

Answers to shareholder and investor questions about UACJ's business and operating environment.

Q What is the manufacturing process for flat-rolled aluminum?

A The manufacturing process begins by melting an aluminum ingot, then removing impurities and forming the liquefied aluminum into a large cuboid slab. The Fukui Works produces slabs that can be as large as 2.3 meters wide and 10 meters long, and weigh up to 32 tons. The surfaces are scraped and the slab is treated by heating to a uniform temperature up to 600°C throughout the slab. The slab is then sent to a

hot rolling line where a hot-rolling machine presses it into sheet as thin as 3mm. The sheet is then wound into a coil. The sheets then are then passed through a cold-rolling machine that rolls the aluminum to the specific thickness, flatness, and strength needed for its intended use. The final process is the finishing, where the surface is treated and coated for the final product, such as cans, before being delivered to the customer.

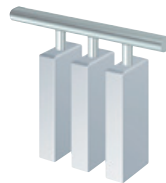
Aluminum manufacturing process



Melting



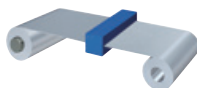
Casting



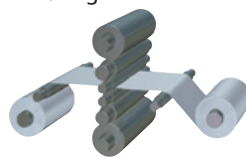
Hot mill rough rolling



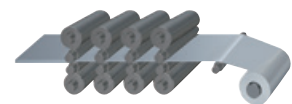
Finishing inspection/packaging



Cold mill rolling



Hot mill finish rolling



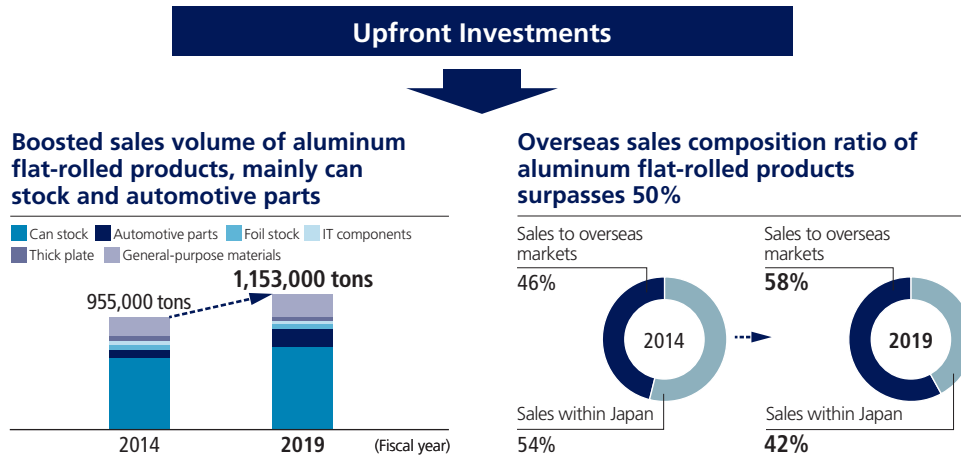
The UACJ website has a video explaining the full manufacturing process.
<https://www.uacj.co.jp/english/ir/other/movie/index.htm>



Q How have the upfront investments contributed to the Company's performance so far?

A UACJ is leveraging the escalated corporate strength from the company merger by aggressively conducting upfront investment in areas where we anticipate brisk demand, particularly in growth markets in Asia and North America and in the growth fields, such as the automotive field. These investments have boosted our annual production capacity for flat-rolled products from 500,000 tons before the merger to over 1.5 million tons at present. The

expanded production capacities for our core can stock products at UACJ (Thailand) and Tri-Arrows Aluminum in the United States and the increased production volume of automotive parts following the addition of UACJ Automotive Whitehall Industries have supported sales volume of flat-rolled products surpassing one million tons for four straight years. The advances we have made in these areas have led to our overseas sales volume exceeding our domestic sales volume.



Q Do aluminum ingot price fluctuations affect UACJ's business performance?

A Market conditions affect the primary ingot prices of aluminum and copper, which are the main materials that the Group uses. Our product prices change with primary ingot prices, and our prices are basically "primary ingot price + processing fee." Our customers understand how the pricing works and that changes in market prices are passed on to our product prices. However, fluctuations in ingot prices can affect our business performance because of the time lag between when we purchase the ingot and sell our products.

* Please refer to the graphs on page 58 for data on ingot price trends.

Q What is the "inventory valuation" mentioned to in the explanatory note on profits?

A Inventory valuation is the gain or loss in the valuation of our inventories that arises from comparing the amount of the difference between the primary ingot price on which we base our product prices and the actual price of the ingot when purchased, and the amount of the difference between our purchase price and the total average selling price of our inventories. If the aluminum ingot price is lower than at the time of purchase, the inventory valuation becomes negative. Likewise, if the price is higher than at the time of purchase, the inventory valuation becomes positive.

Q How is aluminum important for reducing the weight of automobiles, and which automobile parts are made of aluminum?

A Aluminum is lighter than steel—about one-third the weight of steel—as well as strong, easy to process, resistant to corrosion, thermally conductive, and recyclable. Due to those excellent properties, it has been adopted for major automobile parts such as engines, transmissions, and wheels. Automakers have been increasingly using aluminum in recent years for body sheet and frames in

preparation for stricter fuel efficiency standards that will be in effect in many countries in 2020. The UACJ Group's mid-term management plan begun in fiscal 2018 includes Group-wide initiatives to supply a diverse range of automotive aluminum parts and components and become a solutions provider for reducing the weight of automobiles.

Casting and Forging Business

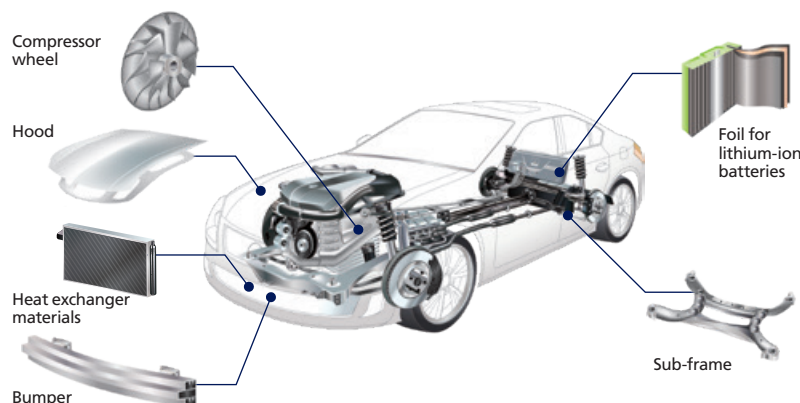
Vehicle wheels and turbocharger compressor

Flat Rolled Products Business

Doors, hoods, roofs, and other exterior parts; heat exchanger materials

Precision-machined Components Business

Bumpers, bus bars, other components



Foil Business

Aluminum and copper foil for lithium-ion battery positive/negative electrodes

Extrusion Business

Heat exchanger materials and structural components, such as sub-frames