



# Consolidated Financial Report for the First Three Quarters Ended December 31, 2020

February 2, 2021

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(Amounts rounded to the nearest million yen)

## 1. Consolidated Financial Results for the First Three Quarters Ended December 31, 2020

(From April 1, 2020 to December 31, 2020)

### (1) Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April – December 2020	438,952 (11.8)%	13,827 (45.6)%	10,569 (57.6)%	8,973 (40.9)%
April – December 2019	497,867 (7.9)%	25,408 (15.4)%	24,947 (25.4)%	15,176 (33.6)%

(Note) Comprehensive Income: From April 1, 2020 to December 31, 2020: 13,179 Million Yen (22.0)%  
 From April 1, 2019 to December 31, 2019: 16,894 Million Yen (22.9)%

	Net income per share (Yen)	Diluted net income per share (Yen)
April – December 2020	88.73	88.47
April – December 2019	150.16	149.69

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)
December 31, 2020	742,085	358,253	45.4
March 31, 2020	727,269	354,447	45.7

(Reference) Shareholders' equity: As of December 31, 2020: 337,077 Million Yen

As of March 31, 2020: 332,395 Million Yen

[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

## 2. Cash Dividends

	Cash dividends per share (Yen)				
	First quarter	Second quarter	Third quarter	Year end	Annual
April 2019 – March 2020	-	45.00	-	45.00	90.00
April 2020 – March 2021	-	45.00	-		
April 2020 – March 2021 (Forecast)				45.00	90.00

(Note) Revision of the latest forecast of cash dividends: No

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (Yen)
April 2020 – March 2021	592,000 (11.4)%	21,500 (36.8)%	17,500 (51.0)%	13,000 (43.4)%	128.54

(Note) Revision of the latest forecast of consolidated financial results: No

**(Notes)**

(1) Changes in significant subsidiaries during the first three quarters ended December 31, 2020: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first three quarters ended December 31, 2020.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For more details, please refer to "5. Consolidated Financial Statements (4) Notes to Quarterly Consolidated Financial Statements (Application of the special accounting methods for preparing the quarterly consolidated financial statements)".

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(4) Number of shares outstanding (common stock)

	December 31, 2020	March 31, 2020
Numbers of shares outstanding at period end	106,200,107	106,200,107
Numbers of shares of treasury stock at period end	5,063,969	5,098,529

	April – December 2020	April – December 2019
Weighted-average number of shares outstanding during period	101,132,713	101,063,051

(Information regarding quarterly review procedures)

The financial information contained in this report is not subject to quarterly review procedures by independent auditors.

(Cautionary statement on forward-looking statements)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational. It may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

#### 4. Qualitative Information on Operating Results

##### (1) Overview of Operating Results

During the current term, net sales of the Company Group decreased because the outbreak of COVID-19 greatly affected its overall business performance, especially in the Chemical Segment. For example, sales volume of products for auto such as the synthetic rubbers and battery materials decreased and pricing of products such as nylon and caprolactam declined as well.

Operating profit significantly decreased mainly due to decreases in sales prices of nylon and caprolactam, despite some positive impact of falling coal prices. Ordinary profit also declined due to worsening share of profit of entities accounted for using equity method, as well as a decrease in dividend income. Profit attributable to owners of parent fell. Although the extraordinary losses which resulted from the transfer of the Golf Course Business by a consolidated subsidiary of the Company Group in the previous term were eliminated this term, the decrease in ordinary profit had a significant effect on the outcome.

On the other hand, while the negative impact of COVID-19 grew from the beginning of the fiscal year to the middle of the second quarter, both net sales and profit are recovering thanks to increased demand for automobile-related products supported by the recovery of automobile production starting from the second half of the fiscal year.

As a result, the Company Group reports its consolidated results during the current term as follows:

(Billions of yen)

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April – December 2020 ①	438.9	13.8	10.5	8.9
April – December 2019 ②	497.8	25.4	24.9	15.1
Difference ① - ②	(58.9)	(11.5)	(14.3)	(6.2)
Percentage change	(11.8)%	(45.6)%	(57.6)%	(40.9)%

##### (2) Overview by Segment

Net sales

(Billions of yen)

Segment	April – December 2020 ①	April – December 2019 ②	Difference ① – ②	Percentage change
Chemicals	179.7	214.9	(35.2)	(16.4)%
Construction Materials	212.3	227.7	(15.3)	(6.7)%
Machinery	54.5	64.7	(10.1)	(15.7)%
Others	2.3	3.5	(1.2)	(35.3)%
Adjustment	(10.0)	(13.0)	3.0	—
Total	438.9	497.8	(58.9)	(11.8)%

Operating profit

(Billions of yen)

Segment	April – December 2020 ①	April – December 2019 ②	Difference ① – ②	Percentage change
Chemicals	1.5	11.0	(9.5)	(85.7)%
Construction Materials	11.0	11.3	(0.2)	(2.6)%
Machinery	1.0	2.9	(1.8)	(63.7)%
Others	0.3	0.4	(0.1)	(34.7)%
Adjustment	(0.1)	(0.4)	0.2	—
Total	13.8	25.4	(11.5)	(45.6)%

#### Chemicals – Decreases in both net sales and operating profit

##### ■ Engineering Plastics & Fine Chemicals

The Caprolactam Business recorded a decrease in net sales due to declines in product pricing after the outbreak of COVID-19, which caused market prices for ingredients such as benzene to decrease.

The Nylon Business recorded a decrease in net sales due to falling product pricing caused by weak market prices for caprolactam as well as weakened demand for products such as those used in the automobile industry after the outbreak of COVID-19.

The Industrial Chemicals Business recorded a sales decrease because both production and shipment volume decreased as a result of factors such as the biennial inspection of the ammonia product factory.

The Fine Chemicals Business recorded a decrease in net sales because sales volume of its products decreased, particularly the products for automobile, due to the outbreak of COVID-19.

Both net sales and operating profit decreased in the Engineering Plastics and Fine Chemicals Businesses as a whole because the biennial inspection of the ammonia product factory was conducted and effects of the outbreak of COVID-19 such as declines in pricing of the products.

##### ■ The Synthetic Rubber Business recorded decreases in both net sales and operating profit due to drastically reduced domestic shipment of products, especially those mainly used for tires, in addition to falling market prices.

##### ■ Specialty Products

The Battery Materials Business recorded a net sales decrease due to reduced sale volume caused by harsher competition in the Chinese market and shrinking demand for products used in the automobile industry due to the outbreak of COVID-19. In addition, the Electrolyte Business was transferred to an equity-method affiliate in the current term.

The Polyimide Business recorded an increase in net sales, because sales volume of the COF films mainly used on displays remained stable and expansion of demand for varnish used for organic EL panels drove an increase in sale volume.

Both net sales and operating profit decreased in the Specialty Products Business as a whole due to the impact of factors such as weak performance in the Battery Materials Business.

##### ■ The Pharmaceutical Business recorded decreases in both net sales and operating profit because product shipment was sluggish in comparison with the same period of the previous fiscal year when sales of both drugs developed by UBE and those manufactured under contract were strong.

##### ■ Both net sales and operating profit decreased in the Chemicals Segment as a whole due to both sales volume and product pricing decreasing, mainly due to the outbreak of COVID-19 and the biennial inspection of the ammonia product factory.

#### Construction Materials – Decreases in both net sales and operating profit

##### ■ In spite of effects of the COVID-19 pandemic such as delayed public works construction projects and suspended construction projects orders, especially from major general contractors, the Cement and Ready-Mixed Concrete Business recorded an increase in net sales due to the absorption merger of a consolidated subsidiary of the Company Group with a non-consolidated subsidiary.

##### ■ The Calcia and Magnesia Business recorded a decrease in net sales due to decreases in sales volume of the quicklime used in the steel industry and the magnesia used in the steel and electric power industries.

##### ■ The Energy Business recorded a net sales decrease, due to decreases in sales volume and prices of coal.

##### ■ Both net sales and operating profit decreased in the Construction Materials Segment as a whole. Although falling prices for the coal used as a raw material had some positive impact, a decline in sales volume of calcia/magnesia and coal greatly affected overall performance.

#### Machinery – Decreases in both net sales and operating profit

##### ■ The Molding Machine Business recorded a decrease in net sales due to sluggish sales resulting from the severe business environment faced by the automobile industry.

##### ■ The Industrial Machines Business recorded an increase in net sales thanks to the strong sales of products such as conveyors used in the electric power industry, as well as the effects of taking over the Chemical Equipment Business.

##### ■ The Steel Products Business recorded a decrease in net sales due to falling product pricing as raw material prices declined, despite recovery of sales volume.

##### ■ The Machinery Segment as a whole recorded decreases in both net sales and operating profit because it was strongly affected by sluggish sales of molding machines and steel products.

#### Others – Decreases in both net sales and operating profit

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	41,226	68,478
Notes and accounts receivable - trade	158,140	142,332
Merchandise and finished goods	43,171	37,994
Work in process	21,200	21,698
Raw materials and supplies	29,371	32,147
Other	11,353	15,814
Allowance for doubtful accounts	(505)	(513)
Total current assets	303,956	317,950
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,942	87,376
Machinery, equipment and vehicles, net	139,844	134,706
Land	76,059	76,002
Other, net	26,197	28,912
Total property, plant and equipment	330,042	326,996
Intangible assets		
Goodwill	524	677
Other	6,890	6,823
Total intangible assets	7,414	7,500
Investments and other assets		
Investment securities	53,326	58,435
Other	32,860	31,516
Allowance for doubtful accounts	(497)	(497)
Total investments and other assets	85,689	89,454
Total non-current assets	423,145	423,950
Deferred assets	168	185
Total assets	727,269	742,085

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	92,620	86,115
Short-term borrowings	43,484	41,774
Current portion of bonds payable	—	10,000
Income taxes payable	4,369	1,740
Provision for bonuses	7,049	3,445
Other provisions	1,134	1,311
Other	50,680	44,029
Total current liabilities	199,336	188,414
Non-current liabilities		
Bonds payable	60,000	60,000
Long-term borrowings	84,420	106,613
Provisions	3,738	1,657
Retirement benefit liability	7,442	7,710
Asset retirement obligations	1,916	1,941
Other	15,970	17,497
Total non-current liabilities	173,486	195,418
<b>Total liabilities</b>	<b>372,822</b>	<b>383,832</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	58,435	58,435
Capital surplus	40,300	40,578
Retained earnings	245,980	245,843
Treasury shares	(12,645)	(12,400)
Total shareholders' equity	332,070	332,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,984	2,630
Deferred gains or losses on hedges	9	101
Foreign currency translation adjustment	2,122	5,220
Remeasurements of defined benefit plans	(3,790)	(3,330)
Total accumulated other comprehensive income	325	4,621
Share acquisition rights	573	549
Non-controlling interests	21,479	20,627
<b>Total net assets</b>	<b>354,447</b>	<b>358,253</b>
<b>Total liabilities and net assets</b>	<b>727,269</b>	<b>742,085</b>

## (2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

## • Consolidated Statements of Income

For the first three quarters ended December 31, 2019 and 2020

(Millions of yen)

	April 1, 2019 - December 31, 2019	April 1, 2020 - December 31, 2020
Net sales	497,867	438,952
Cost of sales	409,045	367,106
Gross profit	88,822	71,846
Selling, general and administrative expenses	63,414	58,019
Operating profit	25,408	13,827
Non-operating income		
Interest income	250	172
Dividend income	1,086	707
Rental income	798	789
Amortization of negative goodwill	19	18
Share of profit of entities accounted for using equity method	1,826	417
Foreign exchange gains	163	—
Subsidy income	—	550
Other	1,182	1,075
Total non-operating income	5,324	3,728
Non-operating expenses		
Interest expenses	737	707
Rental expenses	459	432
Foreign exchange losses	—	862
Other	4,589	4,985
Total non-operating expenses	5,785	6,986
Ordinary profit	24,947	10,569
Extraordinary income		
Gain on sales of non-current assets	10	88
Gain on sales of investment securities	62	19
Gain on change in equity	—	1,873
Gain on bargain purchase	—	145
Gain on extinguishment of tie-in shares	—	522
Total extraordinary income	72	2,647
Extraordinary losses		
Loss on disposal of non-current assets	612	887
Loss on sales of investment securities	1	—
Impairment loss	4,797	15
Loss on valuation of investment securities	257	158
Total extraordinary losses	5,667	1,060
Profit before income taxes	19,352	12,156
Income taxes	4,318	3,731
Profit	15,034	8,425
Loss attributable to non-controlling interests	(142)	(548)
Profit attributable to owners of parent	15,176	8,973

• Consolidated Statements of Comprehensive Income  
 For the first three quarters ended December 31, 2019 and 2020

(Millions of yen)

	April 1, 2019 – December 31, 2019	April 1, 2020 – December 31, 2020
Profit	15,034	8,425
Other comprehensive income		
Valuation difference on available-for-sale securities	485	607
Deferred gains or losses on hedges	(257)	92
Foreign currency translation adjustment	1,712	3,656
Remeasurements of defined benefit plans, net of tax	202	463
Share of other comprehensive income of entities accounted for using equity method	(282)	(64)
Total other comprehensive income	1,860	4,754
Comprehensive income	16,894	13,179
Comprehensive income attributable to owners of parent	16,416	13,269
Comprehensive income attributable to non-controlling interests	478	(90)



## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2019 – December 31, 2019	April 1, 2020 – December 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	19,352	12,156
Depreciation and amortization	27,292	27,153
Impairment loss	4,797	15
Amortization of negative goodwill	(19)	(18)
Increase (decrease) in allowance for doubtful accounts	(118)	2
Interest and dividend income	(1,336)	(879)
Interest expenses	737	707
Share of loss (profit) of entities accounted for using equity method	(1,826)	(417)
Loss (gain) on sales of non-current assets	166	(68)
Decrease (increase) in trade receivables	15,670	17,004
Decrease (increase) in inventories	(5,173)	2,547
Increase (decrease) in trade payables	(5,596)	(7,456)
Other, net	(2,382)	(6,255)
<b>Subtotal</b>	<b>51,564</b>	<b>44,491</b>
Interest and dividends received	2,428	1,868
Interest paid	(725)	(665)
Income taxes paid	(7,089)	(7,086)
<b>Net cash provided by (used in) operating activities</b>	<b>46,178</b>	<b>38,608</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(30,909)	(30,747)
Proceeds from sales of property, plant and equipment	606	416
Purchase of investment securities	(259)	(159)
Proceeds from sales of investment securities	106	61
Purchase of shares of subsidiaries and associates	(686)	(1,613)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	66
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(194)	-
Decrease (increase) in short-term loans receivable	355	(397)
Other, net	(116)	(152)
<b>Net cash provided by (used in) investing activities</b>	<b>(31,097)</b>	<b>(32,525)</b>

(Millions of yen)

	April 1, 2019 – December 31, 2019	April 1, 2020 – December 31, 2020
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(2,463)	(444)
Increase (decrease) in commercial papers	5,000	-
Proceeds from long-term borrowings	7,543	30,816
Repayments of long-term borrowings	(13,467)	(9,970)
Proceeds from issuance of bonds	9,955	9,950
Redemption of bonds	(10,000)	-
Purchase of treasury shares	(5)	(3)
Dividends paid	(12,640)	(9,103)
Dividends paid to non-controlling interests	(770)	(269)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(679)	(41)
Other, net	(710)	(717)
<b>Net cash provided by (used in) financing activities</b>	<b>(18,236)</b>	<b>20,219</b>
Effect of exchange rate change on cash and cash equivalents	177	452
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,978)</b>	<b>26,754</b>
Cash and cash equivalents at beginning of period	32,295	40,609
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	471
<b>Cash and cash equivalents at end of period</b>	<b>29,317</b>	<b>67,834</b>

#### (4) Notes to Quarterly Consolidated Financial Statements

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

None.

(Note to significant changes in shareholders' equity)

None.

(Application of the special accounting methods for preparing the quarterly consolidated financial statements)

Tax expenses are calculated by estimating an effective tax rate for net income based on reasonable assumptions of an effective tax rate after application of tax effect accounting for net income before tax for the consolidated fiscal year, including the current term, and by multiplying the quarterly net income before tax by the estimated tax rate of net income. However, for subsidiaries for which calculating tax expenses using the said estimation of the effective tax rate would significantly lack rationality, tax expenses are calculated by using the statutory effective tax rate.

Income taxes adjustment is included in income taxes.

## 6. Segment Information

### (1) Information concerning Net Sales and Operating Profit by Reportable Business Segment

For the First Three Quarters Ended December 31, 2019 (April 1, 2019 to December 31, 2019) (Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Chemicals	Construction Materials	Machinery	Others	Total		
Net sales							
External sales	214,297	217,968	63,131	2,471	497,867	—	497,867
Internal sales or transfers	619	9,762	1,573	1,105	13,059	(13,059)	—
Total	214,916	227,730	64,704	3,576	510,926	(13,059)	497,867
Segment profit (Operating profit)	11,097	11,348	2,937	475	25,857	(449)	25,408

Note 1: (449) million yen for adjustment for Segment profit includes (91) million yen for the elimination of transaction between the Segments and (358) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

Note 2: Segment profit is adjusted with operating profit recorded in the consolidated statements of income.

### (2) Information Concerning Impairment Loss for Non-current Assets and Goodwill by Reportable Segment (Significant impairment loss on non-current assets)

An impairment loss on non-current assets of 4,617 million yen was recorded in the "Others" segment related to the transfer of the Golf Course Business.

### (3) Information concerning Net Sales and Operating Profit by Reportable Business Segment

For the First Three Quarters Ended December 31, 2020 (April 1, 2020 to December 31, 2020) (Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Chemicals	Construction Materials	Machinery	Others	Total		
Net sales							
External sales	177,553	206,567	53,479	1,353	438,952	—	438,952
Internal sales or transfers	2,154	5,828	1,066	961	10,009	(10,009)	—
Total	179,707	212,395	54,545	2,314	448,961	(10,009)	438,952
Segment profit (Operating profit)	1,586	11,055	1,065	310	14,016	(189)	13,827

Note 1: (189) million yen for adjustment for Segment profit includes (34) million yen for the elimination of transaction between the Segments and (155) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

Note 2: Segment profit is adjusted with operating profit recorded in the consolidated statements of income.

(Material subsequent events)

#### Changes in Specified Subsidiaries

The Company Group made the decision to liquidate two of its specified subsidiaries, UBE Advanced Materials Inc. and Advanced Electrolyte Technologies LLC.

#### 1. Summaries of Subsidiaries to be Liquidated

Name	UBE Advanced Materials Inc.
Location	38777 West 6 Mile Road Suite 400 Livonia, MI USA
Representative	Ryo Ikezawa
Capital	67,672,000 US dollars
Business Description	Shareholdings in the Electrolyte Business Companies
Share	100%

Name	Advanced Electrolyte Technologies LLC
Location	38777 West 6 Mile Road Suite 400 Livonia, MI USA
Representative	Kazunori Yukimoto
Capital	95,000,000 US dollars
Business Description	Manufacturing and sales of lithium-ion rechargeable battery electrolytes
Share	100% (of which indirect holdings are 100%)

#### 2. Liquidation Schedule

Although the liquidation proceedings will be started in accordance with the local laws and regulations, the specific date when the liquidation will be completed is not yet determined.

#### 3. Liquidation Impact on Business Operations

The liquidation of the specified subsidiaries above is not expected to have a significant impact on business operations.

## (Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	April – December 2019	April – December 2020	April 2020 – March 2021 (forecast)	April 2019 – March 2020
Capital investment	26.6	24.7	47.0	47.6
Depreciation and amortization	27.2	27.1	36.0	36.8
Research and development expenses	9.7	8.3	14.0	12.8
Adjusted operating profit *1	28.5	15.1	23.0	37.8
Interest-bearing debt	184.9	223.9	210.0	190.7
Shareholders' equity *2	333.3	337.0	336.0	332.3
Total assets	725.7	742.0	730.0	727.2
D/E ratio (times)	0.55	0.66	0.63	0.57
Shareholders' equity ratio (%)	45.9	45.4	46.0	45.7
Return on sales - ROS (%) *3	5.1	3.2	3.6	5.1
Return on assets - ROA (%) *4	—	—	3.2	5.2
Return on equity - ROE (%) *5	—	—	3.9	6.9
Number of employees	11,033	11,046	11,000	10,890

\*1 Adjusted operating profit: Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method

\*2 Shareholders' equity: Net assets – Share acquisition rights – Non-controlling interests

\*3 ROS: Operating profit / Net sales

\*4 ROA: Adjusted operating profit / Average total assets

\*5 ROE: Profit attributable to owners of parent / Average shareholders' equity