

UBE

**Financial Results
for the 3rd Quarter FY2021
Explanatory material**

February 2, 2022

3rd Quarter: April – December

UBE INDUSTRIES, LTD.

FY2021 3rd Quarter Consolidated Results



Scope of Consolidation

| Item | End of FY2020 (A) | End of FY2021 3Q (B) | Difference (B) - (A) | Notes |
|-------------------------------------|----------------------|----------------------------|-------------------------|--|
| Number of consolidated subsidiaries | 66 | 67 | 1 | + UBE Elastomer Co. Ltd. + UBE HIGH CO., LTD - Yamaishi Metal Co., Ltd. |
| Number of equity method affiliates | 26 | 27 | 1 | + Mitsubishi UBE Cement Corporation (formerly C Integration Arrangement, Ltd) |
| Total | 92 | 94 | 2 | |

Environmental Factors

| Item | | FY2020 3Q (A) | FY2021 3Q (B) | Difference (B) - (A) | | |
|----------------|-----------------------------|------------------|------------------|-------------------------|--------|--------|
| Exchange Rate | Yen/\$ | 106.1 | 111.1 | 5.0 | | |
| Material Price | Naphtha | CIF | \$/ t | 363 | 673 | 310 |
| | | Domestic | Yen/KL | 28,800 | 53,900 | 25,100 |
| | Benzene (ACP) | \$/ t | 427 | 977 | 550 | |
| | Australian Coal (CIF) | \$/ t | 77.3 | 156.5 | 79.3 | |
| | | Yen/t | 8,198 | 17,387 | 9,189 | |

Major P/L Items

(Billions of yen)

| Item | FY2020 3Q (A) | FY2021 3Q (B) | Difference (B) - (A) | Percentage change |
|---|------------------|------------------|-------------------------|----------------------|
| Net sales ^{*1} | 438.9 | 476.6 | 37.6 | — |
| | | <i>538.6</i> | <i>99.6</i> | <i>22.7%</i> |
| Operating profit | 13.8 | 32.8 | 19.0 | 137.5% |
| Ordinary profit | 10.5 | 30.6 | 20.0 | 189.6% |
| Profit attributable to owners of parent | 8.9 | 18.0 | 9.1 | 101.7% |

*1: We don't indicate the rate of increase and decrease in net sales compared with the previous fiscal year because of applying the "Accounting Standard for Revenue Recognition" from FY2021. Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

Net Sales and Operating Profit by Segment

(Billions of yen)

| | Segment | FY2020 3Q (A) | FY2021 3Q (B) | Difference (B) - (A) | Percentage change |
|------------------|------------------------|------------------|--------------------------|-------------------------|----------------------|
| Net sales | Chemicals | 179.7 | 247.6 <i>*1 254.8</i> | 67.9 <i>75.1</i> | – <i>41.8%</i> |
| | Construction Materials | 212.3 | 161.4 <i>219.0</i> | (50.9) <i>6.6</i> | – <i>3.1%</i> |
| | Machinery | 54.5 | 70.7 <i>67.9</i> | 16.2 <i>13.4</i> | – <i>24.7%</i> |
| | Others | 2.3 | 2.4 <i>2.4</i> | 0.1 <i>0.1</i> | – <i>7.1%</i> |
| | Adjustment | (10.0) | (5.7) <i>(5.7)</i> | 4.2 <i>4.2</i> | – <i>–</i> |
| | Total | 438.9 | 476.6 <i>538.6</i> | 37.6 <i>99.6</i> | – <i>22.7%</i> |
| Operating profit | Chemicals | 1.5 | 26.0 | 24.4 | – |
| | Construction Materials | 11.0 | 3.5 | (7.5) | (68.2)% |
| | Machinery | 1.0 | 3.2 | 2.1 | 200.8% |
| | Others | 0.3 | 0.3 | 0.0 | 19.4% |
| | Adjustment | (0.1) | (0.2) | (0.0) | – |
| | Total | 13.8 | 32.8 | 19.0 | 137.5% |

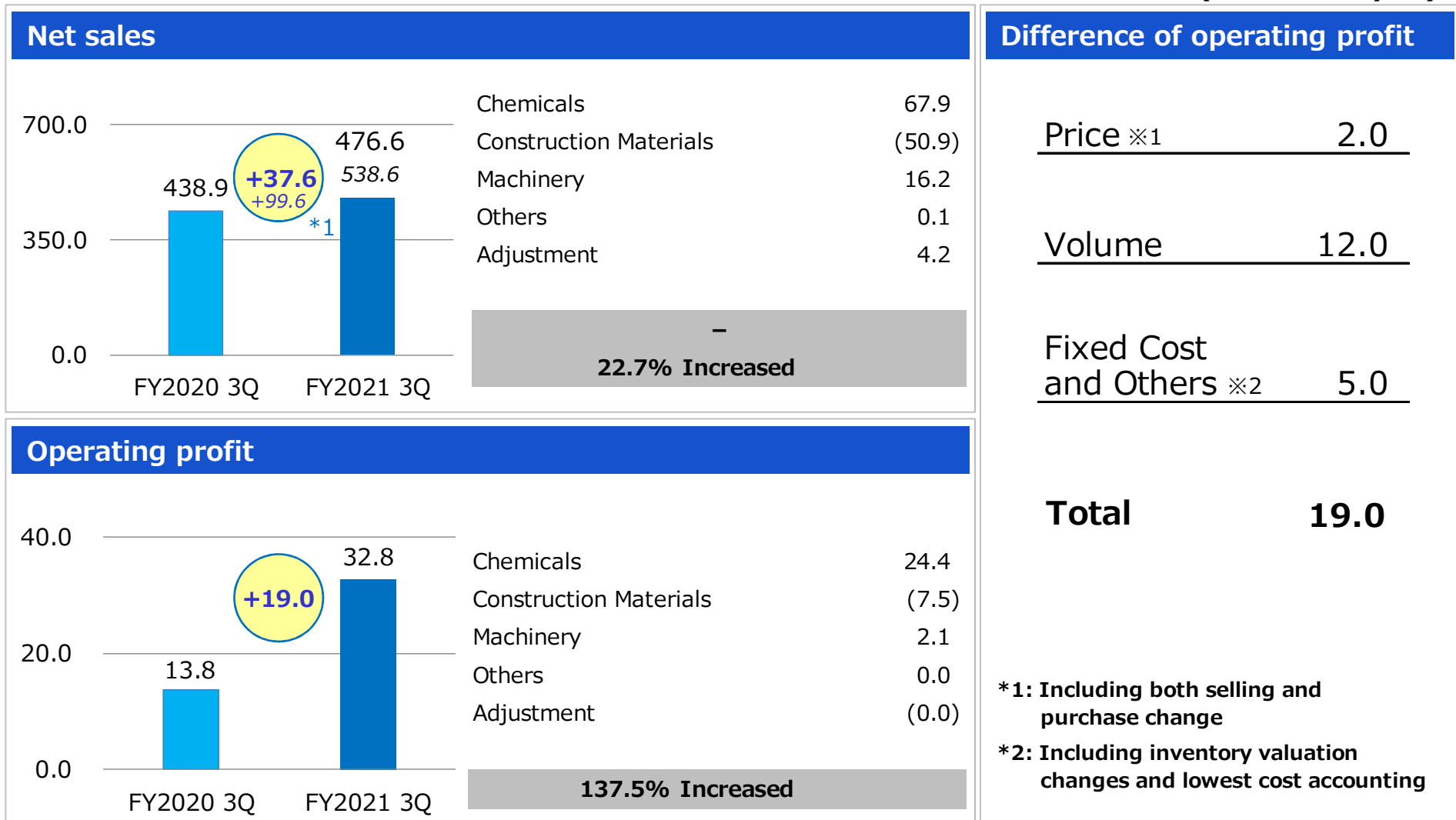
*1: Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

3rd Quarter of the FY2021



Analysis - Total

(Billions of yen)



*1: Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

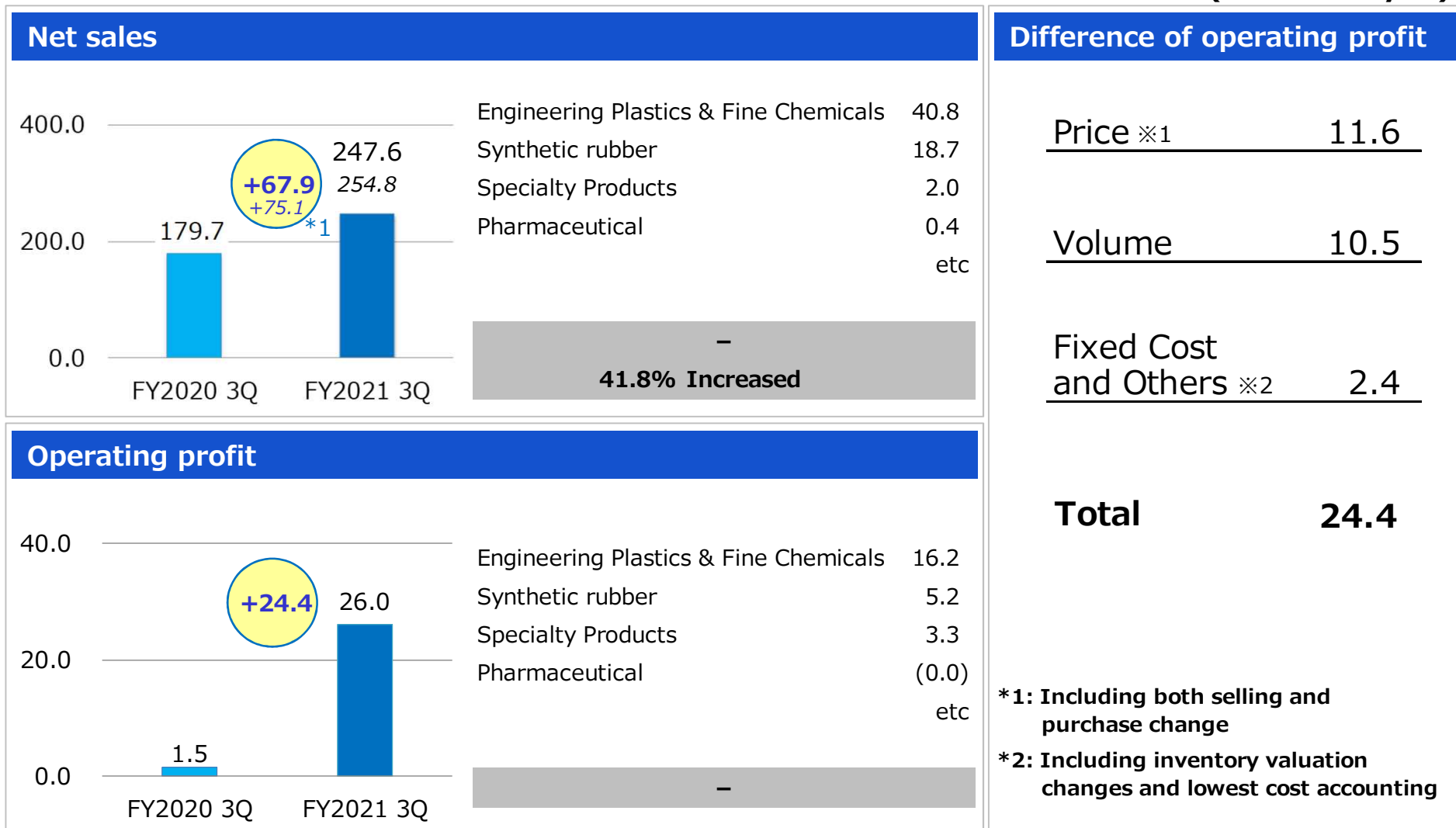
*1: Including both selling and purchase change
 *2: Including inventory valuation changes and lowest cost accounting

3rd Quarter of the FY2021



Analysis - Chemicals

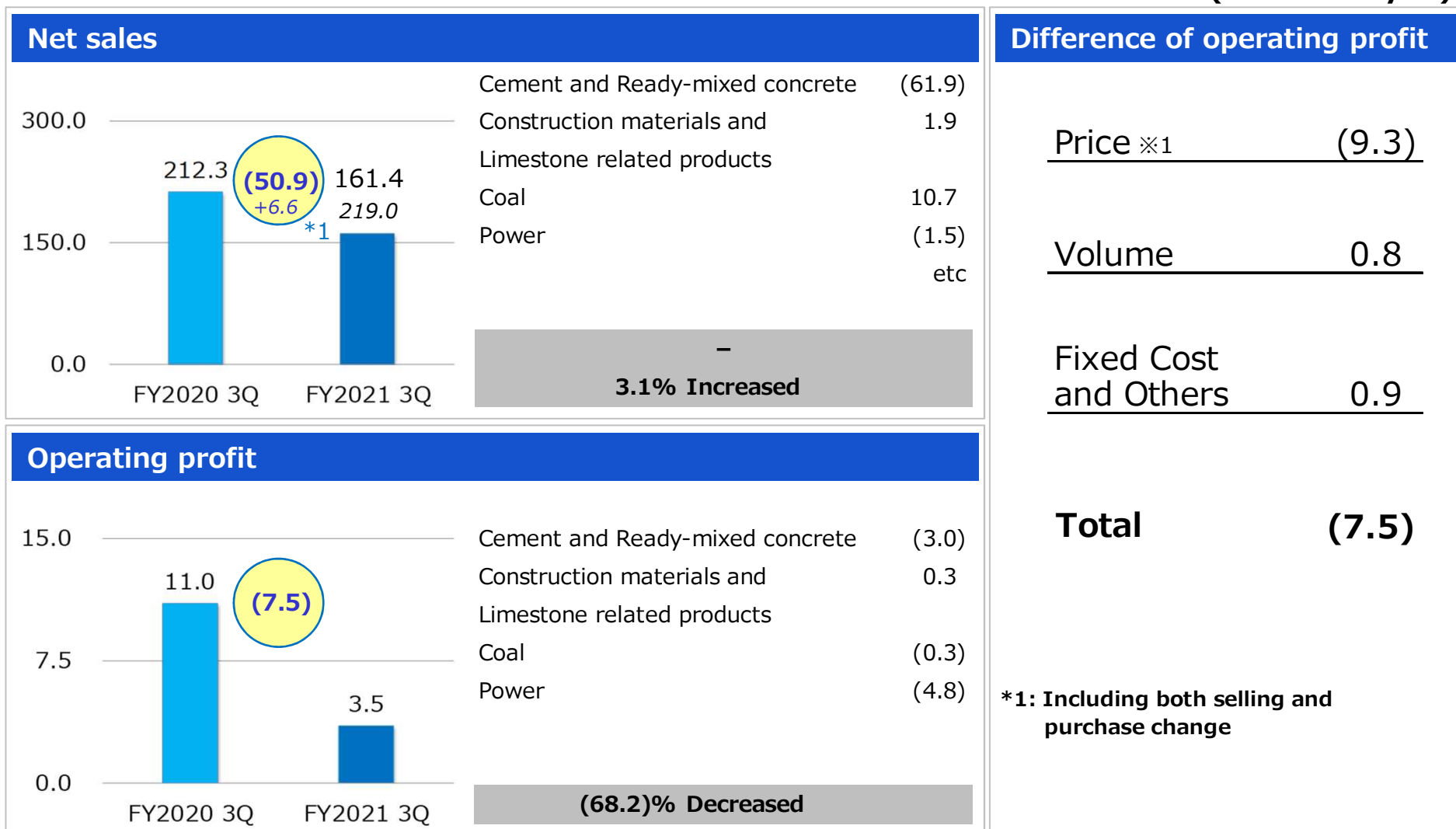
(Billions of yen)



*1: Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

Analysis – Construction Materials

(Billions of yen)



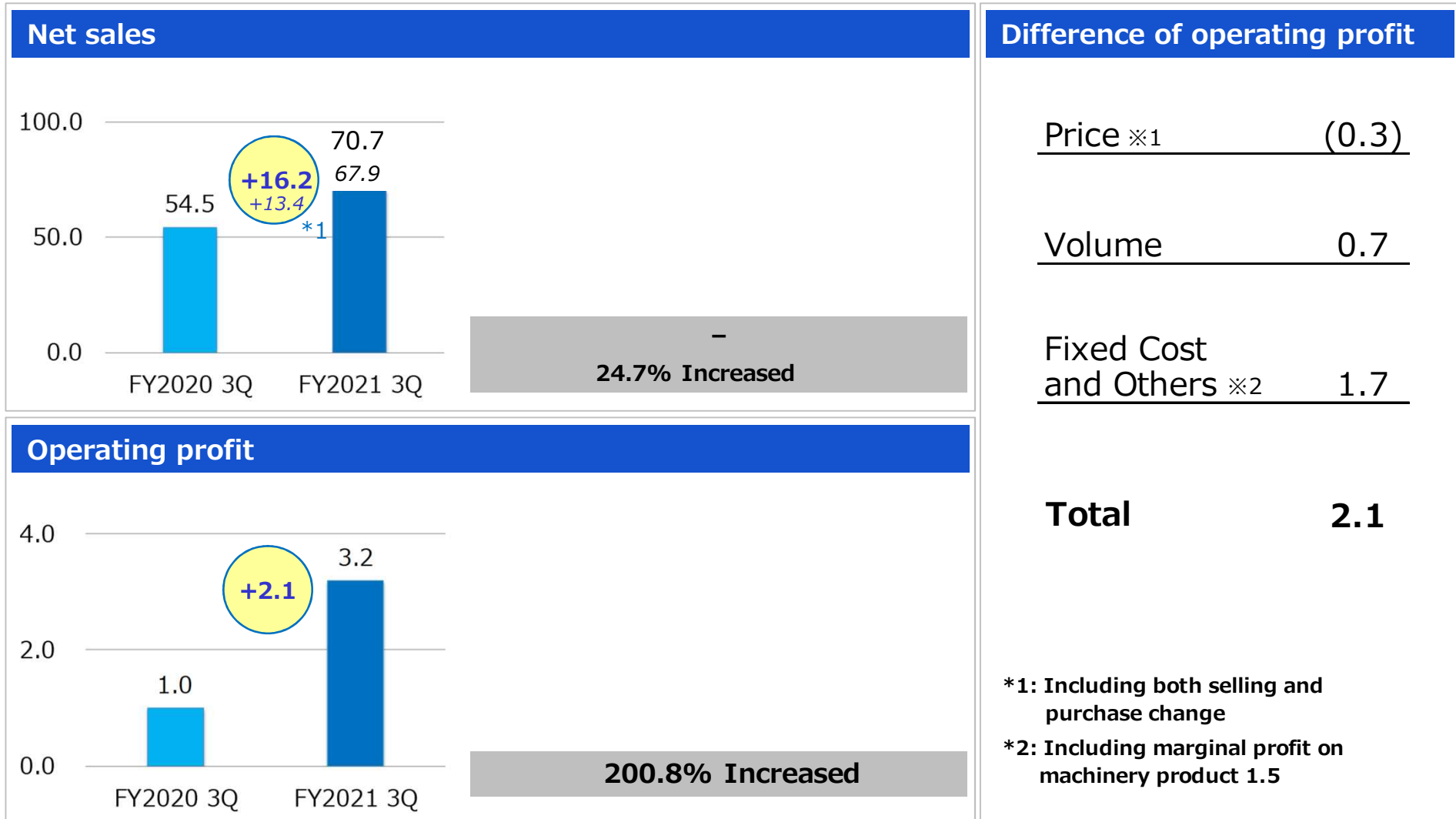
*1: Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

3rd Quarter of the FY2021



Analysis - Machinery

(Billions of yen)



*1: Figures shown in italics are before applying the Accounting Standard for Revenue Recognition.

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

| Item | FY2020 3Q (A) | FY2021 3Q (B) | Difference (B) - (A) |
|--|------------------|------------------|-------------------------|
| Operating profit | 13.8 | 32.8 | 19.0 |
| Non-operating income (expenses) | (3.2) | (2.2) | 1.0 |
| Net interests expenses | 0.1 | 0.2 | 0.0 |
| Share of profit (loss) of entities accounted for using equity method | 0.4 | (0.8) | (1.2) |
| Foreign exchange gains (losses) | (0.8) | 0.6 | 1.5 |
| Others | (2.9) | (2.3) | 0.6 |
| Ordinary profit | 10.5 | 30.6 | 20.0 |
| Extraordinary income (losses) | 1.5 | (2.5) | (4.0) |
| Profit before income taxes | 12.1 | 28.0 | 15.9 |
| Income taxes and profit (loss) attributable to non-controlling interests | (3.1) | (9.9) | (6.8) |
| Profit attributable to owners of parent | 8.9 | 18.0 | 9.1 |
| Net income per share | 88.73 yen | 183.34 yen | 94.61 yen |

Consolidated Balance Sheet

(Billions of yen)

| Item | End of FY2020 (A) | End of FY2021 3Q (B) | Difference (B) - (A) |
|---|----------------------|-------------------------|-------------------------|
| Current assets | 331.7 | 361.7 | 30.0 |
| Fixed assets | 437.8 | 432.1 | (5.6) |
| Total assets | 769.7 | 794.0 | 24.3 |
| Interest-bearing debt | 214.7 | 215.7 | 1.0 |
| Other liabilities | 174.3 | 200.5 | 26.2 |
| Total liabilities | 389.0 | 416.3 | 27.2 |
| Shareholders' equity *1 | 359.0 | 356.6 | (2.3) |
| Non-controlling interests and others | 21.6 | 21.1 | (0.4) |
| Total net assets | 380.6 | 377.7 | (2.8) |
| Total liabilities and net assets | 769.7 | 794.0 | 24.3 |

*1: Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests

Consolidated Statements of Cash Flows

(Billions of yen)

| Item | FY2020 3Q | FY2021 3Q | |
|--|-----------|-----------|--|
| A.Cash flows from operating activities | 38.6 | 16.8 | Profit before income taxes 28.0 Depreciation and amortization 27.1 Increase / Decrease in working capital (31.9) Income taxes paid (5.0) etc. |
| B.Cash flows from investing activities | (32.5) | (27.6) | Acquisition of PP&E (25.0) etc. |
| Free cash flows (A+B) | 6.0 | (10.7) | |
| C.Cash flows from financing activities | 20.2 | (19.5) | Dividends paid (9.1) Buy back of shares (10.0) etc. |
| D.Net increase/decrease in cash and cash equivalents | 27.2 | (30.0) | |
| E.Cash and cash equivalents at end of the quarter | 67.8 | 49.6 | |

Reference



Reference: 3rd Quarter of the FY2021



Analysis of Operating Profit by Segment

(Billions of yen)

| Segment | Operating profit | | | | | |
|------------------------|------------------|------------------|-------------------------|-------------|-------------|--------------------------------|
| | FY2020 3Q (A) | FY2021 3Q (B) | Difference (B) - (A) | Price *1 | Volume | Fixed cost and others *2 |
| Chemicals | 1.5 | 26.0 | 24.4 | 11.6 | 10.5 | 2.4 |
| Construction Materials | 11.0 | 3.5 | (7.5) | (9.3) | 0.8 | 0.9 |
| Machinery | 1.0 | 3.2 | 2.1 | (0.3) | 0.7 | *3 1.7 |
| Others | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | 0.1 |
| Adjustment | (0.1) | (0.2) | (0.0) | - | - | (0.1) |
| Total | 13.8 | 32.8 | 19.0 | 2.0 | 12.0 | 5.0 |

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting

*3:Including marginal profit on machinery product 1.5

Progress of Major P/L Items

(Billions of yen)

| Item | FY2020 Results (A) | | FY2021 Forecasts (B) | | Difference (B) - (A) | |
|---|--------------------|----------------|----------------------|----------------|----------------------|------|
| | | 3Q Progress | | 3Q Progress | | 3Q |
| Net sales | 613.8 | 438.9 71.5% | 635.0 | 476.6 75.1% | 21.1 | 37.6 |
| Operating profit | 25.9 | 13.8 53.4% | 39.0 | 32.8 84.2% | 13.0 | 19.0 |
| Ordinary profit | 23.2 | 10.5 45.4% | 33.5 | 30.6 91.4% | 10.2 | 20.0 |
| Profit attributable to owners of parent | 22.9 | 8.9 39.1% | 19.5 | 18.0 92.8% | (3.4) | 9.1 |

Reference: 3rd Quarter of the FY2021



Net Sales

(Billions of yen)

| Segment | FY2021 | | | | | Full-year (forecast) | Progress |
|------------------------|--------------|--------------|--------------|----------|--------------|-------------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | |
| Chemicals | 76.7 | 80.6 | 90.2 | – | 247.6 | 322.0 | 76.9% |
| Construction Materials | 48.7 | 57.0 | 55.6 | – | 161.4 | 217.0 | 74.4% |
| Machinery | 21.4 | 23.9 | 25.4 | – | 70.7 | 100.0 | 70.8% |
| Others | 0.8 | 0.7 | 0.8 | – | 2.4 | 3.0 | 82.5% |
| Adjustment | (1.4) | (1.9) | (2.3) | – | (5.7) | (7.0) | –% |
| Total | 146.2 | 160.3 | 169.9 | – | 476.6 | 635.0 | 75.1% |

Reference: 3rd Quarter of the FY2021



Operating Profit

(Billions of yen)

| Segment | FY2021 | | | | | Full-year (forecast) | Progress |
|------------------------|------------|-------------|-------------|----------|-------------|-------------------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | |
| Chemicals | 7.6 | 6.9 | 11.4 | – | 26.0 | 28.0 | 93.0% |
| Construction Materials | 0.6 | 1.3 | 1.4 | – | 3.5 | 6.0 | 58.5% |
| Machinery | 0.7 | 1.6 | 0.8 | – | 3.2 | 5.0 | 64.1% |
| Others | 0.0 | 0.1 | 0.1 | – | 0.3 | 0.4 | 92.5% |
| Adjustment | (0.2) | 0.1 | (0.2) | – | (0.2) | (0.4) | – % |
| Total | 8.9 | 10.1 | 13.7 | – | 32.8 | 39.0 | 84.2% |

Reference: 3rd Quarter of the FY2021



3Q on 2Q – Net Sales

(Billions of yen)

| Segment | FY2021 2Q (A) | FY2021 3Q (B) | Difference (B) - (A) | Major factors |
|------------------------|---------------------|---------------------|-------------------------|--|
| Chemicals | 80.6 | 90.2 | 9.6 | Engineering Plastics & Fine Chemicals 5.6 Synthetic rubber 1.2 Specialty Products 1.3 Pharmaceutical 0.1 etc. |
| Construction Materials | 57.0 | 55.6 | (1.4) | Cement and Ready-mixed concrete (0.0) Construction materials and Limestone related products 0.9 Coal (2.8) Power 1.0 etc. |
| Machinery | 23.9 | 25.4 | 1.4 | |
| Others | 0.7 | 0.8 | 0.1 | |
| Adjustment | (1.9) | (2.3) | (0.3) | |
| Total | 160.3 | 169.9 | 9.5 | |

Reference: 3rd Quarter of the FY2021



3Q on 2Q – Operating Profit

(Billions of yen)

| Segment | FY2021 2Q (A) | FY2021 3Q (B) | Difference (B) - (A) | Major factors |
|---------------------------|---------------------|---------------------|-------------------------|---|
| Chemicals | 6.9 | 11.4 | 4.5 | Engineering Plastics & Fine Chemicals 2.1 Synthetic rubber 1.9 Specialty Products 1.3 Pharmaceutical (0.7) etc. |
| Construction Materials | 1.3 | 1.4 | 0.0 | Cement and Ready-mixed concrete (0.5) Construction materials and Limestone related products 0.3 Coal (0.3) Power 0.6 etc. |
| Machinery | 1.6 | 0.8 | (0.7) | |
| Others | 0.1 | 0.1 | 0.0 | |
| Adjustment | 0.1 | (0.2) | (0.3) | |
| Total | 10.1 | 13.7 | 3.5 | |

Consolidated Key Indicators

(Billions of yen)

| Item | FY2020 3Q | FY2021 3Q | FY2021 full-year (forecast) | FY2020 full-year |
|-----------------------------------|-----------|---------------|--------------------------------|---------------------|
| Capital investment | 24.7 | 23.6 | 44.0 | 37.1 |
| Depreciation and amortization | 27.1 | 27.1 | 36.0 | 36.3 |
| Research and development expenses | 8.3 | 8.5 | 12.5 | 11.4 |
| Adjusted operating profit | 15.1 | 32.9 | 38.0 | 28.0 |
| Interest-bearing debt | 223.9 | 215.7 | 230.0 | 214.7 |
| Shareholders' equity | 337.0 | 356.6 | 356.0 | 359.0 |
| Total assets | 742.0 | 794.0 | 790.0 | 769.7 |
| D/E ratio (times) | 0.66 | 0.61 | 0.65 | 0.60 |
| Shareholders' equity ratio (%) | 45.4 | 44.9 | 45.1 | 46.6 |
| Return on sales - ROS (%) | 3.2 | 6.9 *1 6.0 | 6.1 5.5 | 4.2 |
| Return on assets - ROA (%) | - | - | 4.9 | 3.7 |
| Return on equity - ROE (%) | - | - | 5.5 | 6.6 |
| Number of employees | 11,046 | 10,942 | 11,000 | 10,897 |

*1: The figures shown at the bottom of each table are reference values for expected results if the Accounting Standard for Revenue Recognition is not adopted.

Reference: 3rd Quarter of the FY2021



Consolidated Major Subsidiaries

(Billions of yen)

| Subsidiaries and affiliates | Business | Net Sales FY2021 3Q | Difference of operating profit from FY2020 3Q |
|--|--|------------------------|--|
| UBE Corporation Europe, S.A. Unipersonal | Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products | 39.2 | ↑ |
| UBE Chemicals (Asia) Public Company Limited | Manufacture and sales of nylon, caprolactam and ammonium sulfate | 38.3 | ↑ |
| THAI SYNTHETIC RUBBERS COMPANY LIMITED | Manufacture and sales of polybutadiene rubber | 11.1 | ↑ |
| UBE Film, Ltd. | Manufacture and sales of plastic film products | 7.4 | ↓ |
| UBE EXSYMO CO., LTD. | Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials | 9.5 | → |
| UBE Material Industries, Ltd. | Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc. | 31.6 | ↑ |
| UBE Shipping & Logistics, Ltd. | Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business | 14.6 | ↑ |
| UBE Construction Materials Sales Co., Ltd. | Sales of cement, ready-mixed concrete, building materials, etc. | 1.9 | → |
| SANSHIN TSUSHO Co., Ltd. | Sales of cement, ready-mixed concrete, building materials, etc. | 1.3 | → |
| Consolidated subsidiaries dealing ready-mixed concrete | Manufacture and sales of ready-mixed concrete | 24.0 | ↓ |
| Ube Construction materials Co., Ltd. | Manufacture, sales and construction of various building materials | 7.2 | ↓ |
| UBE Machinery Corporation, Ltd. | Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc. | 36.8 | ↑ |
| UBE Steel Co., Ltd | Manufacture and sales of cast iron and steel products and rolled steel billets | 22.8 | ↑ |

Note: ↑ ↓ represents increase or decrease of over 0.1 billion JPY

Announcement of FY2021 Business Results and Related Presentations

- **Announcement of FY2021 Business Results**
 - **May 12, 15 : 00**

- **Telephone Conference for FY2021 Business Results**
 - **May 12, 18 : 00 – 19 : 00**

- **FY2022 Management Overview Briefing**
 - **May 19, 10 : 00 – 11 : 30**

(Note) This schedule is subject to change without notice due to circumstances.

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Furthermore, they are subject to a number of risks and uncertainties which include, but are not limited to, economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates. Readers of this presentation material are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from expectations.

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