

Financial Results for the Term Ended March 31, 2022

[According to Japanese Accounting Standards] (Consolidated)

May 12, 2022

Name of Listed Company UACJ Corporation

Stock Exchange Listings Tokyo

Code Number 5741 URL <http://www.uacj.co.jp/english/>

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Scheduled Date for Ordinary General Meeting of Shareholders June 22, 2022

Scheduled Date for Submitting Financial Statements June 30, 2022

Scheduled Date of Dividend Distribution June 23, 2022

Supplementary materials available on financial results: Yes

Financial results briefing: Yes (For institutional investors, securities analysts)

Note: Figures have been rounded to the nearest million yen.

1. Consolidated Business Performance for the Term Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated business performance

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended	¥million	%	¥million	%	¥million	%	¥million	%
March 31, 2022	782,911	37.4	59,520	434.1	52,286	777.6	32,054	—
March 31, 2021	569,756	(7.4)	11,144	10.1	5,958	57.3	(3,269)	—

(Note) Comprehensive income for the fiscal year ended March 31, 2022: ¥51,317 million (-%): For the fiscal year ended March 31, 2021: -¥153 million (-%).

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income—total assets ratio	Operating income—sales ratio
Fiscal year ended	¥	¥	%	%	%
March 31, 2022	664.69	—	15.6	6.7	7.6
March 31, 2021	(67.79)	—	(1.8)	0.8	2.0

(Reference) Profit based on equity-method investment for the fiscal year ended March 31, 2022: ¥892 million. For the fiscal year ended March 31, 2021: ¥347 million.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of:	¥million	¥million	%	¥
March 31, 2022	828,729	247,589	27.5	4,727.92
March 31, 2021	732,960	196,445	25.0	3,795.95

(Reference) Shareholders' equity: ¥227,993 million as of March 31, 2022; ¥183,063 million as of March 31, 2021

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Outstanding balance of cash and cash equivalent as of the end of term
Fiscal year ended:	¥million	¥million	¥million	¥million
March 31, 2022	7,799	(21,035)	(652)	14,259
March 31, 2021	38,623	(20,950)	(17,008)	28,085

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (consolidated)	Net asset payout ratio (consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Total			
Year ended/ending	¥	¥	¥	¥	¥	¥million	%	%
March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
March 31, 2022	—	0.00	—	85.00	85.00	4,099	12.8	2.0
March 31, 2023 (Forecasts)	—	0.00	—	85.00	85.00		27.3	

3. Forecast for consolidated business performance in the term ending March 31, 2023
(from April 1, 2022 to March 31, 2023)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
Full year	940,000	20.1	31,000	(47.9)	25,500	(51.2)	15,000	(53.2)	311.06

Note: For details, please refer to “1. Overview of Business Performance (1) Overview of business performance in year under review 2 Outlook” on page 3.

Notes

(1) Changes in significant subsidiaries during the period (Changes in the scope of consolidation of specific subsidiaries): No

(2) Changes in accounting policies, changes in estimates, or restatements

a. Changes in accounting policies owing to revisions in accounting standards: Yes

b. Changes in accounting policies other than a. above: No

c. Changes in accounting estimates: No

d. Restatements: No

(3) Number of shares outstanding (common stock)

a. Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2022 48,328,193 shares

As of March 31, 2021 48,328,193 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2022 105,534 shares

As of March 31, 2021 102,305 shares

c. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year)

For the year ended March 31, 2022 48,224,091 shares

For the year ended March 31, 2021 48,228,678 shares

(Reference) Summary of Non-consolidated Business Performance for the Term Ended March 31, 2022
(from April 1, 2021 to March 31, 2022)

(1) Non-consolidated business performance (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	¥million	%	¥million	%	¥million	%	¥million	%
March 31, 2022	275,472	29.8	13,020	—	15,280	426.6	11,490	334.6
March 31, 2021	212,197	(12.2)	(165)	—	2,902	(45.8)	2,644	(48.7)

	Net income per share	Fully diluted net income per share
Fiscal year ended	¥	¥
March 31, 2022	238.26	—
March 31, 2021	54.82	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of:	¥million	¥million	%	¥
March 31, 2022	573,812	204,776	35.7	4,246.48
March 31, 2021	563,460	193,064	34.3	4,003.33

(Reference) Shareholders' equity: ¥204,776 million as of March 31, 2022; ¥193,064 million as of March 31, 2021

*These financial results are outside the scope of audit by certified public accountants or accounting auditors.

*Explanations pertaining to appropriate use of information concerning future forecasts

The operating results forecasts and certain other statements contained in this document are forward-looking statements that are rationally determined based on information available to the company at the time the results were announced. Actual performance may differ substantially from these projections due to fluctuations in the economy or a variety of other known and unknown factors. For assumptions related to performance forecasts and other information, please refer to "1. Overview of Business Performance (1) Overview of business performance in year under review 2 Outlook" on page 3.

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1. Overview of Business Performance

(1) Overview of business performance in year under review

1 Business performance in the year under review

During the fiscal year ended March 31, 2022, the global economy generally continued to recover from the downturn in demand caused by COVID-19, although there were variabilities among countries and regions. However, consumption has slowed significantly and economic activities have been affected, mainly as a result of the renewed spread of COVID-19, supply constraints caused by semiconductor shortages, and rising energy prices and supply chain disruptions as a result of the situation in Russia and Ukraine from the second half of the year. As for the Japanese economy, while economic recovery is expected as a result of the easing of restrictions on activities, there are concerns related to increasing geopolitical risks, high resource prices, and the resurgence of the spread of COVID-19. As a result, the business environment surrounding the Company remains uncertain.

In this environment, consolidated net sales were ¥782,911 million (up 37.4% year on year), due mainly to the rise in aluminum ingot prices and increase in sales volume. Due to the improvement in inventories stemming from a rise in aluminum ingot prices, and an increase in sales volume among other factors, consolidated operating income was ¥59,520 million (up 434.1% year on year), consolidated ordinary income was ¥52,286 million (up 777.6% year on year), and net income attributable to owners of the parent was ¥32,054 million (a net loss of ¥3,269 million in the preceding fiscal year).

Information by segment is provided below.

Flat Rolled Products Business

In the Flat Rolled Products Business, domestic demand for sheet materials increased slightly for can stock, and there was an increase in the automobile-related sector compared to the preceding fiscal year when the decrease was significant due to the spread of COVID-19. Demand also increased for use in the construction sector, foils, and thick plates, leading to a year-on-year increase in overall demand for sheet products. Overall demand for extruded products was also up year on year, due to increased year-on-year demand for use in such areas as automobiles, automotive heat exchangers, and motorcycles.

The UACJ Group's domestic sales volume was up year on year for sheet materials. Sales volume especially showed a year-on-year increase for the automobile-related sector, and also for such areas as air conditioner fin materials and equipment-related semiconductor production. Sales volume of extruded products also increased.

In addition, overseas sales volume of the Group increased year on year, owing to an increase in sales of can stock at Tri-Arrows Aluminum Inc., UACJ (Thailand) Co., Ltd., and others, amid strong can demand in North America. Accordingly, the UACJ Group's total volume of flat rolled products increased year on year.

As a result of the above, sales in the Flat Rolled Products Business were ¥697,501 million (up 46.0% year on year), due to factors such as rising prices of aluminum ingots and an increase in sales volume. Operating income was ¥64,107 million (up 273.8% year on year), mainly due to an improvement in inventories due to the rise in aluminum ingot prices and an increase in sales volume.

Precision-Machined Components and Related Businesses

Net sales trended toward improvement compared with the previous fiscal year, as a result of a recovery from the impact of reduced demand caused by the COVID-19 pandemic in certain fields such as the automobile-related sector and air-conditioning-related sector. However, owing to the impact of the application of the Accounting Standard for Revenue Recognition, etc., from the fiscal year under review, net sales amounted to ¥164,757 million (down 0.2% year on year). In addition, operating income in the Precision-Machined Components and Related Businesses came to ¥1,073 million (an operating loss of ¥569 million in the preceding fiscal year), as a result of the recovery from the impact of reduced demand caused by the COVID-19 pandemic.

2 Outlook

For the consolidated financial forecast for the fiscal year ending March 31, 2023, we anticipate further earnings growth at UACJ (Thailand) Co., Ltd., the materialization of the benefits of structural reforms, etc. On the other hand, we also anticipate an increase in energy costs from recent increases in crude oil prices, as well as an increase in material costs from increases in additive metal prices.

Regarding our forecast of the consolidated business performance, we forecast net sales of ¥940,000 million, operating income of ¥31,000 million, ordinary income of ¥25,500 million, and net income attributable to owners of the parent of ¥15,000 million.

(2) Overview of financial condition in the year under review

1 Status of Assets, Liabilities, and Equity

Due to the increase in inventories associated with the rise of aluminum ingot prices and other factors, total assets as of March 31, 2022, amounted to ¥828,729 million (up 13.1% from March 31, 2021). Total liabilities were up 8.3%, to ¥581,140 million.

Net assets rose 26.0%, to ¥247,589 million, due to a net income attributable to owners of the parent and an increase in the foreign currency translation adjustment.

2 Cash Flows

Cash and cash equivalents stood at ¥14,259 million on March 31, 2022, down ¥13,826 million from their level one year earlier.

(1) Net cash provided by (used in) operating activities

Net cash provided by operating activities amounted to ¥7,799 million, down ¥30,825 million (79.8%) from the previous year. This decrease, despite higher income before income taxes, was due to the increase in inventories associated with the rise of aluminum ingot prices and other factors.

(2) Net cash provided by (used in) investing activities

Net cash used in investing activities was ¥21,035 million, ¥85 million (0.4%) more than in the previous year due to the inclusion of inflows from the sale of shares of subsidiaries and associates in the previous year, despite a decrease in outflows for the purchase of property, plant and equipment, particularly general investment, including the renewal of aging facilities, etc.

(3) Net cash provided by (used in) financing activities

Net cash used in financing activities was ¥652 million, stemming from the repayment of long-term loans payable. In the previous fiscal year, net cash used in financing activities came to ¥17,008 million.

2. Basic Perspective on Selection of Accounting Standards

The UACJ Group employs Japanese accounting standards to facilitate comparison between business periods and companies.

However, the Company intends to consider the adoption of International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2021)	Current fiscal year (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	28,085	14,334
Notes and accounts receivable - trade	119,967	122,709
Merchandise and finished goods	39,810	69,477
Work in process	45,535	79,567
Raw materials and supplies	46,354	83,322
Other	14,967	25,461
Allowance for doubtful accounts	(215)	(251)
Total current assets	294,502	394,618
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	79,542	78,848
Machinery, equipment and vehicles, net	149,057	148,518
Land	103,754	104,130
Construction in progress	13,178	14,822
Other, net	10,277	10,185
Total property, plant and equipment	355,809	356,503
Intangible assets		
Goodwill	35,162	33,081
Other	9,356	8,921
Total intangible assets	44,518	42,002
Investments and other assets		
Investment securities	14,325	10,941
Retirement benefit assets	569	602
Deferred tax assets	8,481	6,740
Other	14,808	17,376
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	38,130	35,606
Total noncurrent assets	438,457	434,111
Total assets	732,960	828,729

(Millions of yen)

	Previous fiscal year (as of March 31, 2021)	Current fiscal year (as of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	101,090	118,549
Short-term loans payable	72,682	103,696
Current portion of long-term loans payable	37,358	38,225
Other	40,019	61,666
Total current liabilities	251,150	322,136
Noncurrent liabilities		
Long-term loans payable	225,748	197,526
Lease obligations	25,778	23,185
Deferred tax liabilities	9,838	12,817
Retirement benefit obligations	16,527	16,648
Other	7,474	8,828
Total noncurrent liabilities	285,365	259,004
Total liabilities	536,514	581,140
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	79,295	79,295
Retained earnings	46,247	77,738
Treasury stock	(329)	(338)
Total shareholders' equity	177,490	208,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	937	885
Deferred losses on hedges	(1,489)	600
Foreign currency translation adjustment	4,768	15,814
Cumulative adjustments related to retirement benefits	1,357	1,721
Total accumulated other comprehensive income	5,574	19,021
Non-controlling interests	13,382	19,596
Total net assets	196,445	247,589
Total liabilities and net assets	732,960	828,729

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	569,756	782,911
Cost of sales	504,183	653,124
Gross profit	65,574	129,788
Selling, general and administrative expenses	54,429	70,267
Operating income	11,144	59,520
Non-operating income		
Foreign exchange gains	385	1,867
Share of profit of entities accounted for using equity method	347	892
Other	2,319	1,616
Total non-operating income	3,051	4,375
Non-operating expenses		
Interest expenses	6,352	6,333
Loss on valuation of derivatives	20	2,357
Financing expenses	—	1,533
Other	1,867	1,386
Total non-operating expenses	8,238	11,609
Ordinary income	5,958	52,286
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	1,941	—
Subsidy income	—	638
Gain on sale of noncurrent assets	77	184
Gain on sale of investments in capital of subsidiaries and associates	—	392
Other	93	126
Total extraordinary income	2,112	1,340
Extraordinary loss		
Structural reform loss	3,766	—
Loss on sale of shares of subsidiaries and associates	—	1,658
Loss on retirement of noncurrent assets	463	1,033
Impairment loss	193	522
Other	175	298
Total extraordinary loss	4,596	3,512
Income before income taxes	3,473	50,114
Income taxes - current	1,475	10,858
Income taxes - deferred	3,141	2,662
Total income taxes	4,616	13,520
Net income or loss	(1,144)	36,594
Net income attributable to non-controlling interests	2,125	4,540
Net income or loss attributable to owners of the parent	(3,269)	32,054

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net income or loss	(1,144)	36,594
Other comprehensive income		
Valuation difference on available-for-sale securities	866	(52)
Deferred gains (losses) on hedges	705	2,545
Foreign currency translation adjustment	(5,290)	9,829
Adjustments to retirement benefits	904	(602)
Share of other comprehensive income of entities accounted for using equity method	3,805	3,004
Total other comprehensive income	990	14,723
Comprehensive income	(153)	51,317
(Attributable to)		
Parent company shareholders	(3,303)	44,297
Non-controlling interests	3,149	7,021

(3) Consolidated Statements of Changes in Shareholders' Equity
Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	52,277	80,318	50,481	(319)	182,756
Changes of items during the period					
Dividends from surplus			(965)		(965)
Net loss attributable to owners of the parent			(3,269)		(3,269)
Purchase of treasury stock				(10)	(10)
Change in scope of consolidation					—
Change due to changes in the closing date of consolidated subsidiaries					—
Change in ownership interest of parent due to transactions with non-controlling interests		(1,022)			(1,022)
Changes (net) during the year to items other than shareholders' equity					
Total changes of items during the period	—	(1,022)	(4,234)	(10)	(5,266)
Balance at the end of period	52,277	79,295	46,247	(329)	177,490

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	71	(2,042)	10,079	(2,501)	5,607	14,353	202,716
Changes of items during the period							
Dividends from surplus							(965)
Net loss attributable to owners of the parent							(3,269)
Purchase of treasury stock							(10)
Change in scope of consolidation							—
Change due to changes in the closing date of consolidated subsidiaries							—
Change in ownership interest of parent due to transactions with non-controlling interests							(1,022)
Changes (net) during the year to items other than shareholders' equity	866	554	(5,311)	3,858	(33)	(971)	(1,005)
Total changes of items during the period	866	554	(5,311)	3,858	(33)	(971)	(6,271)
Balance at the end of period	937	(1,489)	4,768	1,357	5,574	13,382	196,445

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	52,277	79,295	46,247	(329)	177,490
Changes of items during the period					
Dividends from surplus			—		—
Net income attributable to owners of the parent			32,054		32,054
Purchase of treasury stock				(9)	(9)
Change in scope of consolidation			182		182
Change due to changes in the closing date of consolidated subsidiaries			(745)		(745)
Change in ownership interest of parent due to transactions with non-controlling interests		—			—
Changes (net) during the year to items other than shareholders' equity					
Total changes of items during the period	—	—	31,491	(9)	31,482
Balance at the end of period	52,277	79,295	77,738	(338)	208,972

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	937	(1,489)	4,768	1,357	5,574	13,382	196,445
Changes of items during the period							
Dividends from surplus							—
Net income attributable to owners of the parent							32,054
Purchase of treasury stock							(9)
Change in scope of consolidation							182
Change due to changes in the closing date of consolidated subsidiaries							(745)
Change in ownership interest of parent due to transactions with non-controlling interests							—
Changes (net) during the year to items other than shareholders' equity	(52)	2,089	11,046	364	13,447	6,214	19,662
Total changes of items during the period	(52)	2,089	11,046	364	13,447	6,214	51,144
Balance at the end of period	885	600	15,814	1,721	19,021	19,596	247,589

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities		
Income or loss before income taxes	3,473	50,114
Depreciation and amortization	30,007	30,585
Amortization of goodwill	3,389	3,453
Interest and dividends income	(321)	(378)
Interest expenses	6,352	6,333
Decrease (increase) in notes and accounts receivable - trade	(20,359)	2,674
Decrease (increase) in inventories	2,977	(90,126)
Increase (decrease) in notes and accounts payable - trade	6,848	22,576
Other	10,657	(3,412)
Subtotal	43,024	21,820
Interest and dividends income received	477	469
Interest expenses paid	(6,363)	(6,324)
Income taxes (paid)	1,485	(8,166)
Net cash provided by (used in) operating activities	38,623	7,799
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(22,898)	(20,022)
Purchase of intangible assets	(919)	(910)
Proceeds from sale of shares of subsidiary due to change in scope of consolidation	2,208	—
Other	660	(103)
Net cash provided by (used in) investing activities	(20,950)	(21,035)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	17,153	28,693
Proceeds from long-term loans payable	27,993	47,121
Repayment of long-term loans payable	(53,758)	(79,257)
Cash dividends paid	(965)	—
Dividends paid to non-controlling interests	(730)	(806)
Proceeds from sale-and-leaseback	24,896	812
Proceeds from sale and installment back	301	4,572
Payments of sale and installment backpayable	(12,497)	(8,122)
Outlays for the repayment of lease obligations	(16,084)	(3,919)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,735)	—
Net increase (decrease) in other financial liabilities	—	10,049
Other	418	206
Net cash provided by (used in) financing activities	(17,008)	(652)
Effect of exchange rate change on cash and cash equivalents	(361)	(175)
Net increase (decrease) in cash and cash equivalents	304	(14,063)
Cash and cash equivalents at beginning of period	27,781	28,085
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	396
Increase (decrease) in cash and cash equivalents due to changes in the closing date of consolidated subsidiaries	—	(159)
Cash and cash equivalents at end of period	28,085	14,259

(5) Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable

(Changes in the Scope of Consolidation and Application of the Equity Method)

(1) Significant Changes in the Scope of Consolidation

In April 2021, UACJ Aluminum Center Corporation, a consolidated subsidiary, absorbed UACJ Color Aluminum Corporation, a consolidated subsidiary, in an absorption-type merger.

As a result of the partial transfer of the Company's ownership of UACJ Extrusion (Tianjin) Corporation, a consolidated subsidiary, UACJ Extrusion (Tianjin) Corporation, has been excluded from the scope of consolidation as of December 31, 2021.

In January 2022, UACJ Trading (America) Co., Ltd., an unconsolidated subsidiary, absorbed UACJ Marketing & Processing America, Inc., a consolidated subsidiary, in an absorption-type merger. As a result, UACJ Trading (America) Co., Ltd. has been included in the scope of consolidation from January 2022. Furthermore, this absorption-type merger was accompanied by a change in the name of UACJ Trading (America) Co., Ltd. to UACJ Trading & Processing America, Inc.

(2) Significant Changes in the Scope of Application of the Equity Method

As a result of the partial transfer of the Company's ownership of UACJ Extrusion (Tianjin) Corporation, a consolidated subsidiary, UACJ Extrusion (Tianjin) Corporation has been excluded from the scope of consolidation and included in the scope of application of the equity method as of December 31, 2021. Furthermore, this transfer was accompanied by a change in the name of UACJ Extrusion (Tianjin) Corporation to Dicastal UACJ Bolv (Tianjin) Extrusion Corporation.

As a result of the transfer of shares of Bridgnorth Aluminium Ltd., an equity-method affiliate, Bridgnorth Aluminium Ltd. was excluded from the scope of application of the equity method from March 31, 2022.

(3) Changes in the Closing Date of Consolidated Subsidiaries

To further improve the appropriate disclosure of consolidated financial statements, the closing date of UACJ North America, Inc., UACJ Automotive Whitehall Industries, Inc. (hereinafter, "UWH"), and UWH's four group companies was changed to March 31 starting from the fiscal year ended March 31, 2022.

Following the change, income or loss for the period from January 1 to March 31, 2021, was adjusted in retained earnings for the fiscal year ended March 31, 2022.

(Changes in Accounting Policies)

(1) Adoption of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. Accordingly, the Company recognizes revenue for amounts expected to be received in exchange for promised goods or services at the point in time when control over the goods and services is transferred to the customer.

Therefore, mainly for transactions in which the Company formerly fully recognized amounts of consideration received from customers, but acted as an agent in the provision of goods to the customer, the recording method was changed in order to record as sales the amount received from the customer net of the amount paid to the supplier of the product.

The Company applied the Revenue Recognition Standard, etc. in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to periods before the beginning of the fiscal year ended March 31, 2022, is adjusted in the balance of retained earnings at the beginning of the period, and the new accounting policies have been applied from the beginning of the period. However, in accordance with the method set forth in Paragraph 86 of the Revenue Recognition Standard, the new accounting policies have not been applied retrospectively to contracts for which almost all revenue amounts had been recognized under the previous treatment before the beginning of the fiscal year ended March 31, 2022.

As a result, compared to the method before applying the Revenue Recognition Standard, etc., net sales and cost of sales for the fiscal year ended March 31, 2022, decreased by ¥31,041 million and ¥31,029 million, respectively, but the impact on operating income, ordinary income, and income before income taxes was immaterial. The impact on the balance of retained earnings at the beginning of the period is also immaterial.

(2) Adoption of Accounting Standard for Fair Value Measurement, etc.

The Company adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year ended March 31, 2022, and will apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. prospectively in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

Applying the Fair Value Measurement Standard, etc. has no appreciable impact on the consolidated financial statements.

(Additional Information)

(Accounting Estimates Related to the COVID-19 Pandemic)

No significant changes are made to assumptions for accounting estimates related to the COVID-19 pandemic stated in "Significant Accounting Estimates" of the annual securities report for the previous fiscal year. As the impact of COVID-19 on economic activity involves strong uncertainty, any changes in these assumptions may affect our financial position and business performance in the following fiscal year.

(Adoption of Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The Company and its domestic consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system from the following fiscal year. However, for the items that were revised in line with the shift to the group tax sharing system that was established in the "Act on Partial Revision of the Income Tax Act" (Act No. 8 of 2020) and for which the non-consolidated taxation system was reviewed in tandem with the shift, these companies do not apply Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment under Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force (PITF) No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are stated based on tax rules prior to the revision.

Furthermore, from the beginning of the following fiscal year, the Company intends to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force (PITF) No. 42, August 12, 2021), which determines the accounting treatment of corporation tax and regional corporation tax, as well as tax effect accounting, and the treatment of disclosure, when a group tax sharing system is applied.

(Impact of Situation in Ukraine)

When manufacturing products, the Group procures the required aluminum ingots through import. Although some ingots are procured through transactions with Russian suppliers, the Group is already moving forward with procurement through alternative sources in the market. In addition, these sources are highly substitutable. Accordingly, at present, there has been no impact from material procurement on the Company's manufacturing, etc.

Furthermore, there is strong uncertainty associated with the impact of the situation in Ukraine on economic activities, and in the event that a significant impact is expected on the Company's financial position or business performance as a result of future changes in the situation, the Company will promptly provide notification to that effect.

(Segment Information)

1. Overview of reportable segments

The Company's reportable segments are those elements of the Company for which separate financial information is available, and which the Board of Directors regularly examines to determine distribution of management resources and assess performance.

The UACJ Group engages in the manufacture and sale of flat rolled and precision-machined products of nonferrous metals, including aluminum, and their alloys. To harness the Group's comprehensive strengths for each of these products and to facilitate evaluations of their operating performance and investment decision-making, operations have been divided into two reportable segments: Flat Rolled Products Business, and Precision-Machined Components and Related Businesses.

The Flat Rolled Products Business handles the manufacture and sale of flat rolled, foil, extruded, cast, and forged products of aluminum and its alloys.

The Precision-Machined Components and Related Businesses handles the manufacture and sale of precision-machined aluminum and copper components, contracting on related civil engineering work, shipping and freight handling related to the Group's businesses, and the wholesaling of products and other items.

2. Calculation of amounts of sales and income (loss), assets, liabilities, and other items by reportable segment

Accounting treatment methods for reportable segments conform with the accounting policies used in preparing the consolidated financial statements.

Income for reportable segments is calculated on the basis of operating income. Intersegment sales and transfers are calculated on the basis of market prices.

3. Information on sales and income (loss), assets, and other items by reportable segment

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segments			Adjustments (Notes) 1	Amounts recorded in the consolidated financial statements (Notes) 2
	Flat Rolled Products Business	Precision- Machined Components and Related Businesses	Subtotal		
Net sales					
Sales to external customers	420,403	149,354	569,756	—	569,756
Intersegment sales and transfers	57,378	15,768	73,146	(73,146)	—
Total	477,780	165,122	642,902	(73,146)	569,756
Segment income (loss)	17,150	(569)	16,580	(5,436)	11,144
Segment assets	634,846	98,847	733,693	(733)	732,960
Other items					
Depreciation and amortization	26,699	2,233	28,932	663	29,595
Goodwill amortization expense	1,975	1,414	3,389	—	3,389
Amount of unamortized goodwill	25,049	10,112	35,162	—	35,162
Investment in equity-method affiliates	14,254	1,202	15,455	—	15,455
Impairment loss	3,016	76	3,091	—	3,091
Increase in property, plant and equipment and intangible assets	13,885	3,785	17,669	421	18,090

(Notes) 1. Adjustment amounts break down as follows.

- (1) The negative ¥5,436 million adjustment to segment income or loss includes a ¥136 million adjustment in inventories, a negative ¥101 million adjustment for eliminations for intersegment transactions, and a negative ¥5,471 million for companywide expenses that were not allocable to individual reportable segments.
Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.
 - (2) The negative ¥733 million adjustment to segment assets includes a negative ¥551 million adjustment in inventories, a negative ¥28,901 million in eliminations of intersegment assets, and ¥28,719 million in companywide assets that were not allocable to individual reportable segments.
Companywide assets are mainly parent company investment securities and assets related to general management departments that are not ascribed to reportable segments.
 - (3) The ¥663 million adjustment in depreciation and amortization is mainly for depreciation and amortization on assets of the parent company's general management departments that are not ascribed to reportable segments.
 - (4) Of the ¥3,091 million of impairment loss recorded on the consolidated financial statements, ¥2,898 million is included in "structural reform loss" in the consolidated statements of income.
 - (5) The adjustments of ¥421 million in increase in property, plant and equipment and intangible assets are mainly in relation to increases in assets of the parent company's general management departments that are not ascribed to reportable segments.
2. Segment income is adjusted to the operating income in the consolidated financial statements.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments			Adjustments (Notes) 1	Amounts recorded in the consolidated financial statements (Notes) 2
	Flat Rolled Products Business	Precision- Machined Components and Related Businesses	Subtotal		
Net sales					
Sales to external customers	627,099	155,812	782,911	—	782,911
Intersegment sales and transfers	70,402	8,945	79,347	(79,347)	—
Total	697,501	164,757	862,258	(79,347)	782,911
Segment income	64,107	1,073	65,179	(5,659)	59,520
Segment assets	718,171	124,293	842,465	(13,735)	828,729
Other items					
Depreciation and amortization	27,268	2,311	29,579	465	30,044
Goodwill amortization expense	2,014	1,439	3,453	—	3,453
Amount of unamortized goodwill	23,861	9,219	33,081	—	33,081
Investment in equity-method affiliates	12,824	1,472	14,297	—	14,297
Impairment loss	—	522	522	—	522
Increase in property, plant and equipment and intangible assets	14,168	5,195	19,363	1,365	20,728

(Notes) 1. Adjustment amounts break down as follows.

- (1) The negative ¥5,659 million adjustment to segment income includes a negative ¥672 million adjustment in inventories, a ¥88 million adjustment for eliminations for intersegment transactions and a negative ¥5,076 million for companywide expenses that were not allocable to individual reportable segments.
Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.
- (2) The negative ¥13,735 million adjustment to segment assets includes a negative ¥880 million adjustment in inventories, a negative ¥28,511 million in eliminations of intersegment assets, and ¥15,656 million in companywide assets that were not allocable to individual reportable segments.
Companywide assets are mainly parent company investment securities and assets related to general management departments that are not ascribed to reportable segments.
- (3) The ¥465 million adjustment in depreciation and amortization is mainly for depreciation and amortization on assets of the parent company's general management departments that are not ascribed to reportable segments.
- (4) The adjustments of ¥1,365 million in increase in property, plant and equipment and intangible assets are mainly in relation to increases in assets of the parent company's general management departments that are not ascribed to reportable segments.

2. Segment income is adjusted to the operating income in the consolidated financial statements.
3. As stated in “Changes in Accounting Policies,” the Company applied the Revenue Recognition Standard, etc. from the beginning of the fiscal year ended March 31, 2022, and changed the accounting method of revenue recognition. Accordingly, the calculation method of segment income has also been changed. As a result of the change, net sales of the Flat Rolled Products Business and the Precision-Machined Components and Related Businesses for the fiscal year ended March 31, 2022, decreased by ¥1,229 million and ¥29,812 million, respectively, compared to figures under the former method. The impact of these changes on the respective segment income is immaterial.

(Per-Share Information)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	3,795.95 JPY	4,727.92 JPY
Net income (loss) per share	(67.79 JPY)	664.69 JPY

Notes:

- 1) For the current fiscal year, fully diluted net income per share is omitted, as there are no potentially dilutive shares. For the previous fiscal year, fully diluted net income per share is omitted, as the figure is negative and there are no potentially dilutive shares.
- 2) The basis for the calculation of net income (loss) per share is as follows.

Net income (loss) per share

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net income (loss) attributable to owners of the parent (¥ millions)	(3,269)	32,054
Amount not attributable to holders of common stock (¥ millions)	—	—
Net income (loss) attributable to parent company shareholders of common stock (¥ millions)	(3,269)	32,054
Average number of shares of common stock during the period (Thousands of shares)	48,229	48,224

(Subsequent Events)

Not applicable