Consolidated Financial Report for the Fiscal Year Ended March 31, 2021

May 12, 2021

Company name: Ube Industries, Ltd.
Representative: Masato Izumihara, President and Representative Director
Security code: 4208 (shares listed on First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
URL: http://www.ube.co.jp/
Contact: Hirotaka Ishikawa, General Manager, Finance & Investor Relations Department
Tel: +81-3-5419-6116

(Amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

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

(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 2020 – March 2021	613,889	(8.1)%	25,902	(23.9)%	23,293	(34.8)%	22,936	(0.2)%
April 2019 – March 2020	667,892	(8.5)%	34,033	(23.6)%	35,724	(25.3)%	22,976	(29.3)%

(Note) Comprehensive Income: From April 1, 2020 to March 31, 2021: 35,598 Million Yen 146.5%
From April 1, 2019 to March 31, 2020: 14,442 Million Yen (54.9%)

	Net income per share (Yen)	Diluted net income per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
April 2020 – March 2021	226.79	226.14	6.6	3.1	4.2
April 2019 – March 2020	227.33	226.61	6.9	4.9	5.1

(Reference) Share of profit of entities accounted for using equity method: From April 1, 2020 to March 31, 2021: 1,103 Million Yen
From April 1, 2019 to March 31, 2020: 2,329 Million Yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
March 31, 2021	769,710	380,635	46.6	3,549.52
March 31, 2020	727,269	354,447	45.7	3,287.73

(Reference) Shareholders' equity: As of March 31, 2021: 359,013 Million Yen
As of March 31, 2020: 332,395 Million Yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
April 2020 – March 2021	66,054	(39,433)	10,852	79,646
April 2019 – March 2020	68,489	(40,632)	(18,931)	40,609

2. Cash Dividends

	Cash dividends per share (Yen)					Total dividends paid (Annual)	Dividend payout ratio (Consolidated) (%)	Dividend on net assets ratio (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year end	Annual			
April 2019 – March 2020	-	45.00	-	45.00	90.00	9,117	39.6	2.7
April 2020 – March 2021	-	45.00	-	45.00	90.00	9,103	39.7	2.6
April 2021 – March 2022 (Forecast)	-	45.00	-	45.00	90.00		43.3	

(Note) The purchase of treasury shares resolution passed at the May 12, 2021 meeting of the Board of Directors has not been considered in the calculation of the dividend payout ratio (consolidated) for the fiscal year ending March 31, 2022.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

(% 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 2021 – September 2021	270,000 -	13,500 295.9%	11,500 656.6%	5,500 -	54.38
April 2021 – March 2022	570,000 -	37,000 42.8%	34,500 48.1%	21,000 (8.4)%	207.62

(Note) Please take note that the Corporate Group will adopt the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan, No. 29) from the beginning of the fiscal year ending March 31, 2022, and that the above forecast of consolidated financial results shows the amounts after which the above mentioned accounting standard is applied. In addition, the rates of increase and decrease in net sales compared with the previous fiscal year and the same quarter of the previous fiscal year are not indicated. For more details, please see "(5) Forecast for the Next Fiscal Year. "

The purchase of treasury shares resolution passed at the May 12, 2021 meeting of the Board of Directors has not been considered in the calculation of the net income per share (Yen).

(Notes)

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2021: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation.

(2) 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

(3)Number of shares outstanding (common stock)

	March 31, 2021	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	5,056,029	5,098,529

	April 2020 – March 2021	April 2019 – March 2020
Weighted-average number of shares outstanding during period	101,134,606	101,069,438

(Rreference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

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

(1) Non-Consolidated Operating Results (% indicates the rate of increase / decrease to the same period of previous year)

	Net sales	Operating profit	Ordinary profit	Net income
April 2020 – March 2021	242,452 (14.0)%	7,952 (46.8)%	13,537 (44.7)%	13,382 (21.4)%
April 2019 – March 2020	282,027 (9.7)%	14,945 37.4%	24,462 20.8%	17,032 7.3%

	Net income per share (Yen)	Diluted net income per share (Yen)
April 2020 – March 2021	132.24	131.86
April 2019 – March 2020	168.16	167.64

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
March 31, 2021	496,859	184,390	37.0	1,817.64
March 31, 2020	468,122	178,558	38.0	1,756.68

(Reference) Shareholders' equity: As of March 31, 2021: 183,843 Million Yen

As of March 31, 2020: 177,984 Million Yen

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

(Information regarding review procedures)

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

(Cautionary statement on forward-looking statements)

The description about the future in this document and the supplementary material, including the forecast of financial results, is based on certain assumptions that the Company Group considered reasonable as of the published date of this release and is not intended as a guarantee that the Company Group will achieve these targets. In addition, the actual results may differ materially from those projected herein depending on various factors. For assumptions used to project the financial results and instructions to use the projected financial results, please see the "(5) Forecast for the next Fiscal Year (April 1, 2021 to March 31, 2022)" on page 6.

4. Qualitative Information on Operating Results

(1) Overview of Operating Results

Overview

During the current term, business performance of the Corporate Group was greatly affected by sluggish economic activities resulting from the global COVID-19 pandemic. The Chemicals and Machinery Segments were particularly affected and saw considerable declines in demand in the first half of the fiscal year. In addition, market prices of chemical products fell. As a result, net sales decreased compared to the previous fiscal year. Operating profit and ordinary profit also decreased from the previous fiscal year mainly due to decreases in market prices of chemical products and the expenses for biennial inspection of the ammonia product factory, despite some positive impact from reduced costs of heat energy from sources such as coal and cost reduction efforts carried out to reduce expenses. Profit attributable to owners of parent remained at the same level as the previous fiscal year due to tax expenses decreasing as a result of reversal of deferred tax liabilities.

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 2020 – March 2021 ①	613.8	25.9	23.2	22.9
April 2019 – March 2020 ②	667.8	34.0	35.7	22.9
Difference ① - ②	(54.0)	(8.1)	(12.4)	(0.0)
Percentage change	(8.1)%	(23.9)%	(34.8)%	(0.2)%

Overview by Segment

Net sales (Billions of yen)

Segment	April 2020 – March 2021 ①	April 2019 – March 2020 ②	Difference ① – ②	Percentage change
Chemicals	259.3	286.0	(26.6)	(9.3)%
Construction Materials	282.8	303.0	(20.1)	(6.7)%
Machinery	78.7	90.7	(12.0)	(13.3)%
Others	3.1	4.5	(1.4)	(31.9)%
Adjustment	(10.1)	(16.5)	6.3	–
Total	613.8	667.8	(54.0)	(8.1)%

Operating profit (Billions of yen)

Segment	April 2020 – March 2021 ①	April 2019 – March 2020 ②	Difference ① – ②	Percentage change
Chemicals	8.1	14.5	(6.3)	(43.7)%
Construction Materials	14.7	14.5	0.1	1.2%
Machinery	2.8	4.9	(2.1)	(42.7)%
Others	0.4	0.5	(0.1)	(25.1)%
Adjustment	(0.3)	(0.6)	0.2	–
Total	25.9	34.0	(8.1)	(23.9)%

(Note) Adjustment includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

Chemicals – Decreases in both net sales and operating profit

■ Engineering Plastics & Fine Chemicals Businesses

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. Although there was a recovery in demand for products used in the automobile industry, which had shrunk in the first half of the fiscal year due to the COVID-19 pandemic, our selling price fell due to a decrease in the market price for caprolactam.

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. Although shipment was steady as a whole, demand for some products used for automobiles decreased due to COVID-19 pandemic.

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. Although shipment of the products mainly used for tires recovered in the second half of the fiscal year, following substantial decreases due to the COVID-19 pandemic in the first half, product market prices fell.

■ Specialty Products Businesses

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.

The Specialty Products Business as a whole saw a decrease in net sales, but operating profit increased, mainly due to the contribution of Polyimide Business's strong performance.

■ The Pharmaceutical Business as a whole recorded decreases in both net sales and operating profit. Although the royalty revenues remained at the same level as the previous fiscal year, shipment volumes of drugs both developed by UBE and manufactured under contract decreased.

■ 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 net sales and increase in 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.

■ The Construction Materials Segment as a whole recorded a decrease in net sales and an increase in operating profit. While the business was affected by sales volume decreases in calcia/magnesia and coal, the reduced costs for heat energy such as coal and increased selling price for surplus power greatly contributed to business 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 sales volume, despite recovery of unit sales price as raw material prices increased.

■ 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.

Others – Decreases in both net sales and operating profit

(2) Overview of Financial Condition

Total assets increased by 42.4 billion yen to 769.7 billion yen, because cash and deposits increased by 39.0 billion yen.

Total liabilities increased by 16.2 billion yen to 389.0 billion yen. While notes and accounts payable-trade and accounts payable - other decreased respectively by 1.7 billion yen and 2.4 billion yen, interest-bearing debt increased by 24.0 billion yen.

Net assets increased by 26.1 billion yen to 380.6 billion yen. While retained earnings decreased by 9.1 billion yen due to the payment of dividends, profit attributable to owners of parent increased by 22.9 billion yen and accumulated other comprehensive income increased by 12.1 billion yen.

(3) Overview of cash flow

Net cash provided by operating activities totaled 66.0 billion yen, which was mainly comprised of profit before income taxes for the year of 22.4 billion yen, depreciation and amortization of 36.3 billion yen, which is a non-fund entry, increase in working capital (which is the total amount of increases and decreases in trade receivables, inventories and trade payables) of 14.7 billion yen, and income taxes paid of 7.5 billion yen.

Net cash used in investment activities totaled 39.4 billion yen, which was mainly comprised of purchase of property, plant and equipment and intangible assets of 38.2 billion yen.

Net cash used in financing activities totaled 10.8 billion yen, which was mainly comprised of an increase in interest-bearing debt of 20.3 billion yen, cash dividends paid of 9.3 billion yen.

The balance of interest-bearing debt at the end of the term increased by 24.0 billion yen compared to the end of the previous term to 214.7 billion yen.

The balance of cash and cash equivalents at the end of the term increased by 39.0 billion yen compared to the end of the previous term to 79.6 billion yen.

(4) Basic policy on profit-sharing and dividends for the current and the next term

We have a basic policy to pay the dividends stably and corresponding to the business performance and to buy back of shares in a flexible manner. It is also important for us to accumulate sufficient internal reserves to strengthen our financial standings and expand our business further. Considering the above policy in a comprehensive manner, we develop the proposal for the stock dividends to be resolved at the general meeting of shareholders.

In the medium-term management plan “Vision UBE 2025 — Prime Phase,” in which the previous term is positioned as the first year, we adopted dividend on equity (DOE) as a new business indicator and set policy targets of DOE at a 2.5% or higher level and a consolidated total return ratio of 30% or more to current consolidated profit attributable to owners of parent on three-year average. We paid interim dividends of 45 yen per share during the term and are currently planning to pay year-end dividends of 45 yen per share for the fiscal year under review.

For the next term, we plan to pay total annual dividends of 90 yen per share, broken up into interim dividends of 45 yen per share and year-end dividends of 45 yen per share.

(5) Forecast for the next Fiscal Year (April 1, 2021 to March 31, 2022)

On the assumption that the dollar-yen exchange rate would hover at a level of 103 yen /dollar and the prices of domestic product naphtha and Australian coal would be respectively around 37,800 yen per 1kl and 107.8 dollar per ton, from April 1, 2021 through March 31, 2022, we forecast the earnings as follows.

We expect a net sales decrease due to the Corporate Group adopting the Accounting Standard for Revenue Recognition, despite recovery of the Chemicals and Machinery Segments business from the impact of the COVID-19 pandemic. Operating profit and ordinary profit are both expected to increase due to the business performance of the Chemicals and Machinery Segments remaining strong, despite the increasing cost of coal used in the Construction Materials Segment. Profit attributable to owners of parent is expected to decrease since the reduction in tax expenses from reversal of deferred tax liabilities reported in this fiscal year will not be applied.

(Billions of yen)

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April 2021 – March 2022 ①	570.0 650.0	37.0	34.5	21.0
April 2020 – March 2021 ②	613.8	25.9	23.2	22.9
Difference ① - ②	(43.8) 36.2	11.1	11.3	(1.9)
Percentage change	— 5.9%	42.8%	48.1%	(8.4)%

Overview by Segment

Net sales (Billions of yen)

Segment	April 2021 – March 2022 ①	April 2020 – March 2021 ②	Difference ① — ②	Percentage change
Chemicals	280.0 290.0	259.3	20.7 30.7	— 11.8%
Construction Materials	200.0 270.0	282.8	(82.8) (12.8)	- (4.5)%
Machinery	95.0 95.0	78.7	16.3 16.3	— 20.7%
Others	3.0 3.0	3.1	(0.1) (0.1)	— (3.8)%
Adjustment	(8.0) (8.0)	(10.1)	2.1 2.1	— —
Total	570.0 650.0	613.8	(43.8) 36.2	— 5.9%

Operating profit (Billions of yen)

Segment	April 2021 – March 2022 ①	April 2020 – March 2021 ②	Difference ① — ②	Percentage change
Chemicals	20.5	8.1	12.4	150.5%
Construction Materials	11.5	14.7	(3.2)	(22.0)%
Machinery	5.0	2.8	2.2	76.6%
Others	0.5	0.4	0.1	11.9%
Adjustment	(0.5)	(0.3)	(0.2)	—
Total	37.0	25.9	11.1	42.8%

(Note) Adjustment includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

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.

5. Management policy

(1) Basic policy for management of the Company

As part of the “Vision UBE 2025 — Prime Phase,” the medium-term management plan for the three years until fiscal 2021, a milestone on the road to achieving the UBE Group’s ideal form for 2025, the Corporate Group has set the following basic management policies and numeric targets. However, achieving these numeric targets in the final year of the management plan is expected to be difficult, mainly due to changes in economic environment.

◆Basic policy

i) Strengthening the platform for business growth

ii) Strengthening the management platform (corporate governance)

iii) Address and be part of the solution to resource, energy, and global environmental issues

◆Numeric targets

< Key Figures >

	Target for FY 2021
Operating profit	55.0 billions of yen
Ordinary profit	58.0 billions of yen

< Key Indicators >

	Target for FY 2021
Return on sales – ROS	7.0%
Return on equity – ROE	10.0%

(2) Challenges that the Company should address

Although the business performance of the Corporate Group was greatly affected by sluggish economic activities resulting from the COVID-19 pandemic, we will make efforts to pursue business recovery and further sustainable growth under the medium-term management plan. To achieve this, we will accelerate expansion of the specialty business on a global basis to enhance profitability in the Chemicals Segment, proceed with preparations for the integration of cement and other businesses with Mitsubishi Materials Corporation in the Construction Material Segment, and strengthen the revenue base through enhancement of productivity in the Machinery Segment.

In addition, we will strengthen the management supervisory function of the Board of Directors and enhance the effectiveness of the risk management and internal control systems in order to further improve our corporate governance.

Following the discovery of the improprieties in quality checks conducted by our group company in the 2017 fiscal year, we are carrying out the measures to prevent the re-occurrence and are facilitating secured operation and continuous improvement of the quality assurance system to strengthen the quality assurance structure further.

As an initiative for global environmental issues, the Corporate Group announced the “UBE Group Policy for Achieving Carbon Neutrality by 2050” in April 2021. This policy calls for the UBE Group to achieve zero net emission of greenhouse gases from its business activities. In addition, the Group will strive to contribute to achieving carbon neutrality for society as a whole. In order to achieve the medium- to long-term goals of this policy, we will further expand and intensify our efforts to reduce burdens on the environment.

6. Basic policy on adoption of accounting standard

Considering comparability of consolidated financial statements in terms of the covered periods and respective companies, the Company Group has a policy to prepare consolidated financial statement based on the Japanese accounting standard.

In regard to adoption of the international accounting standard, we will make appropriate response with consideration to internal and external circumstances at the time.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	41,226	80,304
Notes and accounts receivable - trade	158,140	149,615
Merchandise and finished goods	43,171	35,748
Work in process	21,200	19,362
Raw materials and supplies	29,371	32,724
Other	11,353	14,536
Allowance for doubtful accounts	(505)	(562)
Total current assets	303,956	331,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	276,154	280,783
Accumulated depreciation and impairment	(188,212)	(190,534)
Buildings and structures, net	87,942	90,249
Machinery, equipment and vehicles	675,230	691,792
Accumulated depreciation and impairment	(535,386)	(552,783)
Machinery, equipment and vehicles, net	139,844	139,009
Land	76,059	76,110
Leased assets	4,173	6,782
Accumulated depreciation and impairment	(1,998)	(2,185)
Leased assets, net	2,175	4,597
Construction in progress	15,217	12,551
Other	43,348	43,760
Accumulated depreciation and impairment	(34,543)	(35,053)
Other, net	8,805	8,707
Total property, plant and equipment	330,042	331,223
Intangible assets		
Leased assets	507	518
Goodwill	524	720
Other	6,383	6,432
Total intangible assets	7,414	7,670
Investments and other assets		
Investment securities	53,326	59,484
Long-term loans receivable	226	296
Retirement benefit asset	4,359	10,024
Deferred tax assets	14,516	16,263
Other	13,759	13,558
Allowance for doubtful accounts	(497)	(708)
Total investments and other assets	85,689	98,917
Total non-current assets	423,145	437,810
Deferred assets		
Bond issuance costs	168	173
Total deferred assets	168	173
Total assets	727,269	769,710

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	92,620	90,831
Short-term borrowings	43,484	38,031
Current portion of bonds payable	—	10,000
Lease obligations	804	785
Accounts payable - other	33,192	30,718
Income taxes payable	4,369	3,196
Provision for bonuses	7,049	6,446
Provision for loss on order received	277	378
Other	17,541	20,055
Total current liabilities	199,336	200,440
Non-current liabilities		
Bonds payable	60,000	60,000
Long-term borrowings	84,420	101,245
Lease obligations	2,010	4,706
Deferred tax liabilities	1,217	779
Provision for retirement benefits for directors (and other officers)	586	497
Provision for special repairs	2,930	1,503
Provision for loss on business restructuring	222	75
Retirement benefit liability	7,442	7,745
Asset retirement obligations	1,916	2,087
Other	12,743	9,998
Total non-current liabilities	173,486	188,635
Total liabilities	372,822	389,075
Net assets		
Shareholders' equity		
Share capital	58,435	58,435
Capital surplus	40,300	40,659
Retained earnings	245,980	259,806
Treasury shares	(12,645)	(12,380)
Total shareholders' equity	332,070	346,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,984	4,080
Deferred gains or losses on hedges	9	3
Foreign currency translation adjustment	2,122	7,720
Remeasurements of defined benefit plans	(3,790)	690
Total accumulated other comprehensive income	325	12,493
Share acquisition rights	573	547
Non-controlling interests	21,479	21,075
Total net assets	354,447	380,635
Total liabilities and net assets	727,269	769,710

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

・Consolidated Statements of Income

(Millions of yen)

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Net sales	667,892	613,889
Cost of sales	549,698	509,327
Gross profit	118,194	104,562
Selling, general and administrative expenses	84,161	78,660
Operating profit	34,033	25,902
Non-operating income		
Interest income	309	221
Dividend income	1,140	797
Rental income	1,045	1,036
Amortization of negative goodwill	33	28
Share of profit of entities accounted for using equity method	2,329	1,103
Foreign exchange gains	664	363
Subsidy income	2,449	566
Other	1,937	1,682
Total non-operating income	9,906	5,796
Non-operating expenses		
Interest expenses	971	931
Rental expenses	634	582
Loss on disposal of non-current assets	717	904
Business integration expenses	65	852
Compensation for damages	998	―
Other	4,830	5,136
Total non-operating expenses	8,215	8,405
Ordinary profit	35,724	23,293
Extraordinary income		
Gain on sale of non-current assets	296	139
Gain on sale of investment securities	1,015	483
Gain on change in equity	―	1,873
Gain on bargain purchase	―	145
Gain on extinguishment of tie-in shares	―	522
Total extraordinary income	1,311	3,162
Extraordinary losses		
Loss on disposal of non-current assets	1,124	1,992
Loss on sale of investment securities	13	―
Impairment losses	5,236	55
Loss on valuation of investment securities	298	1,452
Provision for loss over investment cost of subsidiaries and affiliates	―	523
Total extraordinary losses	6,671	4,022
Profit before income taxes	30,364	22,433
Income taxes - current	9,220	5,183
Income taxes - deferred	(1,562)	(5,272)
Total income taxes	7,658	(89)
Profit	22,706	22,522
Loss attributable to non-controlling interests	(270)	(414)
Profit attributable to owners of parent	22,976	22,936

(Millions of yen)

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Profit	22,706	22,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,206)	2,043
Deferred gains or losses on hedges	14	(6)
Foreign currency translation adjustment	(4,510)	6,501
Remeasurements of defined benefit plans, net of tax	(1,393)	4,443
Share of other comprehensive income of entities accounted for using equity method	(169)	95
Total other comprehensive income	(8,264)	13,076
Comprehensive income	14,442	35,598
Comprehensive income attributable to owners of parent	15,444	35,104
Comprehensive income attributable to non-controlling interests	(1,002)	494

(3) Consolidated Statements of Changes in Net Assets

・For the fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year	58,435	40,355	235,671	(12,798)	321,663
Changes during the year					
Cash dividends			(12,659)		(12,659)
Profit attributable to owners of parent			22,976		22,976
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		(27)		160	133
Change in scope of consolidation			(8)		(8)
Purchase of shares of consolidated subsidiaries		(28)			(28)
Net changes of items other than shareholders' equity					
Total changes during the year	—	(55)	10,309	153	10,407
Balance at the end of the year	58,435	40,300	245,980	(12,645)	332,070

(Millions of yen)

	Accumulated Other Comprehensive Income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	4,217	(5)	6,075	(2,430)	7,857	626	24,406	354,552
Changes during the year								
Cash dividends								(12,659)
Profit attributable to owners of parent								22,976
Purchase of treasury stock								(7)
Disposal of treasury stock								133
Change in scope of consolidation								(8)
Purchase of shares of consolidated subsidiaries								(28)
Net changes of items other than shareholders' equity	(2,233)	14	(3,953)	(1,360)	(7,532)	(53)	(2,927)	(10,512)
Total changes during the year	(2,233)	14	(3,953)	(1,360)	(7,532)	(53)	(2,927)	(105)
Balance at the end of the year	1,984	9	2,122	(3,790)	325	573	21,479	354,447

・For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year	58,435	40,300	245,980	(12,645)	332,070
Changes during the year					
Cash dividends			(9,110)		(9,110)
Profit attributable to owners of parent			22,936		22,936
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(179)		270	91
Purchase of shares of consolidated subsidiaries		538			538
Net changes of items other than shareholders' equity					
Total changes during the year	—	359	13,826	265	14,450
Balance at the end of the year	58,435	40,659	259,806	(12,380)	346,520

(Millions of yen)

	Accumulated Other Comprehensive Income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	1,984	9	2,122	(3,790)	325	573	21,479	354,447
Changes during the year								
Cash dividends								(9,110)
Profit attributable to owners of parent								22,936
Purchase of treasury stock								(5)
Disposal of treasury stock								91
Purchase of shares of consolidated subsidiaries								538
Net changes of items other than shareholders' equity	2,096	(6)	5,598	4,480	12,168	(26)	(404)	11,738
Total changes during the year	2,096	(6)	5,598	4,480	12,168	(26)	(404)	26,188
Balance at the end of the year	4,080	3	7,720	690	12,493	547	21,075	380,635

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Cash flows from operating activities		
Profit before income taxes	30,364	22,433
Depreciation and amortization	36,827	36,382
Impairment losses	5,236	55
Loss on retirement of non-current assets	533	581
Amortization of negative goodwill	(33)	(28)
Interest and dividend income	(1,449)	(1,018)
Interest expenses	971	931
Share of loss (profit) of entities accounted for using equity method	(2,329)	(1,103)
Loss (gain) on sale of investment securities	(1,002)	(483)
Loss (gain) on valuation of investment securities	298	1,452
Provision for loss over investment cost of subsidiaries and affiliates	—	523
Loss (gain) on sale of non-current assets	8	(150)
Subsidy income	(2,449)	(566)
Increase (decrease) in allowance for doubtful accounts	(218)	255
Increase(decrease) in defined benefit asset and liability	2,599	(5,423)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4)	(88)
Decrease (increase) in trade receivables	12,187	10,479
Decrease (increase) in inventories	1,926	7,287
Increase (decrease) in trade payables	(8,557)	(3,028)
Other, net	(2,685)	3,855
Subtotal	72,223	72,346
Interest and dividends received	2,850	2,073
Interest paid	(954)	(868)
Subsidies received	1,527	21
Income taxes paid	(7,157)	(7,518)
Net cash provided by (used in) operating activities	68,489	66,054
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(42,651)	(38,208)
Proceeds from sale of property, plant and equipment	1,540	460
Purchase of investment securities	(260)	(261)
Proceeds from sale of investment securities	1,362	633
Purchase of shares of subsidiaries and associates	(686)	(1,613)
Proceeds from sale of shares of subsidiaries and associates	—	119
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	66
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(207)	—
Decrease (increase) in short-term loans receivable	339	(461)
Long-term loan advances	(12)	(64)
Proceeds from collection of long-term loans receivable	32	19
Other, net	(89)	(123)
Net cash provided by (used in) investing activities	(40,632)	(39,433)

(Millions of yen)

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,583)	(2,664)
Proceeds from long-term borrowings	28,193	31,590
Repayments of long-term borrowings	(19,309)	(17,657)
Proceeds from issuance of bonds	9,955	9,950
Redemption of bonds	(10,000)	—
Refund of deposits received from members	(5,908)	(76)
Purchase of treasury shares	(7)	(5)
Dividends paid	(12,625)	(9,089)
Dividends paid to non-controlling interests	(770)	(269)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,080)	(41)
Other, net	(797)	(887)
Net cash provided by (used in) financing activities	(18,931)	10,852
Effect of exchange rate change on cash and cash equivalents	(612)	1,093
Net increase (decrease) in cash and cash equivalents	8,314	38,566
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	40,609	79,646

(5) Notes to Consolidated Financial Statements

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

None.

(Changes in presentation)

(Consolidated Statements of Income)

Since “Loss on disposal of non-current assets” and “Business integration expenses” that was included in the “other, net” under “non-operating expenses” in the previous consolidated fiscal year exceeded 10% of the total amount of non-operating expenses, the item is shown separately from the current consolidated fiscal year. In order to reflect this change in presentation, consolidated financial statements for the previous fiscal year have been restated.

As the result, 5,612 million yen presented in the “other, net” under “non-operating expenses” in the consolidated income statement for the previous consolidated fiscal year was separated into 717 million yen of “Loss on disposal of non-current assets” , 65 million yen of “Business integration expenses” , and 4,830 million yen of “other, net.”

(Segment Information)

1. Segment Information

(1) Summary of reportable segments

The reportable segments of UBE are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors of the Company to evaluate their results and decide the allocation of management resources.

UBE composed segments by product group based on business divisions, and had four reportable segments, Chemicals, Construction Materials, Machinery, and Other.

Main products and services of each reportable segment are as follows;

Reportable segment	Main products and services
Chemicals	Polyamide (Nylon) resin, Caprolactam, Industrial chemicals, Fine Chemicals, Polybutadiene (Synthetic rubber), Polyimide, Battery materials, Specialty products and Pharmaceuticals (APIs and intermediates), etc.
Construction Materials	Cement, Ready-mixed Concrete, Building Materials, Limestone, Calcia and Magnesia, Specialty inorganic materials, Resource recycling, Import and sales of coal, operation of UBE’s Coal Center (a coal storage facility), and electric power supply business including the independent power producer business (IPP), etc.
Machinery	Molding Machinery(Die Casting Machines, Extrusion Presses, and Injection Molding Machines), Industrial Machinery(Kiln, Vertical mill, Bulk handling machine, Water screening equipment, Crushers), Bridges and Steel Structures and Steel Products(Billets, Casting), etc.
Other	Purchase and sales, leasing and control of real estate

(2) Calculation method of net sales, income or loss, assets, liabilities and other items by the reportable segment

The accounting method applied for the reportable segments is subject to the account policy adopted for preparation of consolidated financial statement.

Reportable segment profit consists of figures based on operating profit.

Intersegment sales or transfers are based on market prices.

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

For the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 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	285,225	290,674	88,931	3,062	667,892	—	667,892
Internal sales or transfers	816	12,363	1,868	1,514	16,561	(16,561)	—
Total	286,041	303,037	90,799	4,576	684,453	(16,561)	667,892
Segment profit (Operating profit)	14,531	14,567	4,940	597	34,635	(602)	34,033
Assets	344,834	286,855	77,548	13,764	723,001	4,268	727,269
Other items							
Depreciation and amortization (Note 3)	21,216	13,120	1,748	236	36,320	507	36,827
Investment in equity-method affiliates	23,659	10,800	—	1,276	35,735	—	35,735
Increase in property, plant and equipment and intangible assets (Note 4)	24,723	20,079	1,853	151	46,806	809	47,615

(Note 1) Adjustments are applied to the followings:
ⅰ) (602) million yen for adjustment for Segment profit includes (105) million yen for the elimination of transaction between the Segments and (497) 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.
ⅱ) 4,268 million yen for adjustment for Segment assets includes (49,572) million yen for the emission of credits between the Segments and 53,840 million yen for company-wide assets that are not attributed to each reported Segment.
ⅲ) 507 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
ⅳ) 809 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.
(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.
(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.
(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

For the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021) (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	258,612	276,229	77,300	1,748	613,889	—	613,889
Internal sales or transfers	768	6,626	1,427	1,369	10,190	(10,190)	—
Total	259,380	282,855	78,727	3,117	624,079	(10,190)	613,889
Segment profit (Operating profit)	8,184	14,744	2,831	447	26,206	(304)	25,902
Assets	353,065	284,197	81,365	7,232	725,859	43,851	769,710
Other items							
Depreciation and amortization (Note 3)	20,758	13,197	1,896	42	35,893	489	36,382
Investment in equity-method affiliates	28,061	11,022	—	1,435	40,518	—	40,518
Increase in property, plant and equipment and intangible assets (Note 4)	17,994	13,937	4,578	34	36,543	654	37,197

(Note 1) Adjustments are applied to the followings:
i) (304) million yen for adjustment for Segment profit includes (28) million yen for the elimination of transaction between the Segments and (276) 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.
ii) 43,851 million yen for adjustment for Segment assets includes (49,764) million yen for the emission of credits between the Segments and 93,615 million yen for company-wide assets that are not attributed to each reported Segment.
iii) 489 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
iv) 654 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.
(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.
(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.
(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

2. Related Information

For the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Information by product and service

This information is omitted, because the same information are provided in the Segment information section.

(2) Information by region

① Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
478,786	114,677	43,133	31,296	667,892

(Note) The company classifies sales based on the location of the customer.

② Tangible assets

(Millions of yen)

Japan	Thailand	Other Asia	Europe	Others	Total
268,474	42,689	569	17,596	714	330,042

(3) Information by major customer

This information is omitted, because net sales to certain external customers account for less than 10% of net sales in consolidated income statement.

For the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Information by product and service

This information is omitted, because the same information are provided in the Segment information section.

(2) Information by region

① Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
440,722	106,723	37,373	29,071	613,889

(Note) The company classifies sales based on the location of the customer.

② Tangible assets

(Millions of yen)

Japan	Thailand	Other Asia	Europe	Others	Total
269,132	41,345	613	19,307	826	331,223

(3) Information by major customer

This information is omitted, because net sales to certain external customers account for less than 10% of net sales in consolidated income statement.

3. Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Impairment loss	439	84	—	4,617	96	5,236

(Note) The amount in the “Company wide / elimination” section consists of impairment losses relating to company-wide assets that are not attributed to each reported Segment.

Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Impairment loss	12	28	—	—	15	55

(Note) The amount in the “Company wide / elimination” section consists of impairment losses relating to company-wide assets that are not attributed to each reported Segment.

4. Information about amortization of goodwill and balance of unamortized goodwill by reportable segment
Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	214	33	—	—	—	247
Balance at the end of the term	1,507	—	—	—	—	1,507

Amortization of negative goodwill and unamortized balances arising from business combinations, etc. before April 1, 2010 are as follows:

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	226	33	—	21	—	280
Balance at the end of the term	773	210	—	—	—	983

Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	210	—	16	—	—	226
Balance at the end of the term	1,356	—	93	—	—	1,449

Amortization of negative goodwill and unamortized balances arising from business combinations, etc. before April 1, 2010 are as follows:

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	221	33	—	—	—	254
Balance at the end of the term	552	177	—	—	—	729

5. Information concerning gain on negative goodwill by reportable segment
Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

None.

Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

We have allocated a gain on bargain purchase of 145 million yen generated by the acquisition of shares of Premium Composite Technology North America, Inc. to convert it to our consolidated subsidiary to the Chemicals Segment.

(Information of per share)

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Shareholders' equity per share (Yen)	3,287.73	3,549.52
Net income per share (Yen)	227.33	226.79
Diluted net income per share (Yen)	226.61	226.14

(Note) Basis of calculation of net income per share and diluted net income per share is as follows:

	April 1, 2019 – March 31, 2020	April 1, 2020 – March 31, 2021
Net income per share		
Profit attributable to owners of parent (Millions of yen)	22,976	22,936
Profit not attributable to shareholders of common stock (Millions of yen)	—	—
Profit attributable to shareholders of common stock of parent (Millions of yen)	22,976	22,936
Weighted-average number of shares outstanding during period of common stock (Thousand shares)	101,069	101,134
Diluted net income per share		
Adjustments of profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (Thousand shares)	318	290
Share acquisition rights (Internal)	(318)	(290)
Descriptions of potentially dilutive common shares that were not included in the computation of diluted net income per share because of their anti-dilutive effect	—	

(Material subsequent events)

The Company resolved the matters related to its buyback of shares at a meeting of the Board of Directors held May 12, 2021. For more details, please refer to the announcement published today "Ube Industries Announces Decision on Matters Related to Buyback of Shares (Buyback of Shares Pursuant to the Provision of Its Articles of Incorporation in Accordance with Article 165, Paragraph 2 of Japan's Companies Act)".

(Reference) Consolidated Key Indicators

	April 2019 – March 2020	April 2020 – March 2021	April 2021 – March 2022 (forecast)
Capital investment	47.6	37.1	44.0
Depreciation and amortization	36.8	36.3	36.0
Research and development expenses	12.8	11.4	12.5
Adjusted operating profit *1	37.8	28.0	38.0
Interest-bearing debt	190.7	214.7	185.0
Shareholders' equity *2	332.3	359.0	360.0
Total assets	727.2	769.7	755.0
D/E ratio (times)	0.57	0.60	0.51
Shareholders' equity ratio (%)	45.7	46.6	47.7
Return on sales - ROS (%) *3 *6	5.1	4.2	6.5 5.7
Return on assets - ROA (%) *4	5.2	3.7	5.0
Return on equity - ROE (%) *5	6.9	6.6	5.8
Number of employees	10,890	10,897	10,900

*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

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