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

February 2, 2021


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Representative: Masato Izumihara, President and Representative Director
Security code: 4208 (shares listed on First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
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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 |
|---|---|---|
| Assets | | |
| 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 |
|---|---|---|
| Liabilities | | |
| 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 |
| Total liabilities | 372,822 | 383,832 |
| Net assets | | |
| 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 |
| Total net assets | 354,447 | 358,253 |
| Total liabilities and net assets | 727,269 | 742,085 |

(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 |
|---|---|---|
| Cash flows from operating activities | | |
| 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) |
| Subtotal | 51,564 | 44,491 |
| Interest and dividends received | 2,428 | 1,868 |
| Interest paid | (725) | (665) |
| Income taxes paid | (7,089) | (7,086) |
| Net cash provided by (used in) operating activities | 46,178 | 38,608 |
| Cash flows from investing activities | | |
| 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) |
| Net cash provided by (used in) investing activities | (31,097) | (32,525) |

(Millions of yen)

| | April 1, 2019 – December 31, 2019 | April 1, 2020 – December 31, 2020 |
|---|---|---|
| Cash flows from financing activities | | |
| 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) |
| Net cash provided by (used in) financing activities | (18,236) | 20,219 |
| Effect of exchange rate change on cash and cash equivalents | 177 | 452 |
| Net increase (decrease) in cash and cash equivalents | (2,978) | 26,754 |
| 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 |
| Cash and cash equivalents at end of period | 29,317 | 67,834 |

(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 saless

*4 ROA: Adjusted operating profit / Average total assets

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