due to an increase in sales volume or a change in the scope of consolidation.

Ordinary profit before inventory valuation was JPY15.8 billion, almost the same as the previous year.

Adjusted EBITDA was JPY46.1 billion, showing a steady increase in earning power.

On the other hand, the inventory impact, which was positive JPY20.4 billion in the previous year, was negative JPY5.4 billion in the current period and negative JPY25.8 billion in the same period last year due to the impact of significantly lower aluminum ingot prices. Due to this impact, both ordinary profit and final income decreased compared to the previous year.

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1. Results for Q3 FY2022

Sales and Operating Income by Segment

(Billions of yen)

	Q3 FY2021 (A)		Q3 FY2022 (B)		Change (B) – (A)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Flat-rolled products	502.3	46.7	647.4	19.9	145.1	(26.8)
Precision-machined components and related business	118.6	0.3	147.1	(0.1)	28.5	(0.4)
(Adjustment)	(58.2)	(4.1)	(66.2)	(4.3)	(8.0)	(0.2)
Total	562.7	42.8	728.3	15.5	165.7	(27.4)

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Page seven describes the status of the segment.

When we break down the operating profit of Q3 results of JPY15.5 billion, we see that the processed products and related businesses had negative income compared to sales of JPY147.1 billion. This is a situation that I will mention later, but it is largely attributable to the negative performance of Whitehall's auto parts business in the US, which suffered from the disruption in automobile production.

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1. Results for Q3 FY2022

Sales Volume, Flat-rolled Products

(Thousands of tons)

	Q3 FY2021 (A)	Q3 FY2022 (B)	Change (B) – (A)
Can stock	609	660	51
Foil	43	35	(8)
IT	11	7	(4)
Automotive materials	105	92	(13)
Thick plates	39	41	2
Other general-purpose materials	160	174	14
Total	966	1,009	43
	For Japanese market 355 For overseas market 611	For Japanese market 357 For overseas market 652	For Japanese market 2 For overseas market 41

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Please open page eight. This is the sales situation that is the premise for the sales and profit/loss situation. This is the total volume of our main aluminum sheet products in Japan, the US, and Thailand.

This fiscal year, the cumulative total through Q3 is 1.009 million tons, an increase of 43,000 tons compared to the same period last year. If you look at the breakdown, you can see that can materials have increased by 51,000 tons, which means that the situation is growing very rapidly.

Automotive materials were down 13,000 tons, or about 13%, from the previous year due to production disruptions. Similarly, foil land is down by 8,000 tons, or nearly 20%, which is a significant negative.

The overall increase of 43,000 tons is shown here as an increase for overseas markets, especially the North American market.

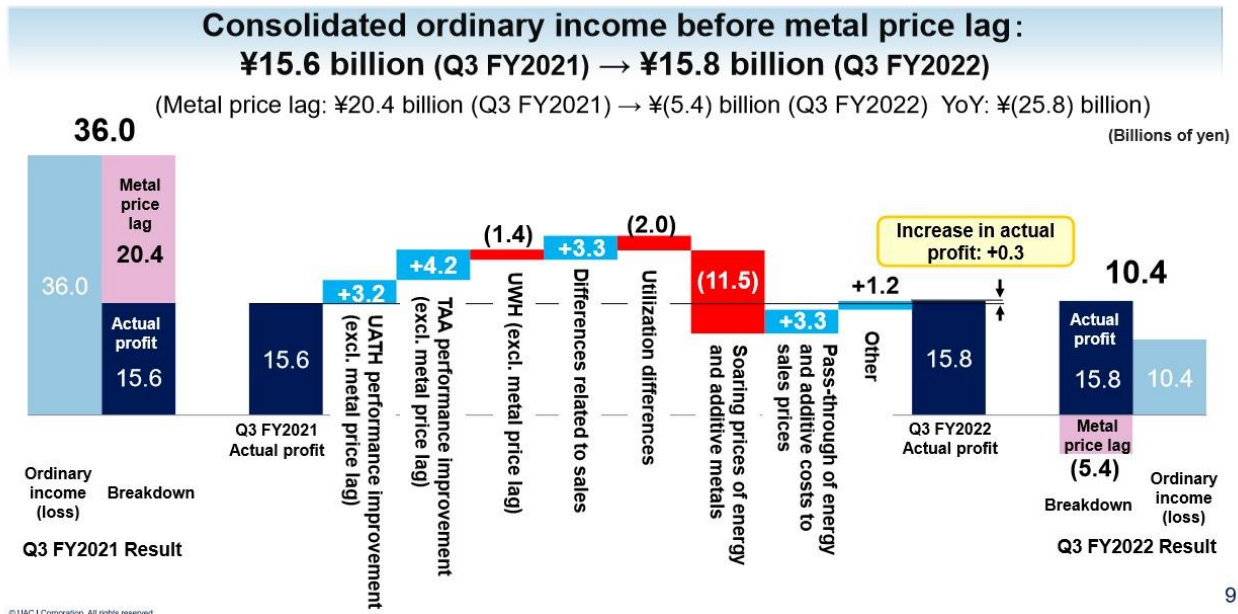
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Analysis of Consolidated Ordinary Income (Q3 FY2021 → Q3 FY2022)



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In response to this sales situation, could you please turn to page nine. This is the P&L analysis compared to the same period last year.

In the same period of the previous year, out of the JPY36 billion profit, there was a JPY20.4 billion inventory impact, so actual profit was JPY15.6 billion. This JPY15.6 billion has increased by about JPY300 million to JPY15.8 billion in the current fiscal year.

From left to right, UATH and TAA in Thailand are doing very well and raising profits. On the other hand, due to the disruption in automobile production, Whitehall was JPY1.4 billion lower than the previous year, resulting in a JPY6 billion increase in the overseas segment.

Domestic sales also increased compared to the previous year, and the sales-related difference is positive. On the other hand, production is decreasing, and the difference in capacity utilization is negative.

The biggest impact has been the sharp rise in energy prices. As I mentioned earlier, although a new system for energy price pass-through has started in Q3, energy bills have been rising since the beginning of the period, so there is a difference in the timing of the pass-through. As a result, the energy bill was negative by JPY11.5 billion. This includes added metals. In contrast, we recovered JPY3.3 billion. Deducting this amount, JPY8.2 billion was a significant cost increase over the previous year. This was covered by our overseas and domestic businesses, and we were able to post figures similar to those of the previous fiscal year up to Q3.

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Consolidated Balance Sheet, Application of Funds Statement

Despite a shortage of short-term funds as a result of high aluminum ingot prices, we generated an excess of long-term funds, which are the source of our financial base

Consolidated Balance Sheet				Application of Funds Statement				
(Billions of yen)	Mar. 31, 2022 (A)	Dec. 31, 2022 (B)	Change (B) – (A)	Application of funds		Sources of funds		
Cash and deposits	14.3	26.5	12.2	Long-term funds	Capital expenditures	17.7	Income before income taxes	9.3
Notes and accounts receivable – trade	122.7	137.6	14.9		Payment of income taxes	8.0	Depreciation and amortization	27.8
Inventories	232.4	251.8	19.4		Surplus of long-term funds	11.4		
Other current assets	25.2	38.9	13.7	Short-term funds	Increase in working capital	20.2	Shortage of short-term funds	20.2
Noncurrent assets	398.5	407.3	8.8					
Investments and other assets	35.6	39.1	3.5					
Total assets	828.7	901.1	72.4					
Notes and accounts payable – trade	118.6	125.6	7.0					
Short-term loans payable	141.9	192.5	50.6					
Long-term loans payable	197.5	179.2	(18.3)					
Other	123.1	129.9	6.6					
Total shareholders' equity	209.0	212.2	3.3					
Accumulated other comprehensive income	19.0	41.1	22.1					
Non-controlling interests	19.6	20.6	1.0					
Total liabilities and net assets	828.7	901.1	72.4					

Surplus of long-term funds	¥11.4 billion
Shortage of short-term funds	¥20.2 billion
FCF	¥(8.8) billion

Long-term funds: Generation of funds to act as the source for strengthening our financial position
Short-term funds: Increase in working capital due to high ingot prices

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Please open page 10. Balance Sheet Status.

Total assets at the end of December were approximately JPY900 billion. Compared to the end of March of the previous year, the increase was JPY72.4 billion. This is a very large increase, of which about JPY50 billion is due to the impact of foreign exchange rates. When converting the results of overseas subsidiaries into yen, the depreciation of the yen has increased by about JPY50 billion, resulting in an increase of about JPY20 billion in real terms.

The fund management chart is written on the right. The free cash flow is negative due to a number of factors, including rising bullion prices, sharply negative production, and a declining economy. However, as for long-term funds, which represent the foundation of the company, we have created a total of JPY11.4 billion through Q3.

On the other hand, working capital, inventories, and debt increased, resulting in a cash shortfall of JPY20.2 billion, which, when subtracted, resulted in a negative free cash flow of JPY8.8 billion.

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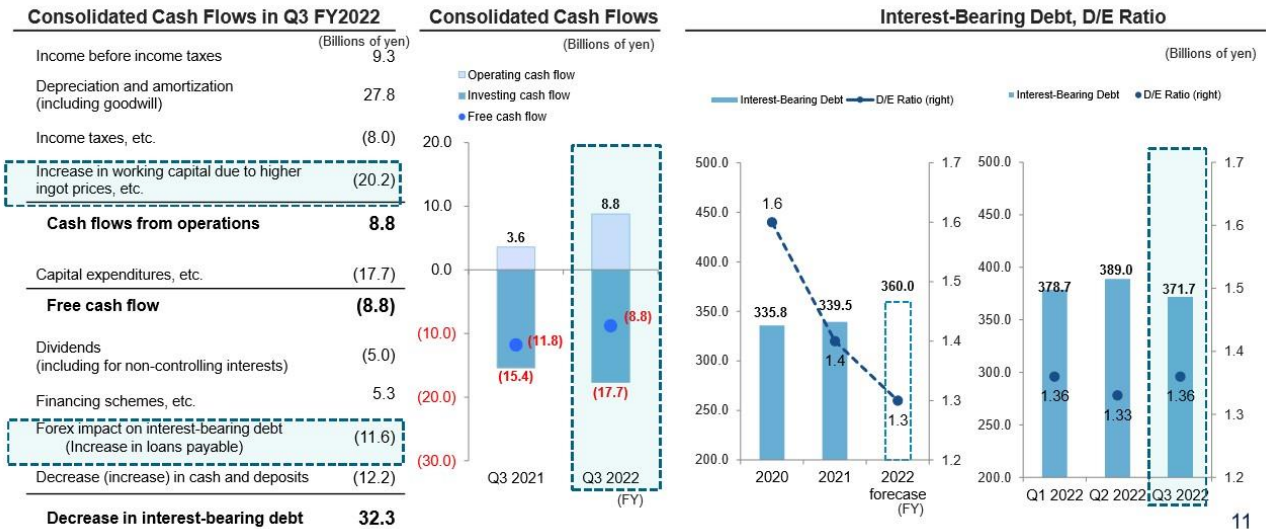
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1. Results for Q3 FY2022

Consolidated Cash Flow Statement

Although interest-bearing debt increased as a result of rising prices of aluminum ingots, it has fallen since Q3



Page 11 shows cash flow.

The same contents are shown on the left, but the relationship between profit and amortization generates funds of about JPY36 billion to JPY37 billion. On the other hand, as shown in the shading, there is a JPY20 billion increase in working capital due to soaring bullion prices, etc., and capital investment is on a cash basis. On a cash basis, we are at JPY17.7 billion, which means a negative free cash flow of JPY8.8 billion.

Capital investment on a cash basis is JPY17.7 billion, but on an acceptance basis, it is JPY14.7 billion until Q3. In addition to this, the finance scheme and foreign currency denominated borrowings of overseas companies, the exchange rate of which has changed due to the weaker yen, have resulted in an apparent increase in borrowings of JPY11.6 billion, resulting in a JPY32.3 billion increase in interest-bearing debt compared to the same period last year.

The second from the right describes the major developments over the past three years. The Company's goal is to lower the debt-to-equity ratio to 1.3 in the mid-term plan, and as of the end of March 2023, we have reduced borrowings to JPY360 billion, which will bring the debt-to-equity ratio to 1.3.

The movement of each quarter is written on the right side of the page. Interest-bearing debt at the end of March last year was JPY339.5 billion, but in Q1, the price of bullion was still high, so working capital increased, and it increased to Q2. In Q3, we expect to be able to reduce interest-bearing debt by about JPY12 billion to JPY360 billion.

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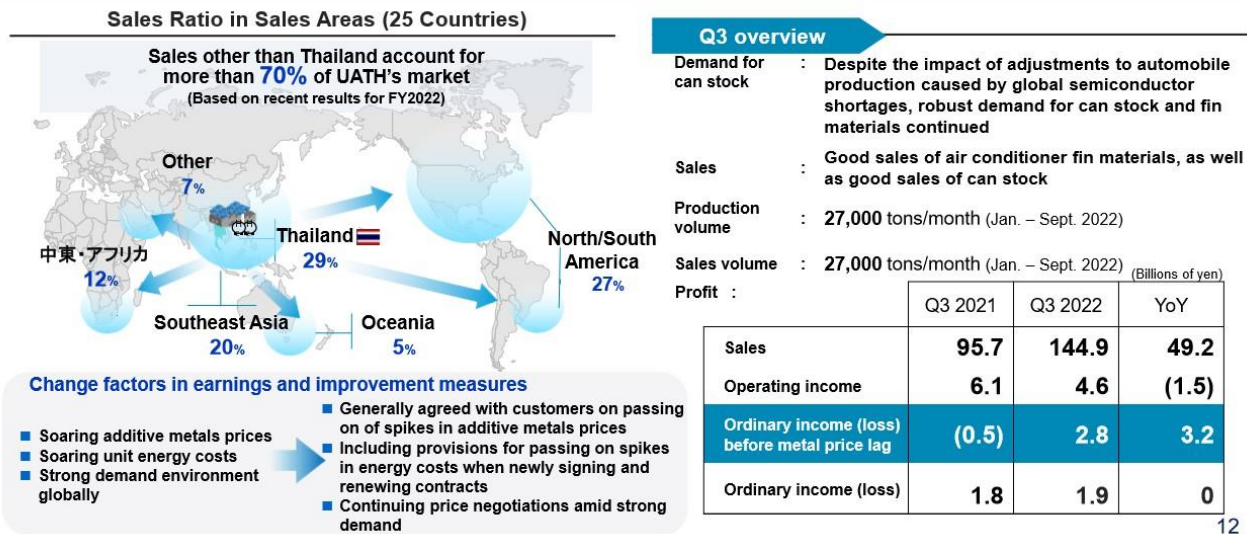
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Situation in Thailand (UATH) – Overview of Q3 FY2022

Sales and profits increased thanks to efforts to capture strong global demand for can stock and air conditioner fin materials



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From page 12 onward, an overview of overseas companies is provided by country. First, on page 12, the situation in Thailand.

Thailand is doing very well, achieving an annual sales production volume of 320,000 tons. Since the fiscal year ends in December, the actual closing of accounts has been completed, and we believe that we have secured 320,000 tons for the current fiscal year.

The P&L until Q3 is shown in a different color, but ordinary profit before inventory valuation effects was JPY2.8 billion, an improvement of JPY3.2 billion from the same period of the previous year.

As shown in the figure on the left, the largest sales destination in Thailand is North America. Less than 30% of the total is exported to North America, and other exports are largely from Asia.

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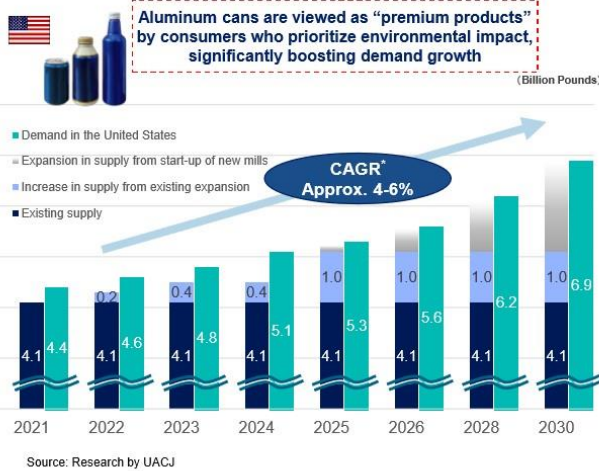
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1. Results for Q3 FY2022

Situation in United States (TAA) – Overview of Q3 FY2022

Captured strong can stock demand in the United States, resulting in higher sales and profits (ordinary income before metal price lag)

Changes in US Can Stock Demand and Domestic Supply Capacity



Q3 overview

- Demand for can stock** : Strong demand environment to continue over the long term
- Sales volume** : 44,000 ton/month (Apr. – Dec. 2022) *including shipments from Japan and UATH
- Production capacity** : Established an operation network to handle production of approximately 450,000 tons/year
- Capacity increases** : Enhanced facility at production bases in North America

Profit :	(Billions of yen)		
	Q3 2021	Q3 2022	YoY
Sales	171.2	223.9	52.7
Operating income	22.3	2.8	(19.5)
Ordinary income (loss) before metal price lag	7.2	11.4	4.2
Ordinary income (loss)	20.5	(0.4)	(20.9)

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Then open to page 13. This is the status of the TAA.

As for profit and loss, its net income, ordinary profit before inventory valuation effects was JPY11.4 billion, an increase of JPY4.2 billion compared to the same period last year. However, the inventory impact was a negative JPY11.8 billion this year compared to a positive JPY13.3 billion in the same period last year, resulting in a superficial ordinary profit loss of about JPY20 billion compared to the previous year. On a merit basis, this is certainly a positive development against the backdrop of the good market conditions in the United States.

However, we have heard that inventory adjustments have begun in the US since last summer. However, nothing has changed with regard to the demand trend for aluminum cans, which is expected to increase from 4% to 6% until 2030.

We have received reports that due to logistics disruptions and other factors; we have been holding a large amount of inventory as a countermeasure for our customers, but now that the disruptions are under control, we are in the process of adjusting our inventory. We expect that to continue until about this summer.

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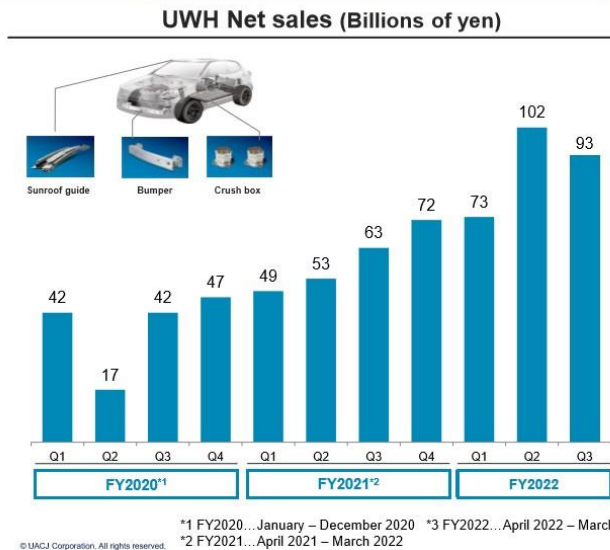
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1. Results for Q3 FY2022

Situation in United States (UWH) – Overview of Q3 FY2022

Production started for major projects that have already been ordered, but performance was impacted by disruption to automotive production, resulting in actual demand being delayed to later periods



Q3 overview

Market environment : •EV demand increased as a result of the US Government Buy American Act

Sales : •Performance continued to be impacted by disruption to automotive production as a result of semiconductor shortages, etc., resulting in actual demand being delayed to later periods
•Increase in sales due to impact of high aluminum ingot prices

Production : •Although new lines began operating, the impact of sales resulted in low operation rates
•We took measures to automate production, cut costs, etc., and are also considering implementing further additional measures

Profit : (Billions of yen)

	Q3 2021	Q3 2022	YoY
Sales	16.5	26.8	10.3
Operating income	(1.7)	(2.3)	(0.6)
Ordinary income (loss) before metal price lag	(1.9)	(3.3)	(1.4)
Ordinary income (loss)	(1.9)	(3.1)	(1.2)

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Then open to page 14. The American parts business Whitehall.

The figure on the left shows sales by quarter. In FY 2022, in the form of Q1, Q2, and Q3, it appears that sales have increased very much after Q2, but this is actually due to the effect of higher aluminum ingot prices, although there is a slight periodic discrepancy, and the actual sales volume is not much different from that of Q1.

Profit and loss are also in a very difficult situation, with a deficit of JPY3.3 billion up to Q3. Although we are receiving orders from customers, we are affected by the disruption in automobile production in the US, which has not been resolved at all. The supply chain for not only semiconductors but also other components is in disarray, and the situation has been directly affected by the fact that it has not been able to recover as quickly as expected.

Since the beginning of the year, orders have been received on schedule, and although the loss up to Q3 is JPY3.3 billion, we expect JPY3.1 to JPY3.2 billion yen for the year, and we are confident that we will be able to break even in Q4.

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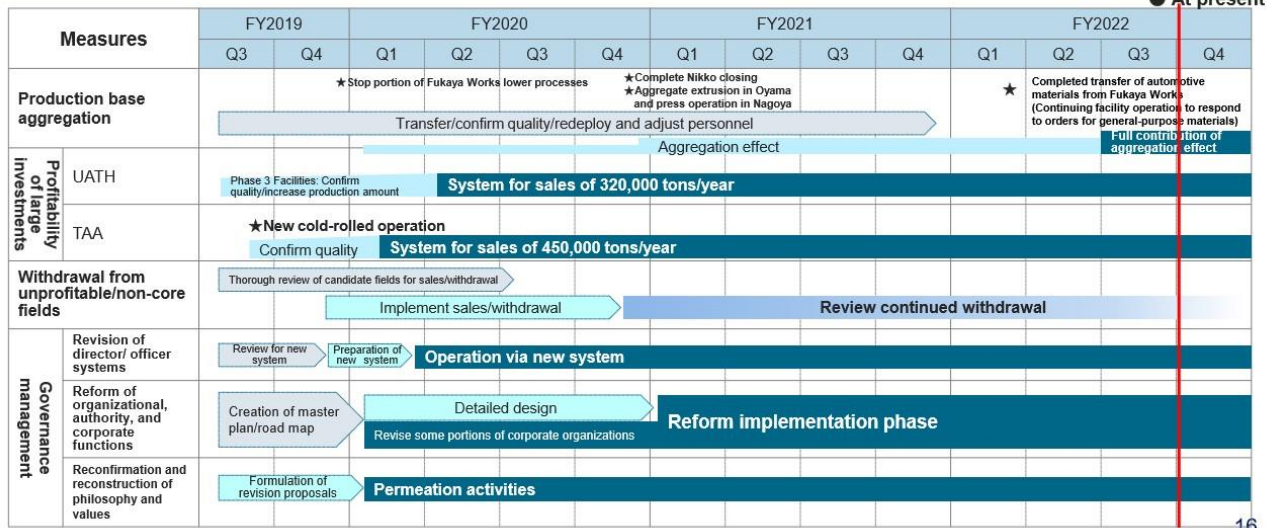
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2. Progress on Restructuring

Progress on Restructuring

The entire company will work together to achieve the culmination of three years of restructuring



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Next is the status of structural reforms. Page 16.

The goal for structural reform is the end of March 2023, and the entire company is now working together to achieve this goal at any cost. As you can see, the schedule is currently on-schedule, and we expect to reach the goal in the next two months.

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2. Progress on Restructuring

Earnings Improvement Effect of Implementing Structural Reforms

We will achieve ¥21.0 billion in earnings by reforming our profit structure and generating returns on large investments

	When structural reforms were announced (September 2019)	When Third MMP was announced (May 2021)	When FY2022 2Q earnings results were announced (November 2022)	Latest Forecast
Domestic: Profit structure reforms	+¥10.0 bn	+¥6.7 bn	+¥10.1 bn	+¥10.1 bn
Production base aggregation	+¥4.0 bn	+¥3.4 bn	+¥2.1 bn	+¥2.1 bn
Optimizing the production system and improving the product mix (increase in automotive components and battery materials)	+¥5.0 bn	+¥2.5 bn	+¥7.0 bn	+¥7.0 bn
Reducing indirect expenses (reducing indirect headcount, etc.)	+¥1.0 bn	+¥0.8 bn	+¥1.0 bn	+¥1.0 bn
Overseas: Returns on large investments	+¥11.0 bn	+¥11.8 bn	+¥10.9 bn	+¥10.9 bn
UATH: Increasing sales volume and reducing costs with the start of operation of investments made in phase three	+¥7.0 bn	+¥7.6 bn	+¥7.0 bn	+¥7.8 bn
TAA: Increasing sales volume with completion of investment to increase capacity, and amending prices	+¥2.0 bn	+¥1.9 bn	+¥4.6 bn	+¥4.6 bn
UWH: Focusing on profitability when accepting orders and utilizing extruder to increase sales	+¥2.0 bn	+¥2.3 bn	¥(0.7) bn	¥(1.5) bn
Impact of structural reforms	+¥21.0 bn	+¥18.5 bn	+¥21.0 bn	+¥21.0 bn

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17

Please open page 17 for the amount.

Although there are some bumps in the road for each item, we expect to achieve the JPY21 billion result that we originally envisioned to strengthen the company's management base through structural reforms.

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Understanding of Management Environment

Company-wide

- As the environmental awareness of consumers increases, the increasing trend in global demand for aluminum materials, particularly for can stock and automotive materials, will remain unchanged over the medium and long term
- We expect a recovery in automotive-related supply chain disruption and the impact of North American can stock inventory adjustments from 2H FY2023
 - ⇒ Amid harsh demand conditions, we will endeavor to maintain and increase market share, and promote further cost reductions
 - ⇒ In FY2023, we expect to benefit from a pricing system linked to market prices for energy and additive metals over the full year

Can stock	<p>Japan: We will engage in activities to increase sales volume amid firm demand despite the falling population</p> <p>Global: Although performance will be temporarily impacted by recent economic sentiment, inflation, and the elimination of excess inventories that occurred as a result of supply chain disruption, we expect the strong demand environment to continue over the medium and long term</p>
Automotive materials	<p>Japan sheet material: We will maximize the effects of aggregation with the completion of the transfer of production to the Fukui Works</p> <p>UWH: We are preparing for a recovery in actual demand that was delayed to later periods by taking measures to automate lines, cut costs, etc.</p>
Others	<p>Thick plates: Despite adjustments in the short term, we expect robust demand for semiconductor production equipment applications over the medium and long term</p> <p>IT materials: Despite recent inventory adjustments, we expect an expansion in demand for DX and 5G-related applications in the future</p> <p>Air conditioner fin materials: Demand for fin materials will expand thanks to a global expansion in air conditioner applications, particularly in Europe and Southeast Asia</p> <p>Printing plate materials: Sales will increase thanks to efforts to capture demand related to customers moving operations back to Japan</p> <p>⇒ We will utilize our “strong customer base” and “ability to accommodate a wide variety of products and applications” to secure profits in sectors performing well</p>

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19

Next is the annual forecast. Please open page 19.

First, in the form of recognition of the business environment, it is written in the form of Q4, then by region and by component.

First, we recognize that there is no change in the medium- to long-term trend of increasing demand for aluminum materials, particularly for cans and automotive materials. Demand for aluminum cans is increasing rapidly, especially in North America and Europe. The position of using aluminum materials for this is increasing due to the increasing use of EVs. Nothing has changed in this keynote.

That said, the most recent situation is still a bit of a standstill due to disruptions in automobile production caused by disruptions in the supply chain and, as mentioned earlier, inventory adjustments in North America for canned materials. However, we have heard from our customers that canned materials are expected to recover from this summer.

The largest of these is the energy bill. We have also managed to obtain agreement on the price fixing scheme through consultation with our customers, and we believe that this has greatly strengthened the foundation of our corporate management.

The lower part of the table shows can materials, automotive materials, and others. As I mentioned earlier, there has been no major change in the total domestic and overseas inventory of can materials, but I am aware that inventory adjustments are taking place in the near term.

The same is true for automotive materials, but we believe that the consolidation effect will be realized in the future as a result of the consolidation of panel material production facilities in Fukui for the domestic market.

As for Whitehall, we have already received orders for certain products from our customers, and we are aware that we will be able to obtain a certain volume once these products are up and running, and we are aware that there is a time lag.

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In addition, for thick plates, we believe that medium- to long-term demand for semiconductor equipment is firm, but we are aware that an adjustment is taking place in the near term. As for IT, we are of the view that inventory adjustment is underway, and nothing is likely to change in terms of long-term trends.

3. Full-Year Forecast for FY2022

Full-Year Forecast for FY2022

(Billions of yen)	FY2022 (Forecast as of Nov.) (A)	FY2022 (Current forecast) (B)	FY2021 (Results) (C)	Change (B)–(A)	Change (B)–(C)
Net sales	900.0	900.0	782.9	0	117.1
Operating income	21.0	17.0	59.5	(4.0)	(42.5)
Ordinary income before metal price lag	23.5	20.0	21.3	(3.5)	(1.3)
Metal price lag	(8.0)	(10.0)	31.0	(2.0)	(41.0)
Ordinary income	15.5	10.0	52.3	(5.5)	(42.3)
Net income	10.0	7.0	32.1	(3.0)	(25.1)
Adjusted EBITDA	62.8	61.8	60.2	(1.0)	1.6
Annual dividends	85 yen/share	85 yen/share	85 yen/share	—	—

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Please open page 20. This is the profit and loss situation for the current fiscal year. The red box is the most recent forecast.

We expect net sales of JPY900 billion, then ordinary profit before inventory effects of JPY20 billion, consolidated ordinary profit of JPY10 billion, final income of JPY7 billion, and EBITDA of JPY61.8 billion.

Compared to the November forecast, the ordinary profit before inventory valuation effects has been revised from JPY23.5 billion to JPY20 billion.

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3. Full-Year Forecast for FY2022

Sales Volume, Flat-rolled Products (Current Forecast)

(Thousands of tons)

	FY2022 (Forecast as of Nov.) (A)	FY2022 (Current forecast) (B)	FY2021 Results (C)	Change (B)–(A)	Change (B)–(C)
Can stock	904	864	816	(40)	48
Foil	47	46	56	(1)	(10)
IT	11	9	14	(2)	(5)
Automotive materials	128	125	138	(3)	(13)
Thick plates	58	52	53	(6)	(1)
Other general-purpose materials	240	230	216	(1)	14
Total	1,389 Japanese market 494 Overseas market 895	1,327 Japanese market 475 Overseas market 852	1,293 Japanese market 479 Overseas market 815	(62) Japanese market (19) Overseas market (43)	33 Japanese market (4) Overseas market 37

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22

Please open page 22. Here is the sales status of this base board.

For the year, as shown in the red box on the left, the forecast is 1.327 million tons, down 62,000 tons from the 1.389 million tons forecast for November of last year. As you can see, canned materials, automobiles, and thick plates are all affected by the prolonged supply chain disruption than the situation this past November. Overall business confidence is also deteriorating, and all items are down slightly from the initial forecast.

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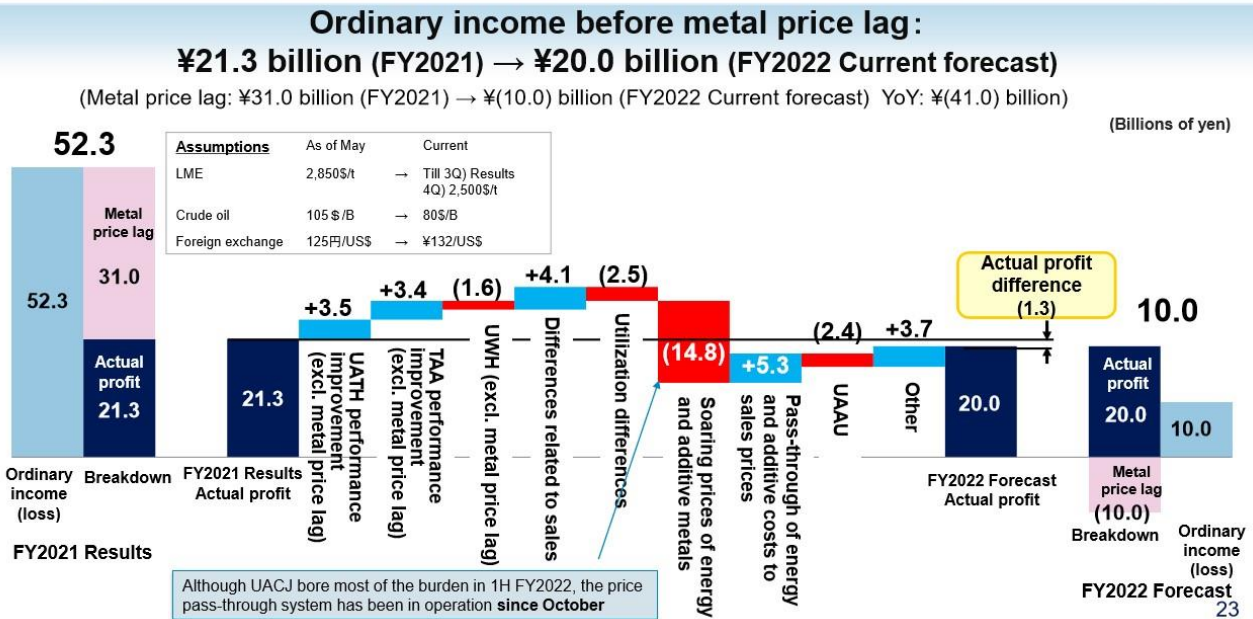
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3. Full-Year Forecast for FY2022

Analysis of Consolidated Ordinary Income (FY2021 → FY2022 Current Forecast)



Page 23 is an analysis of the annual P&L versus the previous year.

In terms of actual P&L, last year's figure was JPY21.3 billion. That will be slightly reduced by JPY20 billion this fiscal year. The results of the analysis showed that the trend was the same as in Q3, with UATH and TAA in a very positive situation and Whitehall in a difficult situation.

On the domestic side, roll margins have improved and the sales-related difference is positive, but the sales volume itself is negative, resulting in a negative capacity utilization difference. The biggest influence is still energy. The timing difference is also very significant in terms of the pass-through to our customers here, and this fiscal year will be fully impacted by the rising prices of energy and additive metals. In contrast, the catch-up is becoming more extensive, which means that the subtraction is negative by about JPY9.5 billion from the previous year. Then there is UAAU, the aluminum smelting business in Australia, which is also expected to be negative due to the decline in aluminum prices and the rising cost of coal.

This energy cost is JPY9.5 billion, which is a very large negative figure. We expect to recover our losses through sales in Thailand, the US, and Japan, and to achieve a profit similar to last year's level.

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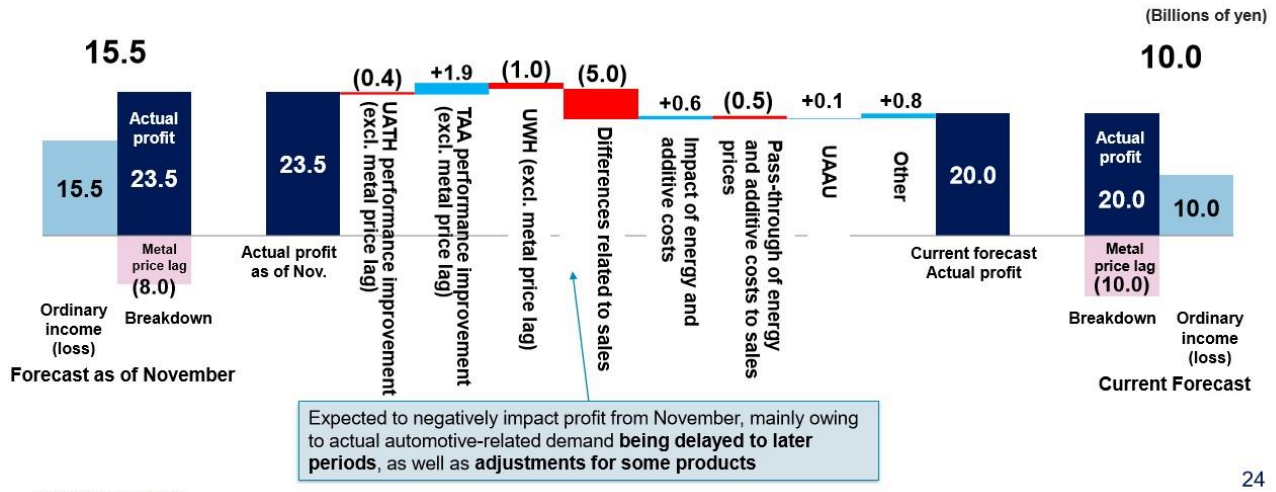
3. Full-Year Forecast for FY2022

Analysis of Consolidated Ordinary Income (Forecast as of Nov. 2022 → FY2022 Current Forecast)

Ordinary income before metal price lag :

¥23.5 billion (Forecast as of Nov. 2022) → ¥20.0 billion (FY2022 Current forecast)

(Metal price lag: ¥(8.0) billion (Forecast as of Nov. 2022) → ¥(10.0) billion (FY2022 Current forecast) YoY: ¥(2.0) billion)



Page 24, this is the difference from the November forecast.

JPY20 billion is the revised forecast changed from JPY23.5 billion in November 2022.

It is significant that for Whitehall, the orders from customers from Q3 and supply are out of sync. We expect the negative impact of this to grow.

We also expect sales of automotive materials to be negative JPY5 billion, including the overall decrease in the volume of automotive materials and other products, which I explained earlier was affected by the supply chain disruption. On the other hand, there are several efforts, such as TAA's situation being even better, to catch up and we expect to be able to secure a profit of JPY20 billion.

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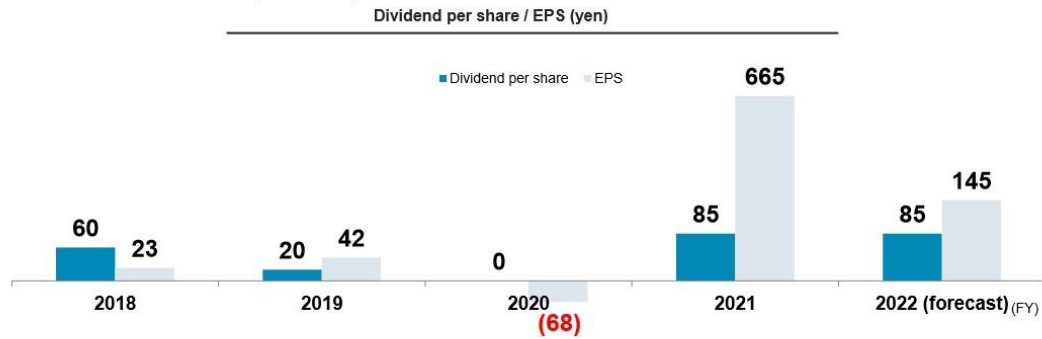
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3. Full-Year Forecast for FY2022

Shareholder Returns Policy

Maintain dividend of JPY85

- Returns policy** : Targeting a long-term **total return ratio of 30% or more**
- Dividend** : Aiming to pay a **stable and continuous dividend**, with a **target of 20-30% for the consolidated payout ratio**
- Enhancing shareholder value** : Aiming to enhance value by securing certain profits and cash flows, and engaging in dialogue with capital markets



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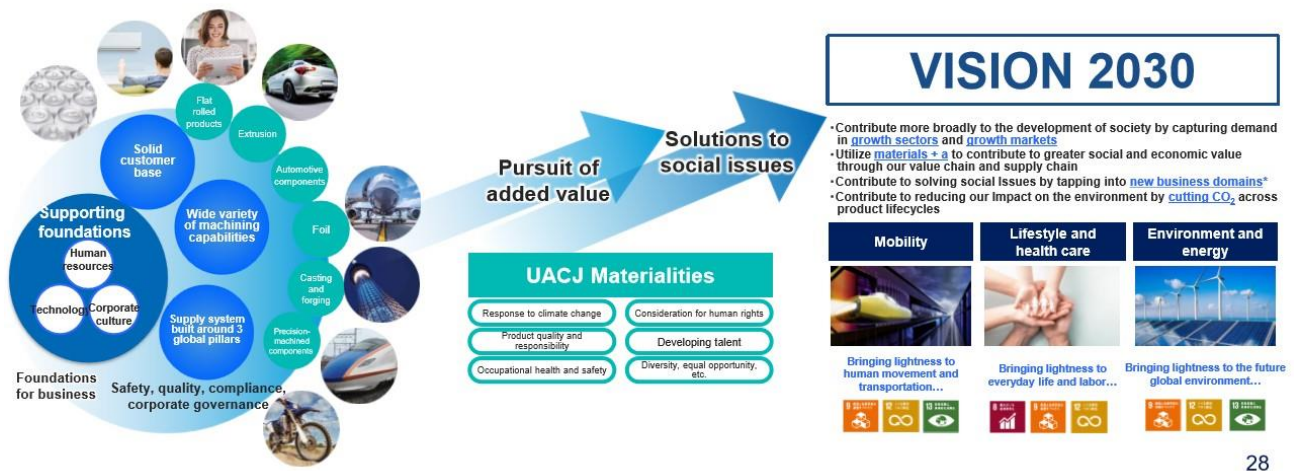
As for dividends on page 25, we plan to pay out JPY85 per share as originally planned.

The last part is called sustainability initiatives, and from page 27 onward, we have listed several items.

4. Sustainability Initiatives

Vision for our Future in the Long-term Management Vision “UACJ VISION 2030”

Pursuing our passion, aluminum, to contribute to building a sustainable society



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As for page 28, the conventional goal for UACJ VISION 2030 that we are now considering.

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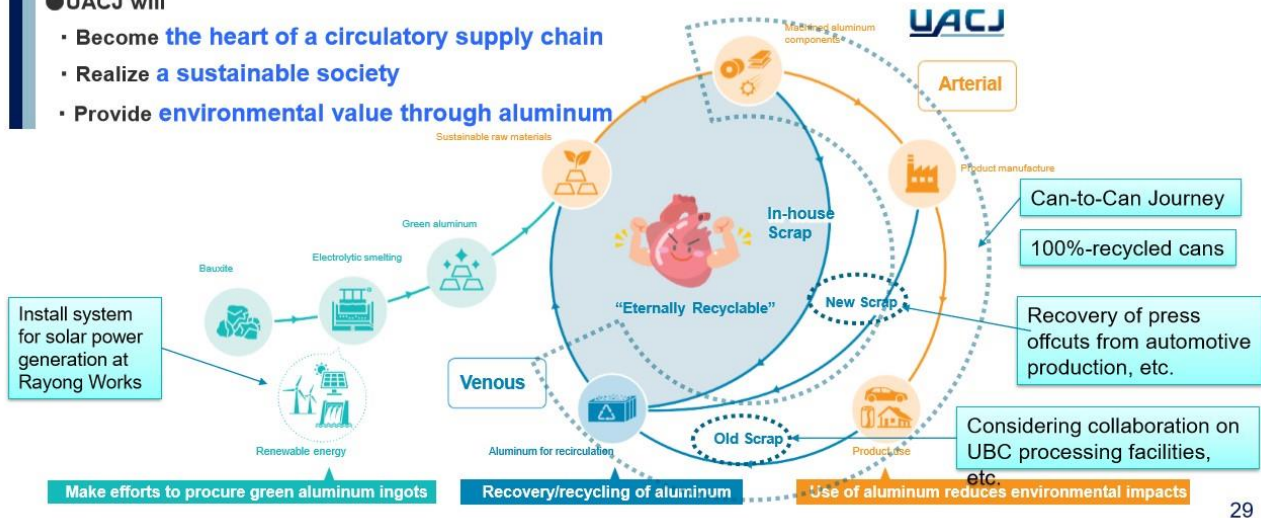
4. Sustainability Initiatives

Solutions to Social Issues – The Cycle of Aluminum Use ~ Becoming the Heart of the Circular Economy ~

- Aluminum is a material that can be recycled “eternally,” “an unlimited number of times”

● UACJ will

- Become the heart of a circulatory supply chain
- Realize a sustainable society
- Provide environmental value through aluminum



Then, page 29 is about the circular economy.

4. Sustainability Initiatives

UACJ Holds ESG Briefing



■ Held our first ESG Briefing, both face-to-face and online

Date: November 29, 2022 (10:00 a.m. - 12:00 a.m.)

- We explained our approach to sustainability, including the environment, human resources, and risk management, based on the theme of “Passing down a better world over the next century”

- We strongly promoted the direction we are aiming for, based on **the future potential of aluminum as a material** and **the superiority of aluminum in terms of recycling**

- Speakers: Miyuki Ishihara (Representative Director, President), Shinji Tanaka (Director, Managing Executive Officer), Akinori Yamaguchi (Senior Managing Executive Officer), Joji Kumamoto (Executive Officer), Kenji Nose (Manager, Sustainability Promotion Department)

Website with related materials:

<https://www.uacj.co.jp/ir/other/events.htm>

Page 30. As for topics, we held our first ESG briefing last November 29. Everyone participated and we received various surveys. The program has been very well received, and we would like to continue it next year and beyond.

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4. Sustainability Initiatives

Acquired Full ASI*1 Certification



Changed from provisional certification to full certification for the ASI Performance Standard*2

<Previous developments>

- 2020/7/2 Joined the ASI (first member as a Japanese manufacturer of flat-rolled aluminum products)
- 2022/2/14 Acquired provisional certification for the Performance Standard
- 2022/3/10 Acquired full certification for the Chain of Custody Standard*3
- 2022/8 Conducted on-site audits (Fukui Works/UACJ, Rayong Works/UATH)
- 2023/1/5 **Provisional certification for the Performance Standard changed to full certification as a result of the audits**

⇒ Completion of certification steps

UACJ will actively participate in the formulation of global standards for the aluminum industry, and pursue the creation of sustainable aluminum businesses in collaboration with our customers and suppliers

*1 An international initiative that aims to enhance sustainability in the aluminum supply chain
 *2 A standard to enhance sustainability and transparency in relation to corporate governance, the environment, and social responsibility
 *3 A standard for sustainable development up to machining and distribution processes

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And one more topic, on page 31, is ASI certification. We are pleased to state here that we were able to obtain this certification this past January.

4. Sustainability Initiatives

UATH Awarded Platinum Level for Fourth Consecutive Year in “AMATA Best Waste Management Awards 2022”



Image of awards ceremony (Right: Mr. Aukkares Chochoy, Managing Director, Amata Facility Services Company, Left: Mr. Chayan Chaijan, Senior Manager, UATH)

UATH was awarded “Platinum Level”² at the “AMATA Best Waste Management Awards 2022” in Amata City,¹ where its Rayong Works are located. This is the fourth consecutive year that UATH has been awarded Platinum Level, and it was also awarded the maximum score for the first time this year

“AMATA Best Waste Management Awards 2022”

These awards are given to companies that reduce landfill waste and effectively manage other types of waste, in accordance with the 3R principles (Reduce, Reuse, Recycle), and are aimed at enhancing awareness of industrial waste and promoting effective waste management at Amata industrial parks



Platinum level trophy from the “AMATA Best Waste Management Awards 2022”

In the future, UACJ will continue to contribute to reducing environmental impact and endeavor to build relationships with local communities in areas surrounding our plants, as we contribute to the creation of a sustainable and abundant society

*1 Industrial parks consisting of the two areas of Rayong and Chonburi, each in Amata City. Rayong, Amata City, where the Rayong Works (UATH) are located, is a large-scale industrial park developed in Rayong province, 114km from central Bangkok and 99km from Suvarnabhumi Airport, covering a total area of approximately 27km².
 *2 The level at which companies obtaining a score of 70% or more are certified

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Then on page 32 is the UATH initiative. I am writing to say that we have received a commendation for this as well.

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4. Sustainability Initiatives

Activities to Contribute to Developing the Next Generation and Biodiversity

Holding of UACJ Baseball Camp (Sakai City, Fukui Prefecture)



We invited Yuhei Nakamura, a catcher for the Tokyo Yakult Swallows, as well as Naoyuki Naito (aka Gyaos Naito), Yasuhiro Usami, and Kyohei Muranaka, former members of the Tokyo Yakult Swallows, to participate in the “UACJ Baseball Camp,” which we held in Sakai City, Fukui Prefecture for elementary school students enrolled in Little League.

We will roll out activities aimed at communicating the joy and appeal of sports to the children that will lead the future, promoting sports, and developing the next generation in local communities.

Participation in “30 by 30” and implementation of forest maintenance activities



The UACJ Group recognizes the conservation of biodiversity as an important environmental issue for the world, and is participating in “30 by 30” activities, which unify related policies and approaches. As an example of a specific initiative, we have signed a corporate forestation agreement with Fukui Prefecture and Sakai City, through which we have leased the “UACJ Fukui Forest” from Sakai City, and we are conducting forest maintenance activities on the site.

The UACJ Group will engage in activities with the aim of strengthening regional environmental conservation activities, strengthening relationships with local communities, and enhancing the environmental awareness of our employees.

30 by 30 (<https://policies.env.go.jp/nature/biodiversity/30by30alliance/index.html#about30by30>)

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An initiative that aims to effectively conserve at least 30% of the land and sea as healthy ecosystems, with the goal of stopping and restoring the loss of biodiversity by 2030 (nature positive)

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The last page, page 33, is dedicated to our contribution to the next generation and to biodiversity, which includes various contributions to the local community.

That is all I have to say.

Ueda: That is all from our company.

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Question & Answer

Ueda [M]: I will now take your questions.

Let us now introduce our first questioner. Mr. Yamaguchi, SMBC Nikko Securities Inc. please.

Yamaguchi [Q]: Thank you for your explanation. Thank you very much. Thank you. First of all, I am afraid I always ask the same question, but I would like to know the annual sales, operating profit, ordinary income and, if you don't mind, the inventory impact or profit before inventory for the subsidiary group. This is the first question.

Iida [A]: First of all, UATH, the outlook is for sales of JPY191.9 billion, operating profit of JPY4.6 billion, ordinary income before inventory effects of JPY3.2 billion, and ordinary income of JPY700 million.

Continuing on, TAA projects sales of JPY286.3 billion, operating profit of JPY5.2 billion, ordinary income before inventory valuation effects of JPY13.4 billion, and ordinary income of JPY200 million.

Last, but not least, is UWH. Net sales of JPY36.6 billion, operating profit of minus JPY2 billion, ordinary income before inventory effects of minus JPY3.4 billion, ordinary income of minus JPY3.2 billion.

Yamaguchi [Q]: Thank you very much. I believe that you expect profits to improve in Q4, but overall ordinary profit before inventories will improve from JPY2 billion to JPY4 billion in Q4, but what do you see as the change in profits between Q3 and Q4, such as progress in shifting prices and recovery in volume? I would appreciate your explanation here.

Kawashima [A]: Now I will give a brief overview. First, we do not expect the demand situation to change much. One example is Whitehall. As I explained earlier about Whitehall, if you only consider Q3, it is a billion-dollar loss. Considering only Q4, the profit is almost break-even.

Therefore, there is a turnaround for Q4 compared to Q3. Then there is a foreign exchange loss of JPY400 million to JPY500 million in foreign currency in Q3. We are thinking that at the current pace, we will not be able to produce that, and that we will probably be able to produce a profit of about JPY4 billion, including the settlement of accounts and other such items.

Yamaguchi [Q]: I understand. Can you please explain where the profits fluctuate in the so-called quarters, Q2, Q3 and Q4 of each subsidiary group, from Q2 to Q3, from Q3 to Q4, and also the domestic business?

Kawashima [A]: As I mentioned earlier, the largest deficit in Whitehall was JPY1 billion to JPY1.2 billion in Q1, Q2, and Q3, with a loss of about JPY1 billion to JPY1.2 billion, and in Q4, the profit is break-even point. However, this has been greatly improved.

Regarding TAA, in qualitative terms, it was very strong until Q2. Since we entered the inventory adjustment phase in the middle of Q3, the momentum that we once had, although not bad, is now slowing down a bit, and I believe that this has become a brake on the market.

Then, regarding UATH, Q3 was very good, although the fiscal year is off. Q4 is still not too bad, to be honest. However, we believe that toward the end of the December of the fiscal year, we will see some inventory adjustments in the US.

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Yamaguchi [Q]: Lastly, the increase/decrease factor analysis, I think your company had a YoY increase/decrease factor analysis for the current year on page 23. I'm most interested in this one, which appears to be out of period with a decrease of JPY148 billion in energy and added metals and an increase of JPY53 billion in price shifting. In short, we have JPY9.5 billion of overhead for this fiscal year, but can we include this as a turnaround factor for the next fiscal year? Or it is not so easy, and it will be different next year, when some things are also going down, for example, silicon?

Kawashima [A]: First of all, you can basically consider it a term gap. As I mentioned at the beginning, we have talked with our customers and have reached an agreement on a pricing structure in which this energy and additive metals will be passed on to the customer. However, the price is not reflected on the same day, so there is inevitably a six-month delay.

Therefore, we have talked to our customers, especially for this quarter, and are introducing prices from Q3 onward. However, the energy cost and then the added metals should be considered in the form of a timing difference, and if you think that this price will not change at all, then you can consider that we will change the back of this section from next year onward.

Yamaguchi [Q]: If you consider that everything is flat, you can take the view that this missed JPY95 billion will be returned next year. But if, for example, oil goes up another JPY110 billion or JPY120 billion, it will be off by six months, just think of it this way.

Kawashima [A]: Yes. It is a difference in timing, so it is not a difference in taking down, but a difference in time. We hope you will think of it that way.

Yamaguchi [M]: Understood. Thank you very much. Excuse me.

Kawashima [M]: Thank you very much.

Ueda [M]: Thank you for your question. Now, let me introduce the next person who asked a question. Mr. Goroh, UBS Securities, please.

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

The first question is about the inventory adjustment. In Q2, you mentioned that business confidence in general was affected by the inventory adjustment. I think that the impact of the turmoil has been significant.

Its impact by region, you mentioned earlier that the US economy is expected to be affected until before summer. I think there is not necessarily a link between the worsening business confidence and inventory adjustment. Is the volume factor in the next fiscal year showing a recovery compared to the current fiscal year, or is it declining again compared to the next fiscal year due to the prolonged negative growth? I'm sorry, I know this is a bit of an early question, but I would appreciate an explanation of the link to business confidence. This is the first point.

Second, you have explained that margins are improving in Japan. In North America, the price pass-on system originally changed year to year, and I think that there will be a change after April. In that sense, I wonder if there is still an element of recoupment for what is done at the overseas sites for the next fiscal year. Could you please explain the effect of this time lag on overseas bases for the next fiscal year and the negative impact on the current fiscal year? Thank you.

Kawashima [A]: Now, Kawashima will give a brief overview. First, I think it is better to divide them into regions and then into varieties. First, the largest can material. Demand for this product is very strong, but due to the logistics confusion, the customer has accumulated a large amount of inventory. This was because the

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distribution confusion had subsided and was smooth from about this fall, and the inventory adjustment had been made.

Therefore, we believe that the adjustment will continue until about this summer. Thus, demand itself is very strong. As I mentioned business confidence, beverage cans are not affected that much, and I think they are very strong, so I believe they will return.

Then, now the automobile. We have heard that demand for automobiles, especially parts, is very strong in North America. However, it is not only semiconductors, but the supply chain, including components, continues to be disrupted, and automobile production has not been able to get up and running. We have received very strong orders from our customers, but these orders have not been stabilized in Q3 and are finally getting better in Q4.

Once that disruption is over, more and more profits will come in. Still, looking only at Q4, we are looking at the possibility of somehow getting out of the water. As of today, I cannot yet give you the figures for the next fiscal year, but I think it is safe to assume that this will be the case.

We believe that the situation in Japan is similar for automobiles.

In addition, the energy cost of TAA in the US has already established a systematic scheme to pass on the cost of energy to the next year, so that any increase in the cost this year can be passed on next year.

If next year's energy bill does not change significantly from now, we may be able to make it up. We believe that this will have an impact on profit and loss. That is all.

Goroh [Q]: Just to confirm, TAA's forecast for this fiscal year, as you mentioned earlier on a verbal basis, is JPY13.4 billion in recurring profit based on actual performance. Am I correct in understanding that this figure incorporates the one-year delay in energy price transfers?

Kawashima [A]: Yes. We are looking at things on that basis for this year's figures, so the figures we just mentioned are the figures that are being borne, with some of the slight increase over that going to next year.

Goroh [M]: I understand very well. Thank you very much.

Ueda [M]: Thank you for your question. The next question is from Mr. Shirakawa, Morgan Stanley MUFG Securities, Inc.

Shirakawa [Q]: My name is Shirakawa from Morgan Stanley Securities. Thank you for your explanation today. Please answer my two questions.

My first question would be about the sales volume on pages 8 and 22 of the documents. Regarding thick plates, statistics and other companies' financial results indicate that sales of thick plates for semiconductor manufacturing equipment have been quite sluggish. As for your company's Q3 cumulative total, you are still seeing positive YoY volume gains for thick plates, and although volume may be slightly down from the previous year, I think the overall picture is quite strong.

What is the current situation of the market for thick plates for semiconductor manufacturing equipment? Please explain if there is a possibility that the volume of these thick plates will fall in the future, and that your company will also fall in the future. This is the first point.

Second, please elaborate a bit more on the dividend. Although the dividend has not been reduced this time, the dividend payout ratio, including inventory write-downs, has increased to 59%.

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I would like to know what kind of discussions there have been in your company regarding the maintenance of the dividend. Also, what are your thoughts on whether the JPY85 dividend can be set as the lower limit of stable dividend if there are no major problems in the future? These are two points. Thank you.

Kawashima [A]: Now Kawashima will speak again. First of all, as for the overall view of thick plates, although we have written thick plates in the section on business confidence on page 19, we still believe that the trend for the manufacture of semiconductor manufacturing equipment will basically remain the same over the medium to long term.

However, there is a possibility of an adjustment in the near future, and we will make an annual plan for 2023, but our view is that the market will remain flat.

We are currently receiving orders for thick plates, so we believe that although there will be a slight inventory adjustment, it will not be so weak.

As for the dividend, it is 59% of the current year's figure, as has been mentioned, but on the other hand, last year there was a profit from inventory. Since we cannot predict which way inventory profit will swing, positive or negative, our thinking is that we should take the dividend based on the actual profit/loss. With that in mind, the idea is that JPY85 will be maintained.

This is not yet the final decision of the company and considering that the major issue is to continue to pay stable dividends, we believe that JPY85 is an appropriate dividend amount.

Ishihara [A]: I am Ishihara. I would like to add a few words about thick plates. Our thick plates are characterized by wider widths or higher surface accuracy than those of other companies and can be used as is. In such a situation, semiconductor manufacturing equipment is not the only application. We can provide thick plates for applications such as new energy storage tanks and forging equipment, which is our specialty, and which is used in the field of mobility.

Therefore, we are not only anticipating demand trends for thick plates for general semiconductor manufacturing equipment but are also paying attention to the fact that Q3 results have improved year on year and that demand is expected to continue to grow in this field. That is all.

Shirakawa [M]: I understand very well. Thank you very much.

Ueda [M]: Thank you for your question. The next question is from Mr. Matsumoto, Nomura Securities Co.

Matsumoto [Q]: My name is Matsumoto from Nomura Securities. There are two things. One is the story that Mr. Kawashima just told us about materials and inventory adjustment in the US. I thought you mentioned before that the adjustment of quantity is more like an adjustment in exports from Thailand. However, I was wondering if you could tell me what you think about this, since you mentioned earlier that there was some impact on TAA.

Also, if you look at page 24, it seems to me that TAA's performance is rather up there. Perhaps you were originally cautious in your forecast, but can you give us some background on this?

Second, please tell us what kind of industry environment you see for the domestic demand can and IT in Q4 and for the next fiscal year. That is all.

Kawashima [A]: First, in the US, inventory adjustments have led to a decrease in volume. I am sure you understand our sales in the US, but we are also bringing some of our products from Thailand.

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The decrease in TAA sales is affecting Thailand due to controlling this a bit. However, since there is demand in Southeast Asia, we believe that we will be able to secure sales of 330,000 tons in Thailand.

Then, on page 24, we say that TAA is indeed turning around while saying that sales are a bit of a headache due to inventory adjustments, and this was a slightly conservative view of the raw materials. When we actually did it, we were able to get a good profit margin, and this is having a positive effect on us. I hope you understand that it is not so much the situation of this sale, but rather the cost that has been lowered.

Ishihara [A]: I would like to add a few words about the outlook for cans and IT in Japan. In terms of the indoor environment, the current demand trend for can materials is a bit stagnant, but in terms of aluminum cans, there have been many cases of demand shifting from plastic bottles to aluminum cans.

In addition, the recyclability of aluminum cans has been recognized to a great extent, so although the raw material itself will not increase, we expect the demand for aluminum cans used as can materials to increase.

In the IT sector, we are currently seeing a lack of new investment by our customers, or a stagnation in demand for servers and other such items, but we see this as a temporary situation. Naturally, the application of DX and the expansion of servers will increase in various industries, and we expect this to continue in the second half of 2023 and beyond. That is all.

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

Ueda [M]: Thank you for your question. The next question is from Mr. Ozaki, Daiwa Securities Co.

Ozaki [Q]: I am Ozaki from Daiwa Securities. Thank you. I see that the real recurring profit of UATH in Thailand for Q4 will decrease to about JPY400 million when I calculate it. Please tell us what the background behind the slight drop in profits after a relatively strong performance to date is.

Second, on page 24, you show a sales-related difference of minus 50 compared to the previous plan. Can you tell me if this one is mainly affected only by its sales volume or if it includes some production impact or something else? I would appreciate it if you could include what areas were particularly affected, such as can materials, thick plates, etc. These are two points.

Iida [A]: As I have explained, the temporary inventory adjustment of can materials in the US has had some impact. Since it is the end of the fiscal year, various repair works will be carried out, and costs are concentrated a little. That is all for Thailand.

Kawashima [A]: The major part of the negative JPY5 billion is affected by the automobile industry. When it comes to automotive, it's not just plates, but also extrusion, foil, and other things that work in general.

Another factor is the decrease in the number of thick plates, etc. Looking at the overall situation, we expect a negative impact of about JPY5 billion compared to our initial forecast.

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

Ueda [M]: Thank you for your question. The next question is from Mr. Shibata, Tokai Tokyo Research Institute, please.

Shibata [Q]: Thank you very much for your help. My name is Shibata from Tokai Tokyo Research Institute. Please answer just one.

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It is difficult to imagine that UWH will suddenly turn to the black in Q4, when the volume did not increase from Q1 to Q3, and profits were not established. What is the background to this black turn from Q4? Could you please explain some of your points? Thank you in advance for answering the above one point.

Kawashima [A]: We had already received an order for this product since it was originally an automotive component. The situation is that if the production of cars had been started up at the customer's end earlier, it would have enabled them to sell the cars. There were production disruptions at the customer and disruptions in the ability to procure parts. This has gradually been resolved, and we expect to be able to somehow ship to that order when it comes to Q4.

In that sense, the amount of production would probably remain the same, but it was gradually shifting next quarters. We believe that we can catch up with the situation where that misalignment is finally coming from Q4 to an amount that is somehow enough to generate about a surplus. We are already receiving orders in January, so it is not a sudden increase, but rather a shift in our original plan, and I think it is safe to say that we have finally covered it.

Shibata [M]: Yes, sir. You mean that the quantity is a driver.

Kawashima [A]: Yes. We have already received orders, and we believe that we will be able to take them once the supplier confusion has been resolved and the automobile industry is up and running.

Shibata [M]: I understand very well. Thank you very much.

Ueda [M]: Thank you for your question. We are almost at the end of our scheduled time, so I am sorry, but the next person will be the last one to ask questions. SMBC Nikko Securities and Mr. Yamaguchi, thank you.

Yamaguchi [Q]: I would like to know how to read the income statement. For interest expenses, the report for the same period last year showed interest expenses of about JPY4.7 billion, but this time it was JPY4.2 billion. In Q3, it is JPY4.2 billion this time, and if you subtract the interest expense, the interest payment for Q3 will be JPY0.3 billion compared to the previous second quarter cumulative summary, but did you change anything?

Kawashima [A]: I don't have all the details in my head, but I can give you a rough idea.

There has been a slight decrease in borrowing, but on the other hand, interest rates have been rising. The other is that we use factoring, etc., depending on the situation, so there is a slight difference in the accounts. We think that is about it.

Yamaguchi [M]: I understand. Then I would be happy to clarify during the interview.

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

This concludes the UACJ Corporation's Q3 FY2022 financial results briefing. Thank you for joining us today.

We will continue to strive to meet the expectations of our shareholders and other stakeholders, and we look forward to your continued support and encouragement of our company.

Thank you very much for taking time out of your busy schedule to join us today.

Company Representative [M]: Thank you very much.

[END]

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