

## Financial Results

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**We are working to quickly improve the Company's financial performance and steadily generate returns on past investments with the goal of raising shareholder value over the medium and long terms.**

**Teruo Kawashima**

Director, chief financial and accounting officer, and managing executive officer in charge of the Finance and Accounting Department and the Corporate Communication Department, UACJ Corporation  
Chief executive officer, UACJ North America, Inc.

Teruo Kawashima has worked in finance and accounting since the beginning of his career, through which he has been involved in financial strategies. In recent years, he has planned and executed investment projects outside Japan, leading UACJ's efforts to expand as a global company.

**Streamlining the businesses portfolio at an even faster pace to improve financial performance**

In the global aluminum products market, demand for flat-rolled aluminum for can stock and automotive parts has been rising on the back of economic growth in emerging countries and a shift to lightweight and electric vehicles in the auto industry. Aiming to capitalize on those opportunities for growth, the UACJ Group proactively invested in manufacturing plants in Thailand and the United States over the past five years. Such large-scale aluminum flat-rolling facilities can operate for many decades as long as they are properly maintained and upgraded, but to start up operations and ensure product quality requires a considerable amount of time and labor. Therefore, we expect substantial returns on those past investments to start coming in from fiscal 2020 to 2022. In the meantime, however, the Company's financial performance worsened more than expected in fiscal 2018 amid sudden changes in the operating environment, including the rapid deceleration of China's economy.

In light of these factors, management has been carefully reviewing the Group's business strategies. Steadily generating

returns on past investments and improving capital efficiency are major policies of our mid-term management plan, and we have stepped up measures to realize these policies in an effort to improve cash flows as soon as possible. Specifically, we have been focusing on strictly controlling cash outflows and reorganizing the Company's asset structure by streamlining its business portfolio. As part of these streamlining measures, in August 2018, UACJ terminated its business partnership with Choil Aluminum Co., Ltd., and sold off its shares of Sumikei-Nikkei Engineering Co., Ltd. Then in December 2018, UACJ dissolved its joint-venture company, Constellium-UACJ ABS LLC, as progress in launching full-scale operations had fallen behind original expectations. UACJ had jointly established this company because North America's market for aluminum automotive panels appeared very promising at that time. Under the joint-venture arrangement, however, prompt decision-making was difficult and operating the company at a level necessary for achieving profitability was deemed to be unworkable. More recently, we decided to sell off the Group's copper tubing business in June 2019 in order to concentrate operational resources in the aluminum products business.

We are concentrating those resources in China, in particular, with the goal of making inroads in its market for aluminum automotive parts, as demand is projected to grow

markedly in the future. In September 2018, we decided to boost production capacity of heat exchanger materials manufactured by Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd., and construct a new battery capacitor foil factory for this subsidiary in China. Then in March 2019, UACJ formed a business alliance with two subsidiaries of CITIC Group Corporation Ltd. operating in China's automotive parts industry.

Looking ahead, we intend to closely monitor the profitability of each of the UACJ Group's businesses, paying particular attention to return on invested capital<sup>1</sup> as a key performance indicator. At the same time, management will strictly control cash outflows while striving to optimize the Group's business portfolio and improve capital efficiency.

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### **Preparing to tap growing demand as the world turns to aluminum materials as solutions for environmental issues in the coming years**

The Group's operating environment is currently very challenging due to trade friction between the United States and China, sluggish market conditions in Japan, and other factors. Nevertheless, global demand for aluminum materials will undoubtedly rise significantly over the medium and long terms as various countries deal with certain environmental issues. For example, in an effort to help reduce ocean plastic pollution, the Canadian government is set to ban single-use plastic as early as 2021, and a number of countries in the European Union have already passed similar laws. As this shift away from disposable plastic gains momentum, aluminum—an easily recyclable material—is increasingly being used for a wide range of containers, including cans for beverages, food and other daily necessities. At the same time, the auto industry is working to reduce the weight of vehicles as it moves toward electric and self-driving vehicles. Consequently, the adoption of aluminum for body panels and structural components is expected to increase sharply.

To prepare for the business opportunities created by these trends, the UACJ Group plans to selectively target growth markets and industries for new strategic investments. Major capital investments and financing arrangements that were settled in the past reached their financial peak in the first half of the fiscal year underway, and the Company will enter a period of generating substantial returns on its large-scale investments. Therefore, we expect cash inflows to greatly exceed cash outflows for a prolonged period of time from

fiscal 2020. Using that cash, we will move ahead with strategic investments aimed at driving the Group's growth, optimally timing our decisions in consideration of market trends and the Company's financial performance.

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### **Aiming to raise shareholder value by increasing returns to shareholders**

We are now using total shareholder return<sup>2</sup> as a means of measuring how much shareholders gain as a return on their investment in the Company. It has recently attracted attention in Japan as a key indicator of shareholder value, and has also been used to calculate remuneration of directors.

Since the dividend portion of shareholder returns can be decided by management to a significant extent, the Company has continuously paid stable dividends as a basic policy. On that basis, we decided on an annual dividend of ¥60 per share in fiscal 2018 even though the Company's financial situation worsened considerably. While free cash flow was negative in fiscal 2018, our decision took into account the fact that strategic investments peaked in the first half of the current fiscal year and returns on past investments are anticipated going forward.

Capital gains on the Company's stocks are difficult to predict because share prices are affected by market trends. Nevertheless, shareholders can rest assured that management is committed to raising corporate value as a matter of policy. To accomplish that, we are taking necessary steps to improve earnings and cash flows as quickly as possible while preparing for steady returns on past investments.

I have been overseeing the Group's financial affairs, including investment targets, since being appointed as the executive officer in charge of the Finance and Accounting Department in December 2018, and was also assigned to lead the Corporate Communication Department in April 2019. As the chief financial officer overseeing investor relations, I want to assure shareholders and investors that we are committed to transparent and prompt disclosure concerning the UACJ Group's business strategies and prospects for growth over the medium and long term.

#### Notes:

1. Return on invested capital is calculated as operating income (before income taxes) ÷ (shareholders' equity + interest bearing debt – cash and cash equivalents), using the average of the amounts at the beginning and end of the fiscal year
2. Total shareholder return is calculated as (difference between share price at fiscal year-end and start dates + dividends per share paid over the fiscal year) ÷ share price at fiscal year start date

# Financial Results 10-Year Financial Data

Totals until fiscal 2012 are the combined results of UACJ's predecessors, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd.

		Fiscal 2009	Fiscal 2010	Fiscal 2011
<b>Consolidated income</b>				
Net sales		419,118	466,699	452,898
Operating income (loss)		5,780	27,933	18,709
Ordinary income (loss)		2,357	23,146	16,595
Income (loss) before income taxes		(9,491)	18,676	10,098
Net income (loss) attributable to owners of the parent		(7,250)	19,157	11,838
Operating margin		1.4%	6.0%	4.1%
Net income (loss) to net sales ratio		(1.7%)	4.1%	2.6%
<b>Consolidated financial condition</b>				
Total assets <sup>1</sup>		510,073	524,527	535,148
Net assets		88,217	105,174	124,440
Shareholders' equity		86,858	103,921	122,985
Interest-bearing debt		252,340	242,035	225,324
Current assets <sup>1</sup>		180,576	205,286	204,890
Non-current assets <sup>1</sup>		329,498	319,240	330,257
Current liabilities <sup>1</sup>		238,684	237,988	263,221
Non-current liabilities <sup>1</sup>		183,172	181,364	147,487
Shareholders' equity ratio <sup>1</sup>		17.0%	19.8%	23.0%
Return on equity	Former Furukawa-Sky until FY 2012	(1.3%)	18.6%	5.1%
	Former Sumitomo Light Metal	(28.4%)	23.1%	19.1%
<b>Consolidated cash flows</b>				
Cash flows from operating activities		31,181	35,923	36,239
Cash flows from investing activities		(10,840)	(13,595)	(38,120)
Free cash flow		20,341	22,328	(1,881)
Cash flows from financing activities		(21,969)	(5,441)	(8,034)
<b>Per share information</b>				
Net income (loss) per share (yen) <sup>2</sup>	Former Furukawa-Sky until FY 2012	(3.39)	52.70	15.59
	Former Sumitomo Light Metal	(15.95)	16.64	14.95
Annual dividend per share (yen) <sup>2</sup>	Former Furukawa-Sky until FY 2012	2.0	6.0	6.0
	Former Sumitomo Light Metal	0.0	0.0	1.5
<b>Main consolidated expenses</b>				
Capital investment		11,255	9,092	13,351
Depreciation and amortization		24,501	23,445	22,821
Research and development expenses		4,602	4,886	5,111

Note: Accounting principles for notes maturing at the end of the fiscal year changed in fiscal 2013. However, the figures prior to retrospective treatment are shown for the main management indicators and other records prior to fiscal 2012. The figures before fiscal 2012 are a simple total of the two former companies, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. In fiscal 2013, the figures reported for the first-half year are the amounts for both former companies, and those for the last half-year are the business results for UACJ.

(Millions of yen)

Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
436,485	364,107	572,541	575,735	568,316	624,270	<b>661,330</b>
15,069	17,772	23,679	15,212	25,869	29,205	<b>14,868</b>
14,606	16,798	21,337	12,010	19,819	19,408	<b>6,201</b>
9,743	15,523	18,856	13,976	18,281	19,692	<b>10,041</b>
4,656	9,946	8,649	5,105	8,715	12,253	<b>1,116</b>
3.5%	4.9%	4.1%	2.6%	4.6%	4.7%	<b>2.2%</b>
1.1%	2.7%	1.5%	0.9%	1.5%	2.0%	<b>0.2%</b>
536,200	608,490	677,952	662,543	725,443	774,071	<b>807,224</b>
138,166	168,140	187,136	178,582	198,360	208,396	<b>206,204</b>
136,387	155,515	172,305	165,030	184,090	194,235	<b>190,998</b>
215,318	256,309	295,953	289,006	323,825	342,336	<b>375,080</b>
191,653	236,638	269,889	263,409	305,563	322,461	<b>348,291</b>
344,547	371,852	408,063	399,135	419,880	451,610	<b>458,933</b>
251,858	236,387	287,884	249,784	237,650	273,148	<b>273,269</b>
146,175	203,963	202,932	234,177	289,433	292,527	<b>327,751</b>
25.4%	25.6%	25.4%	24.9%	25.4%	25.1%	<b>23.7%</b>
4.3%	8.6%	5.3%	3.0%	5.0%	6.5%	<b>0.6%</b>
2.7%	—	—	—	—	—	—
29,032	14,233	26,777	22,511	28,393	17,381	<b>10,651</b>
(21,520)	(25,452)	(49,668)	(34,759)	(55,456)	(51,853)	<b>(34,947)</b>
7,512	(11,219)	(22,891)	(12,248)	(27,063)	(34,472)	<b>(24,296)</b>
(12,887)	14,067	25,694	11,176	49,478	13,543	<b>28,971</b>
13.85	30.36	20.21	11.94	201.63	253.96	<b>23.14</b>
2.59	—	—	—	—	—	—
6.0	9.0	6.0	6.0	60.0	60.0	<b>60.0</b>
3.5	—	—	—	—	—	—
25,554	27,104	46,539	30,489	31,556	51,195	<b>52,544</b>
20,121	17,165	22,636	22,893	23,508	25,686	<b>27,215</b>
5,031	3,688	4,619	4,630	4,412	4,409	<b>4,529</b>

## Notes:

1. The Company has applied Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting, 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 (loss) per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016. Likewise, figures for annual dividend per share from fiscal 2016 and 2017 were calculated on a post-stock-split basis.

## Business Performance in Fiscal 2018

### Operating Environment

During fiscal 2018, the Company's fiscal year ended March 31, 2019, the world economy as a whole decelerated and became increasingly unpredictable. Despite performing solidly in the first half of the fiscal year, largely led by the U.S. economy, the global economy grew weaker in the second half as trade friction between China and the U.S. aggravated the economic slowdown in China and negatively affected the IT and semiconductor markets. The Japanese economy, however, continued to grow moderately on the back of growth in the corporate and household sectors, but the outlook was unclear because of worldwide economic conditions.

Against that backdrop, the flat-rolled aluminum industry saw declining demand for aluminum sheet and protruded products. In Japan, demand for flat-rolled aluminum for can stock decreased year on year amid falling sales of canned beer and rising sales of plastic beverage containers. Demand for aluminum sheet for automobiles continued to be strong, but demand for aluminum thick plates used in transport ships and liquid crystal and semiconductor manufacturing equipment fell substantially. Among protruded aluminum products, while demand for construction materials remained solid, demand for protruded components used in buses, trucks, passenger cars and motorcycles decreased. Meanwhile, in Japan's wrought copper industry, shipments of copper pipes for household and industrial-use air conditioners, one of the UACJ Group's mainstay products, were up compared with the previous fiscal year.

### Consolidated Earnings Results

In fiscal 2018, the Company posted net sales of ¥661.3 billion, up 5.9% year on year. Among the factors underlying this increase, consolidated subsidiary Tri-Arrows Aluminum Inc. posted increased sales volume of flat-rolled aluminum for can stock and automotive sheet, UACJ (Thailand) Co., Ltd., posted increased sales volume of flat-rolled aluminum for can stock, and aluminum ingot prices, which are reflected in sales prices, were higher on average than the previous fiscal year.

Profits, however, decreased substantially in fiscal 2018 as the result of various factors, including worsening inventory valuation and steeply falling demand for mainstay products, specifically aluminum materials for IT-related devices and equipment, and aluminum thick plates for transport ships and liquid crystal and semiconductor manufacturing equipment. Furthermore, equipment breakdowns temporarily affected operations, and energy costs were higher than the previous fiscal year. Consequently, operating income decreased by 49.1% to ¥14.9 billion, ordinary income fell by 68.0% to ¥6.2 billion, and net income attributable to owners of the parent decreased by 90.9% to ¥1.1 billion.

### Flat-Rolled Products Segment

Total sales volume of flat-rolled aluminum increased by 45 thousand tons year on year to 1,094 thousand tons in fiscal 2018, the third consecutive year above the million-ton mark.

Sales volume of flat-rolled aluminum for can stock, the segment's main product, grew substantially outside Japan, surpassing results in the previous fiscal year. Specifically, UACJ (Thailand) enjoyed brisk

### Consolidated earnings results and forecast

(Billions of yen)

	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Net sales	624.3	661.3	670.0
Operating income	29.2	14.9	10.0
Ordinary income before the impact of inventory valuation	11.3	3.0	7.9
Ordinary income	19.4	6.2	4.0
Net income attributable to owners of the parent	12.3	1.1	Pending
Adjusted EBITDA	50.7	42.6	47.9

Note: The forecast of consolidated financial results was revised in August 2019. The forecast of net income attributable to owners of parent will be disclosed when the impact of structural reforms announced in September 2019 has been fully calculated.

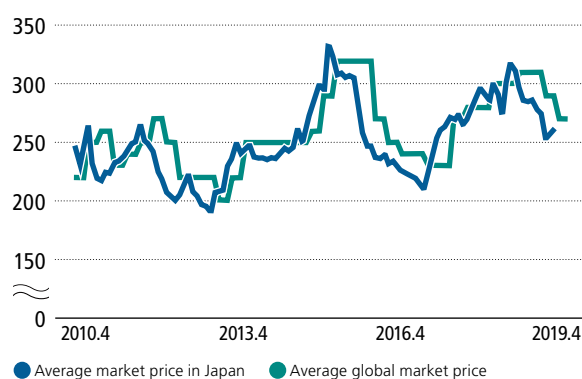
#### Fuel costs since 2010



● Crude oil (yen per liter) ● Liquid natural gas (yen per kilogram)

The amounts are based on cost, insurance and freight (CIF) agreements.

#### Market prices of primary aluminum ingots (Yen per kilogram)



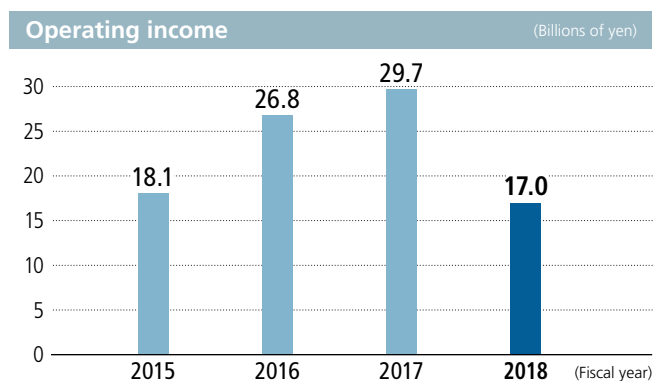
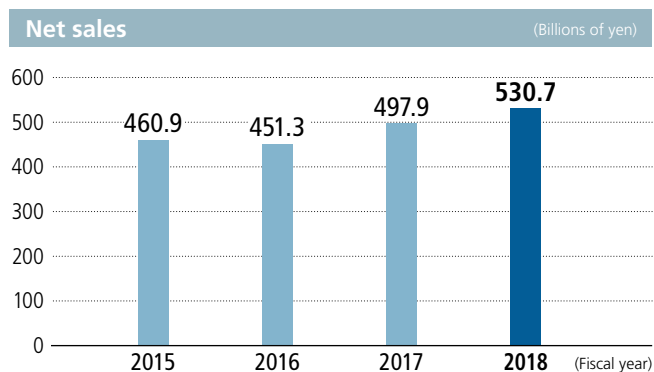
● Average market price in Japan ● Average global market price



demand in Asia and Oceania, while Tri-Arrows Aluminum benefited from tightening supply and demand in the North American market following aluminum tariffs enacted by the U.S. government. In Japan, however, sales volume was down year on year, reflecting sluggish sales of canned beer amid growing sales of plastic beverage containers. On the whole, however, sales volume of flat-rolled aluminum for can stock was higher than the previous fiscal year, but lower than initial expectations.

Sales volume of flat-rolled aluminum for automotive body sheet and heat exchanger materials were solid as the auto industry accelerated its shift to aluminum parts and structural components for the purpose of reducing vehicle weight. Meanwhile, sales of aluminum thick plates for liquid crystal and semiconductor manufacturing equipment decreased year on year, reflecting deteriorating market conditions and China's economic slowdown, which was exacerbated by its trade frictions with the U.S.

In this market environment, and amid rising prices of aluminum ingots, the Flat-Rolled Products segment posted net sales of ¥530.7 billion in fiscal 2018, an increase of 6.6% year on year. On the other hand, segment operating income decreased by 42.6% to ¥17.0 billion, mainly due to the substantial drop in demand for mainstay products, particularly aluminum materials for IT-related devices and equipment as well as aluminum thick plates for liquid crystal and semiconductor manufacturing equipment. Moreover, operations were temporarily affected by equipment breakdowns and energy costs increased compared with the previous fiscal year.

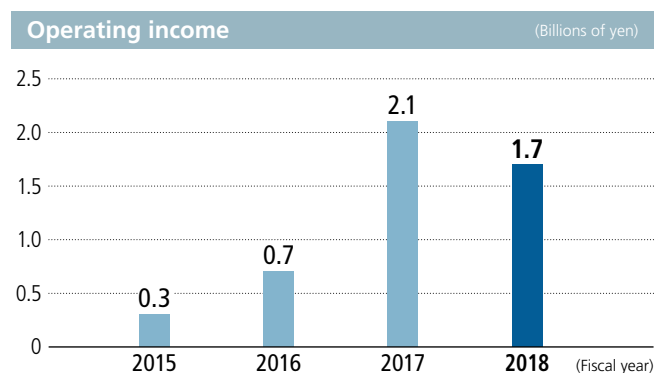
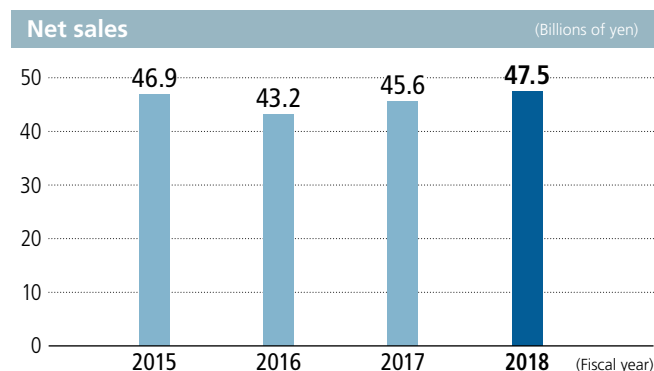


Note: Figures in the graphs exclude intersegment sales and transfers.

### Wrought Copper Products Segment

In the Wrought Copper Products segment, while copper ingot prices were lower than the relatively high average in the previous fiscal year, net sales rose by 4.1% year on year to ¥47.5 billion on the back of brisk sales of its mainstay product, copper tubing for air conditioners.

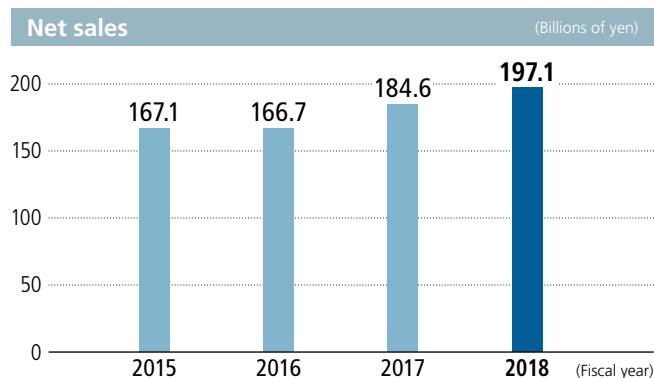
Segment operating income, however, fell by 16.2% to ¥1.7 billion as worsening inventory valuations and higher energy costs offset increased profits resulting from improvements to the product mix.



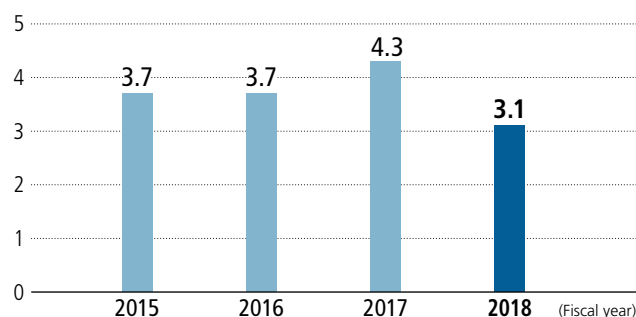
Note: Figures in the graphs exclude intersegment sales and transfers.

### Precision-Machined Components and Related Businesses Segment

The Precision-Machined Components and Related Businesses segment posted net sales of ¥197.1 billion, up 6.8% year on year. Although sales of smart device components were down, the increase was attributable to strong sales of battery materials and air conditioning-related products, as well as higher aluminum ingot prices than in the previous fiscal year. On the other hand, segment operating income dropped by 27.1% to ¥3.1 billion, largely due to the negative impact of declining sales of smart device components on profitability, worsening inventory valuations, and increased energy prices.

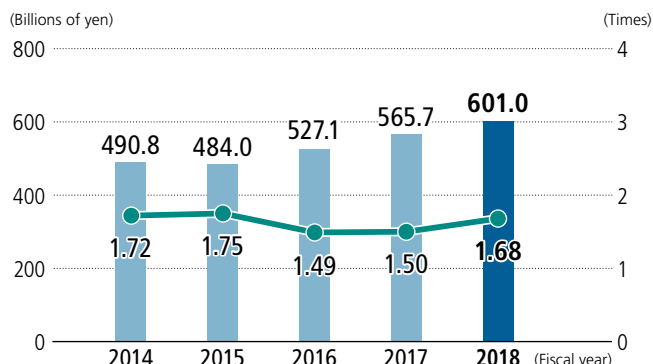


## Operating income (Billions of yen)



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

## Total liabilities and debt-to-equity ratio



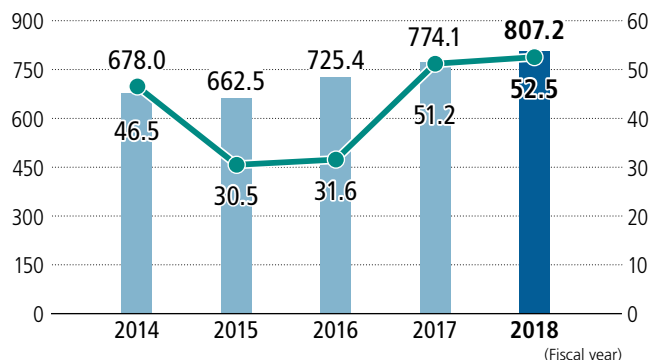
Note: Figures from fiscal 2016 include subordinated loans

## Financial Position

### Assets

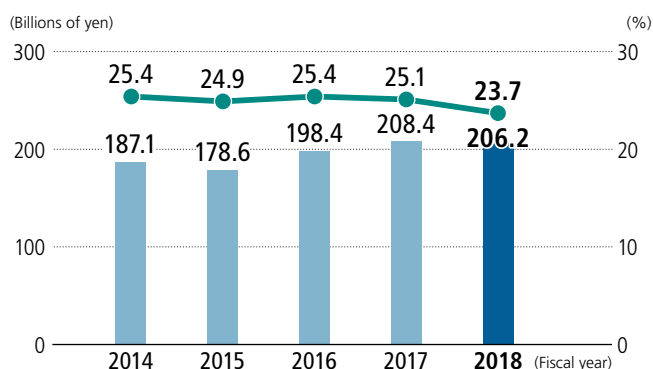
As of March 31, 2019, total assets stood at ¥807.2 billion, up 4.3% compared with a year earlier. Main factors underlying the increase were a rise in notes and accounts receivable-trade, and increased amounts of machinery, equipment and vehicles, net, as well as construction in progress, which reflected the ongoing expansion of facilities operated by UACJ (Thailand), Tri-Arrows Aluminum, Fukui Works and other manufacturing plants.

## Total assets and capital expenditures (Billions of yen)



Legend: Total assets (Bar), Capital expenditures (Line)

## Net assets and shareholders' equity ratio



Legend: Net assets (Bar), Shareholders' equity ratio (Line)

### Liabilities and Net Assets

As of March 31, 2019, total liabilities came to ¥601.0 billion, an increase of 6.2% compared with a year earlier. This was mainly due to higher long-term loans payable, which were used for financing strategic investments in UACJ (Thailand) and Tri-Arrows Aluminum. Net assets amounted to ¥206.2 billion, down 1.1% year on year, mainly due to a decrease in foreign currency translation adjustment.

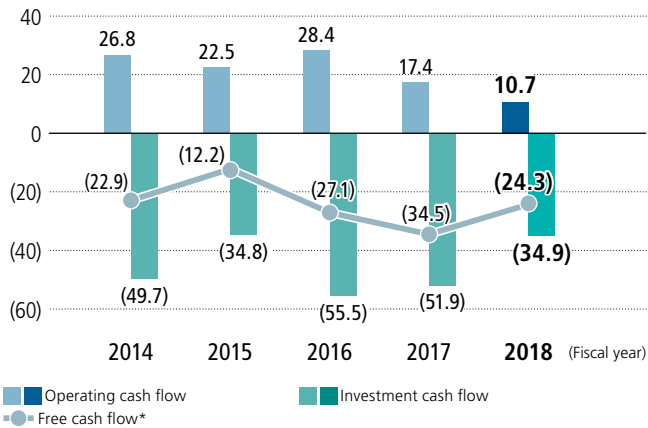
## Cash Flows

As of March 31, 2019, cash and cash equivalents totaled ¥25.2 billion, an increase of ¥4.4 billion compared with a year earlier. Net cash provided by operating activities decreased by 38.7% to ¥10.7 billion, primarily reflecting the year-on-year decline in income before income taxes. Net cash used in investing activities amounted to ¥34.9 billion, a decrease of 32.6% year on year. This was mainly the result of recording proceeds from an equity transfer following the liquidation of the joint venture, Constellium-UACJ ABS LLC. Net cash provided by financing activities increased by 113.9% to ¥29.0 billion, largely due to an increase in proceeds from long-term loans payable.



## Cash flows

(Billions of yen)



\* Free cash flow = operating cash flow + investment cash flow

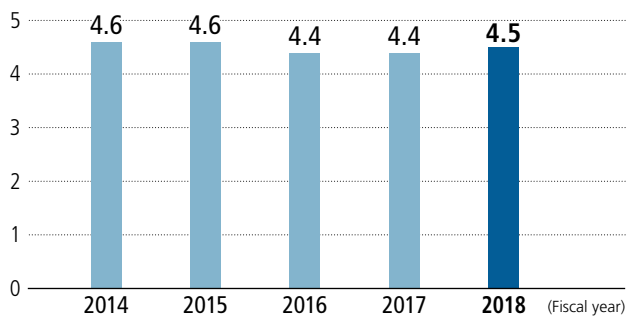
## Research and Development Expenses

In fiscal 2018, the UACJ Group's research and development expenses totaled ¥4.5 billion, an increase of 2.7% compared with the previous fiscal year.

Of this total, the Flat-Rolled Products segment accounted for ¥4.4 billion, up 3.2% year on year, reflecting the Group's focus on developing flat-rolled aluminum, its main product, for a number of applications, including can stock for beverage cans and other containers, and automotive body sheet, structural components, and

## R&D expenses

(Billions of yen)



heat exchanger materials. Flat-rolled aluminum is also used to manufacture air-conditioner compressor fin stock. In fiscal 2018, UACJ received a product development award from the Japan Aluminium Association for developing pre-coated fin stock with outstanding hydrophilic and drainage properties.

The Wrought Copper Products segment accounted for approximately ¥70 million of total R&D expenses in fiscal 2018, a decrease of 30.2% year on year. The expenses were mainly used for the development of high-strength copper tubing for air conditioners. UACJ has earned an excellent reputation for air conditioning- and building-use copper tubes and pipes developed with its technology for resisting corrosion caused by ants' nests. In recognition of this technology, UACJ received a technology award from the Japan Copper and Brass Association and a product development award from the Japan Institute of Metals and Materials in fiscal 2018.

The Precision-Machined Components and Related Businesses segment accounted for approximately ¥40 million of total R&D expenses, an increase of 2.7%. The expenses were primarily used for developing devices for cooling equipment, including high-performance and high-precision power control units.

## Forecast for Fiscal 2019

In the fiscal year ending March 31, 2020, the UACJ Group expects to substantially boost sales volume of its mainstay product, flat-rolled aluminum for can stock, due to the startup of new manufacturing facilities operated by UACJ (Thailand), as well as a newly expanded cold-rolling mill operated by Tri-Arrows Aluminum. Sales of automotive body sheet manufactured in Japan are also expected to remain brisk amid the auto industry's efforts to reduce vehicle weight.

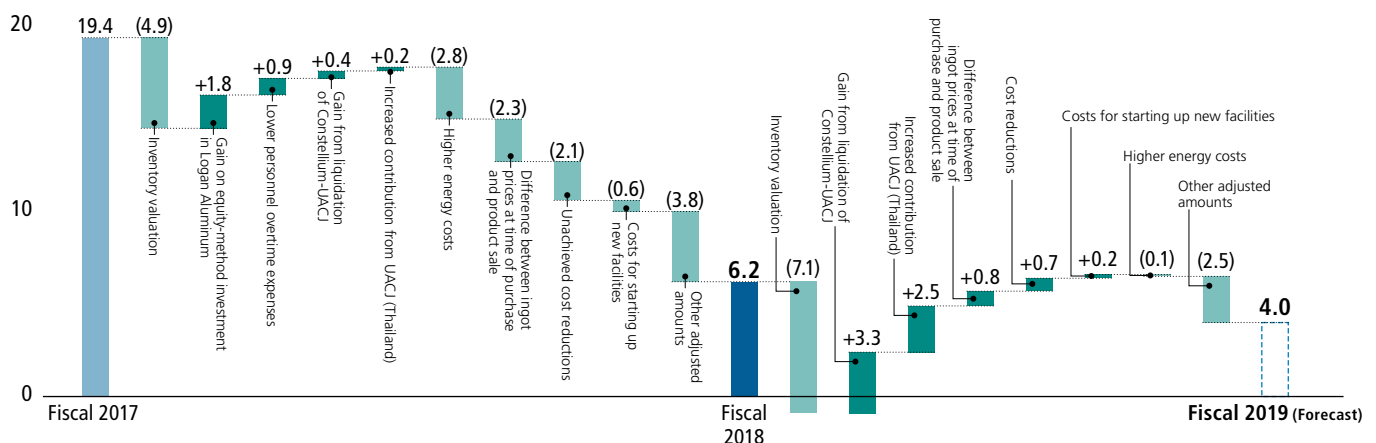
In addition to this anticipated sales growth, a number of factors are expected to contribute to profits, including the absence of one-off costs for equipment repairs incurred in fiscal 2018 and the termination of the joint venture agreement with Constellium N.V. On the other hand, worsening inventory valuation is expected to put downward pressure on profits, and conditions in the IT-device and semiconductor markets are projected to deteriorate.

Based on these and other factors, the following consolidated financial results have been forecasted for fiscal 2019: a 1.3% increase in net sales to ¥670 billion, a 32.7% decrease in operating income to ¥10.0 billion, a 35.5% decrease in ordinary income to ¥4.0 billion. (The forecast of net income attributable to owners of the parent is pending.)

Note: The forecast of net sales, operating income and ordinary income were revised in August 2019. The forecast of net income attributable to owners of parent will be disclosed when the impact of structural reforms announced in September 2019 has been fully calculated.

## Factors underlying the year-on-year change and forecast of ordinary income

(Billions of yen)



# Financial Results Consolidated Balance Sheets

Unit: millions of yen

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of March 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	22,005	26,510
Notes and accounts receivable-trade	135,181	145,217
Merchandise and finished goods	39,412	38,243
Work in process	60,439	62,300
Raw materials and supplies	45,261	54,567
Other	20,193	21,528
Allowance for doubtful accounts	(30)	(73)
<b>Total current assets</b>	<b>322,461</b>	<b>348,291</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	68,941	70,977
Machinery, equipment and vehicles, net	108,600	117,002
Land	115,730	114,920
Construction in progress	33,848	50,790
Other, net	7,973	9,039
<b>Total property, plant and equipment</b>	<b>335,092</b>	<b>362,728</b>
<b>Intangible assets</b>		
Goodwill	46,435	43,156
Other	14,268	12,835
<b>Total intangible assets</b>	<b>60,703</b>	<b>55,991</b>
<b>Investments and other assets</b>		
Investment securities	26,577	21,384
Retirement benefit assets	483	487
Other	28,826	18,415
Allowance for doubtful accounts	(71)	(72)
<b>Total investments and other assets</b>	<b>55,816</b>	<b>40,214</b>
<b>Total non-current assets</b>	<b>451,610</b>	<b>458,933</b>
<b>Total assets</b>	<b>774,071</b>	<b>807,224</b>

Note: Long-term loans had previously been presented as a separate line item under investments and other assets; however, the amount has been included in the line item, other, under investments and other assets from fiscal 2018 because it decreased to an immaterial level. Accordingly, the relevant results for fiscal 2017 have been adjusted retroactively to reflect this change.

Unit: millions of yen

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of March 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	121,335	122,535
Short-term loans payable	61,777	61,601
Current portion of bonds	2,500	—
Current portion of long-term loans payable	50,643	45,579
Other	36,893	43,555
<b>Total current liabilities</b>	<b>273,148</b>	<b>273,269</b>
<b>Non-current liabilities</b>		
Long-term loans payable	227,417	267,901
Lease obligations	17,616	17,481
Provision for restructuring	854	318
Retirement benefit obligations	18,465	18,192
Other	28,175	23,860
<b>Total noncurrent liabilities</b>	<b>292,527</b>	<b>327,751</b>
<b>Total liabilities</b>	<b>565,675</b>	<b>601,020</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	51,841	51,337
Treasury stock	(295)	(307)
<b>Total shareholders' equity</b>	<b>184,141</b>	<b>183,624</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,383	1,670
Deferred gains or losses on hedges	(806)	(1,203)
Foreign currency translation adjustment	8,359	6,950
Cumulative adjustments related to retirement benefits	158	(44)
<b>Total accumulated other comprehensive income</b>	<b>10,094</b>	<b>7,373</b>
<b>Non-controlling interests</b>	<b>14,161</b>	<b>15,206</b>
<b>Total net assets</b>	<b>208,396</b>	<b>206,204</b>
<b>Total liabilities and net assets</b>	<b>774,071</b>	<b>807,224</b>

# Financial Results Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net sales	624,270	661,330
Cost of sales	540,150	588,956
Gross profit	84,120	72,375
Selling, general and administrative expenses	54,915	57,506
Operating income	29,205	14,868
Non-operating income		
Gain on valuation of derivative	—	857
Interest income	941	853
Dividend income	431	444
Other	1,479	1,424
Total non-operating income	2,851	3,578
Non-operating expenses		
Interest expenses	5,213	6,740
Share of loss of entities accounted for using equity method	5,361	3,184
Other	2,075	2,321
Total non-operating expenses	12,649	12,246
Ordinary income	19,408	6,201
Extraordinary income		
Gain on transfer of equity	—	2,591
Gain on sale of investment securities	826	1,636
Gain on sale of non-current assets	512	918
Other	424	395
Total extraordinary income	1,762	5,539
Extraordinary loss		
Loss on retirement of non-current assets	841	826
Fire loss	—	374
Loss on sale of noncurrent assets	8	223
Other	628	276
Total extraordinary losses	1,478	1,700
Income before income taxes	19,692	10,041
Income taxes-current	7,138	6,337
Income taxes-deferred	(733)	1,756
Total income taxes	6,405	8,093
Net income	13,287	1,948
Net income attributable to non-controlling interests	1,034	832
Net income attributable to owners of the parent	12,253	1,116

Note: Rental income, insurance income, and valuation loss on investment securities had previously been presented as separate line items under non-operating income, extraordinary income, and extraordinary loss, respectively; however, the amounts have been included in the line item, other, under each respective income and loss category from fiscal 2018 because they decreased to immaterial levels. Accordingly, the relevant results for fiscal 2017 have been adjusted retroactively to reflect these changes.

## Consolidated Statements of Comprehensive Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net income	13,287	1,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(211)	(716)
Deferred gains (losses) on hedges	(170)	(586)
Foreign currency translation adjustment	213	124
Adjustments to retirement benefits	222	(446)
Share of other comprehensive income of entities accounted for using equity method	(97)	(678)
Total other comprehensive income	(44)	(2,302)
Comprehensive income	13,243	(354)
(Attributable to)		
Owners of the parent	13,171	(1,604)
Non-controlling interests	72	1,251

# Financial Results Consolidated Statements of Cash Flows

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	19,692	10,041
Depreciation and amortization	25,686	27,215
Amortization of goodwill	3,504	3,490
Equity in earnings of affiliated companies	5,361	3,184
Interest and dividends income	(1,372)	(1,298)
Interest expenses	5,213	6,740
Decrease (increase) in notes and accounts receivable-trade	(9,423)	(10,275)
Decrease (increase) in inventories	(29,046)	(9,431)
Increase (decrease) in notes and accounts payable-trade	16,812	1,301
Other	(6,396)	(5,007)
Subtotal	30,032	25,960
Interest and dividends income received	1,807	1,625
Interest expenses paid	(5,197)	(6,681)
Income taxes (paid)	(9,262)	(10,253)
Net cash provided by (used in) operating activities	17,381	10,651
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(47,289)	(46,295)
Purchase of intangible assets	(703)	(696)
Proceeds from sales of investment securities	1,938	4,346
Proceeds from equity transfer	—	11,093
Other	(5,799)	(3,395)
Net cash provided by (used in) investing activities	(51,853)	(34,947)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	10,600	(51)
Proceeds from long-term loans payable	60,123	86,478
Repayment of long-term loans payable	(48,598)	(52,269)
Payment for redemption of bonds	(2,500)	(2,500)
Cash dividends paid	(2,895)	(1,447)
Dividends paid to non-controlling interests	(256)	(205)
Sale-and-leaseback revenues	376	1,824
Proceeds from sale and installment back	730	122
Outlays for the repayment of lease obligations	(3,624)	(2,507)
Other	(412)	(474)
Net cash provided by (used in) financing activities	13,543	28,971
Effect of exchange rate change on cash and cash equivalents	598	(278)
Net increase (decrease) in cash and cash equivalents	(20,331)	4,395
Cash and cash equivalents at beginning of period	41,125	20,794
Cash and cash equivalents at end of period	20,794	25,190