



Ube Industries, Ltd.

Financial Results Briefing for the Fiscal Year Ended 2020 Telephone Conference

May 12, 2021

Event Summary

| | | |
|-----------------------------|---|---|
| [Company Name] | Ube Industries, Ltd. | |
| [Company ID] | 4208-QCODE | |
| [Event Language] | JPN | |
| [Event Type] | Earnings Announcement | |
| [Event Name] | Financial Results Briefing for the Fiscal Year Ended 2020 Telephone Conference | |
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| [Date] | May 12, 2021 | |
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| [Time] | 18:00 – 19:01 (Total: 61 minutes, Presentation: 39 minutes, Q&A: 22 minutes) | |
| [Venue] | Dial-in | |
| [Venue Size] | | |
| [Participants] | | |
| [Number of Speakers] | 1 | |
| | Masayuki Fujii | Director, Managing Executive Officer, CFO |

Presentation

Moderator: Good evening, investors. Thank you for taking time out of your busy schedule to participate in today's conference call with Ube Industries, Ltd.

Mr. Masayuki Fujii, Director, Managing Executive Officer, and CFO, will now give a 30-minute presentation on the consolidated financial results for FY2020, followed by a question-and-answer session. The entire meeting is scheduled for 60 minutes.

Before we begin the conference call, please note that this presentation may contain forward-looking statements based on current expectations, all of which are subject to risks and uncertainties. Please be aware that the actual results may differ from the forecast.

We will now begin to explain the financial results. Managing Executive Officer Fujii, please.

Masayuki Fujii: Good evening, everyone. I am Fujii from Ube Industries. Thank you very much for taking time out of your busy schedule to join us today.

Now, I would like to quickly explain the summary of consolidated financial results for FY2020 and the forecast of consolidated financial results for FY2021, which were announced today, in accordance with the materials. Thank you.

Scope of Consolidation

| Item | End of FY2019 (A) | End of FY2020 (B) | Difference (B) - (A) | Notes |
|-------------------------------------|----------------------|----------------------|-------------------------|---|
| Number of consolidated subsidiaries | 69 | 66 | (3) | + Premium Composite Technology North America, Inc. - U-MHI Platech Co., Ltd. - U-MHI PLATECH AMERICA, INC. - AET Electrolyte Technologies (Zhangjiagang) Co., Ltd. - Ube Ammonia Industry, Ltd. |
| Number of equity method affiliates | 26 | 26 | 0 | + MU Ionic Solutions Corporation + CNSG Anhui Hong Sifang & UBE New Material Technology Co., Ltd. - Changshu UM Battery Materials Co., Ltd. - KYOCERA-UBE RF TEC Corporation |
| Total | 95 | 92 | (3) | |

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Page numbers are assigned at the bottom right of the document. First, the slide on page 3. The scope of consolidation. The number of consolidated subsidiaries for the last fiscal year was 66, which is a decrease of 3 companies compared to the previous fiscal year.

As you can see in the notes on the right, there was an increase of one company and a decrease of 4 companies. One added company is Premium Composite Technology. We acquired a compound company in North America.

As for the companies that have been deconsolidated, U-MHI Platech and U-MHI PLATECH AMERICA, both of which are in the Injection Molding Machine business, have been integrated into UBE MACHINERY CORPORATION and are no longer consolidated.

AET Electrolyte Technologies Zhangjiagang below is a Chinese Electrolyte business company. This was originally owned by UBE Group. At present, the Electrolyte business has been transferred to a joint venture with Mitsubishi Chemical Corporation. This was excluded as the liquidation of this previous company was completed.

Finally, Ube Ammonia Industry was absorbed by Ube Industries. All of these changes were made by Q3, and there were no changes in Q4.

Next, equity method affiliates. The number of companies for the last fiscal year remained 26, but there was an increase of 2 companies and a decrease of 2 companies.

MU Ionic Solutions is a joint venture with Mitsubishi Chemical Corporation, which is also involved in electrolytes, and we are a minority equity method company.

2 lines down, Changshu UM Battery Materials was excluded. This was originally an electrolyte joint venture with Mitsubishi Chemical Corporation in China. This company will become a direct subsidiary of MU Ionic Solutions, the company that is newly added this time, and will no longer be accounted for by our equity method.

The second company that was added is CNSG Anhui Hong Sifang. This is a fine chemical joint venture in China, which has just started commercial operations.

And finally, Kyocera-Ube RF TEC Corporation. This was a joint venture with Kyocera Corporation, a dielectric ceramics company. All of the shares in this company have been transferred to Kyocera and are no longer accounted for under the equity method.

These changes will not have a significant impact on our consolidated business results.

FY2020 Consolidated Results



Environmental Factors

| Item | | | FY2019 (A) | FY2020 (B) | Difference (B) - (A) | |
|----------------|-----------------------|----------|---------------|---------------|-------------------------|----------|
| Exchange Rate | | Yen/\$ | 108.7 | 106.1 | (2.6) | |
| Material Price | Naphtha | CIF | \$/ t | 541 | 396 | (145) |
| | | Domestic | Yen/KL | 42,900 | 31,200 | (11,700) |
| | Benzene (ACP) | | \$/ t | 666 | 500 | (166) |
| | Australian Coal (CIF) | | \$/ t | 99.3 | 82.0 | (17.3) |
| | | | Yen/t | 10,793 | 8,700 | (2,093) |

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This is followed by the environmental factors on page 4. Exchange rate for the last fiscal year was JPY106.1. As you can see, the yen has been a little strong.

In addition, the prices of materials such as naphtha, benzene, and coal have all decreased compared to the previous year.

Major P/L Items

| Item | (Billions of yen) | | | |
|---|-------------------|---------------|-------------------------|----------------------|
| | FY2019 (A) | FY2020 (B) | Difference (B) - (A) | Percentage change |
| Net sales | 667.8 | 613.8 | (54.0) | (8.1)% |
| Operating profit | 34.0 | 25.9 | (8.1) | (23.9)% |
| Ordinary profit | 35.7 | 23.2 | (12.4) | (34.8)% |
| Profit attributable to owners of parent | 22.9 | 22.9 | (0.0) | (0.2)% |

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This is followed by the main items on page 5. On April 23, we announced a revision to our earnings forecast. These figures are basically unchanged.

H1 of the last fiscal year, FY2020 was affected by COVID-19, and in H2 there were factors such as scheduled repair for ammonia in the Chemicals business. Including such things, sales and profits decreased for the full year. Demand is also recovering in H2 of the fiscal year. Therefore, if we look at H2 of the fiscal year alone, sales increased slightly on a YoY basis. Looking at profit items for H2 of the fiscal year alone, profit increased, but for the full year, both sales and profit decreased.

In the last fiscal year, net sales were JPY613.8 billion. Sales decreased by JPY54 billion YoY. The rate of decline was 8.1%.

Operating profit was JPY25.9 billion, a decrease of JPY8.1 billion, or 23.9% YoY.

Ordinary profit was JPY23.2 billion, a decrease of 12.4 billion, or 34.8% YoY.

Profit attributable to owners of the parent was JPY22.9 billion, almost the same as the previous year.

As will be explained later, there was a decrease in tax expenses due to the partial reversal of deferred tax liabilities. As a result of these special factors, although there was a large decrease in ordinary profit, profit attributable to owners of the parent was about the same as the previous year.

Net Sales and Operating Profit by Segment

(Billions of yen)

| | Segment | FY2019 (A) | FY2020 (B) | Difference (B) - (A) | Percentage change |
|------------------|------------------------|---------------|---------------|-------------------------|----------------------|
| Net sales | Chemicals | 286.0 | 259.3 | (26.6) | (9.3)% |
| | Construction Materials | 303.0 | 282.8 | (20.1) | (6.7)% |
| | Machinery | 90.7 | 78.7 | (12.0) | (13.3)% |
| | Others | 4.5 | 3.1 | (1.4) | (31.9)% |
| | Adjustment | (16.5) | (10.1) | 6.3 | - |
| | Total | 667.8 | 613.8 | (54.0) | (8.1)% |
| Operating profit | Chemicals | 14.5 | 8.1 | (6.3) | (43.7)% |
| | Construction Materials | 14.5 | 14.7 | 0.1 | 1.2% |
| | Machinery | 4.9 | 2.8 | (2.1) | (42.7)% |
| | Others | 0.5 | 0.4 | (0.1) | (25.1)% |
| | Adjustment | (0.6) | (0.3) | 0.2 | - |
| | Total | 34.0 | 25.9 | (8.1) | (23.9)% |

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The next slide on page 6 shows the breakdown of net sales and operating profit by segment.

In terms of sales, I mentioned earlier that overall sales decreased by JPY54 billion YoY. As you can see, sales decreased in all 3 segments: Chemicals, Construction Materials, and Machinery.

Chemical sales were JPY259.3 billion, a JPY26.6 billion decrease YoY. Construction materials: JPY282.8 billion. Sales declined by JPY20.1 billion as well. Machinery: JPY78.7 billion. This also means a decrease in revenue of JPY12 billion.

As you can see from the percentage figures, the impact of COVID-19 on Construction Materials was relatively limited, so the decline in revenue was a little smaller. In the Chemicals segment, it has been recovering in H2 of the fiscal year, and the decline in sales is less than before.

The bottom line is operating profit. Overall, there was a decrease of JPY8.1 billion. The breakdown of this is a JPY6.3 billion decrease in profit for Chemicals. The impact of COVID-19 was also significant.

Next is Construction Materials, which saw a slight increase of JPY100 million.

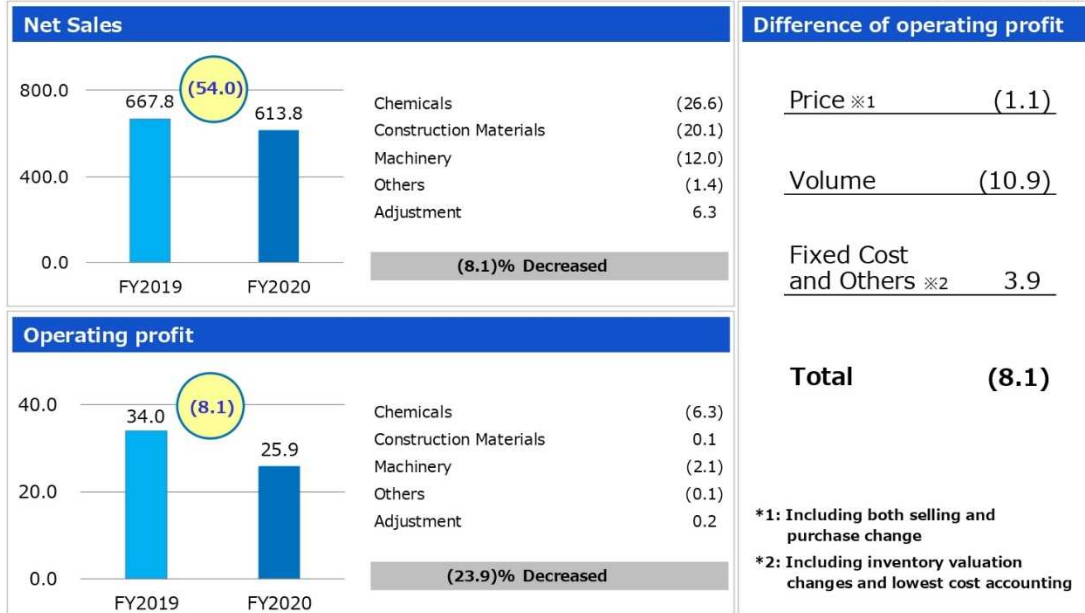
In the Machinery business, profits decreased by JPY2.1 billion, which was also greatly affected by COVID-19.

FY2020 Consolidated Results



Analysis - Total

(Billions of yen)



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Next, on page 7, there is a slide showing the Company-wide variance analysis.

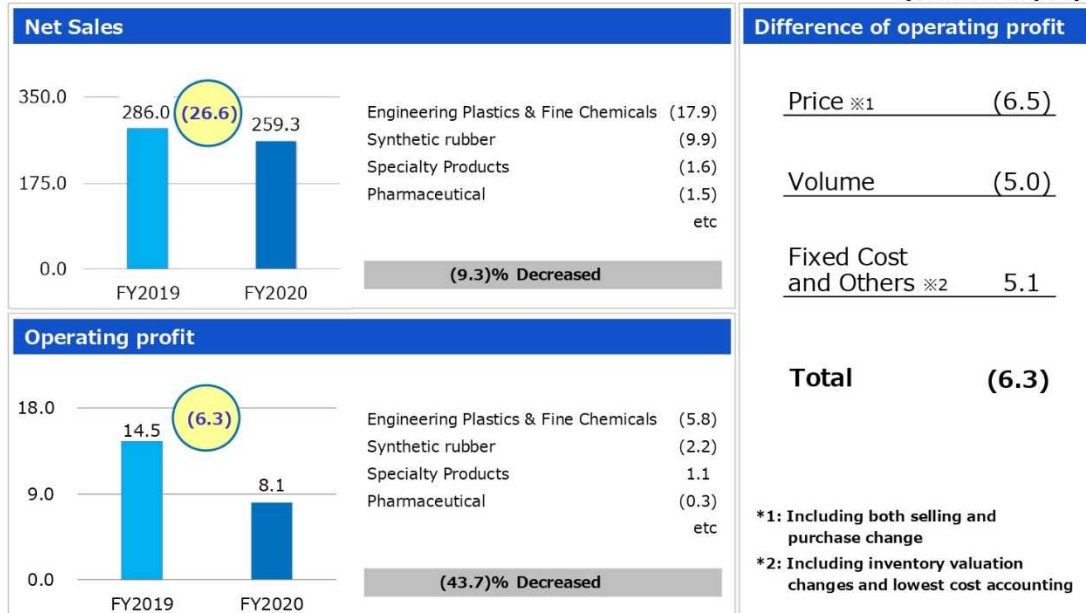
The breakdown on the left side is as I just showed you.

As a breakdown of the difference in operating profit on the right side, the price difference is negative JPY1.1 billion. The volume difference is negative JPY10.9 billion. Fixed costs and other expenses increased by JPY3.9 billion, resulting in a profit decrease of JPY8.1 billion.

As you can see, the volume difference is a major negative factor, which is characteristic of the last fiscal year, FY2020.

Analysis - Chemicals

(Billions of yen)



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I will now explain by the segments. First, page 8, the Chemical segment.

In the Chemicals business, sales declined by JPY26.6 billion. Please refer to the sub-segments. Sales in each of the 4 sub-segments declined. The most affected areas were Engineering Plastics & Fine Chemicals and Synthetic Rubber. In Engineering Plastics & Fine Chemicals, demand for Nylon and lactam decreased, especially in H1 of the year, due to the impact of COVID-19. In this context, prices have also dropped significantly, which has put pressure on spreads.

In addition, the volume of industrial chemicals decreased because it was a year of regular repair work. Fine chemicals were also affected by COVID-19 in general, and both volume and price dropped.

The Synthetic Rubber business had a negative impact of JPY9.9 billion. The price was also a major factor in this case. This is due to fluctuations in the price of butadiene, a raw material, as well as other factors.

Sales of Specialty Products and Pharmaceutical businesses decreased, but the impact was not as large as that of Engineering Plastics & Fine Chemicals and Synthetic Rubber business.

The lower part of the table is operating profit. The overall decrease in profit for Chemicals was JPY6.3 billion. As the breakdown by sub-segment, Engineering Plastics & Fine Chemicals decreased by JPY5.8 billion. This is where the largest decrease in profit was recorded. As I mentioned in the sales section, the spread is compressed in nylon and lactam, and then there was an impact of the regular repair work in industrial chemicals, as well as the impact of the decline in sales of fine chemicals. The decrease in profit is attributable to these factors.

Synthetic Rubber sales declined by JPY2.2 billion. The spread has also worsened here.

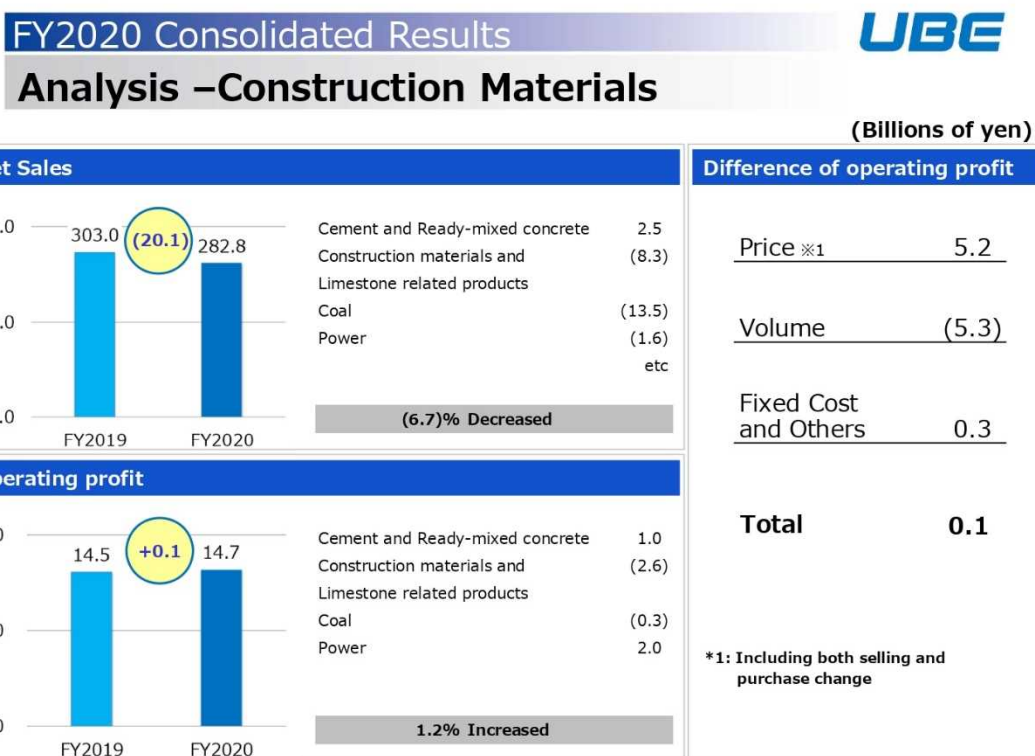
On the other hand, sales of Specialty Products increased by JPY1.1 billion. Polyimide remained strong, as did film, and varnish also remained steady, so the total profit increased.

Next, Pharmaceutical business. In Pharmaceutical business, shipments of in-house and contracted pharmaceuticals decreased compared to the previous year. As a result of these factors, profits are down.

If you look at the price difference and the volume difference, the price difference is negative JPY6.5 billion. Although prices have been declining in general, a major factor has been the compression of spreads for nylon and lactam and synthetic rubber.

The difference in volume is a negative JPY5 billion. The volume of most of our products has also been lower than the previous year. Most of the products, including lactams, synthetic rubbers, fine chemicals, and specialty products, are experiencing negative volume margins.

In the area of fixed costs, et cetera, there was an increase of JPY5.1 billion. There is a note at the bottom as asterisk two, referring to the inclusion of the valuation difference of inventory and the impact of lowest cost accounting. For these reasons, a positive impact of JPY3.4 billion is included here. In addition, there are positive factors in fixed costs, such as compression and fluctuations.



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Next, on page 9, Construction Materials. Sales of Construction Materials decreased by JPY20.1 billion. Please look at the sub-segments on the right. The largest decrease in revenue is in the Coal business. The price of coal has been decreasing, and the volume has also decreased compared to the previous year.

On the other hand, the Cement and Ready-Mixed Concrete business is showing positive growth. In the Cement and Ready-Mixed Concrete business, domestic demand has actually been sluggish, which is a factor in the

decline in sales. However, some of our consolidated subsidiaries have absorbed subsidiaries that were not consolidated, and this reorganization has had a positive impact. It is positive in that way.

Then, the Construction Materials and Limestone-related Products business. These are limestone products primarily made by Ube Material Industries. As a result of the decline in demand, sales of these products have decreased.

In the Power business, which is related to the price of electricity, the price of coal has been falling. As a result, the price of electricity has relatively fallen.

The operating profit in the lower part of the table shows an increase of about JPY100 million. The increase in profit of JPY1 billion in Cement and Ready-Mixed Concrete is mainly due to the positive factors such as lower coal prices and lower costs.

On the other hand, sales of Construction Materials and Limestone-related Products, such as Ube Material Industries' products, have declined due to a drop in demand, and profits have also declined.

Coal prices have also fallen slightly. Although sales have dropped significantly due to lower prices, the impact on profit and loss has been relatively limited.

Then the Power business, JPY2 billion increase in Power. It was a year when there was no regular repair work for IPP, and the price of electricity skyrocketed in the winter. As a result of this, there is a positive factor that the benefit of selling surplus electricity has increased significantly in the winter. Including these one-time special factors, there was an increase of JPY2 billion, resulting in a total increase in profit of JPY100 million.

If you look at the price difference and volume difference on the right, the price difference is JPY5.2 billion. This is positive due to lower coal prices, as well as the increase in the price of electricity and electricity sales in the winter. These are the main factors.

The volume difference is a negative JPY5.3 billion. This is mainly due to the negative impact of Ube Material Industries' limestone products.

Fixed costs and other expenses increased by JPY300 million, resulting in a total increase of JPY100 million.

Analysis - Machinery

(Billions of yen)



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The next slide on page 10, the Machinery.

In the Machinery business, sales decreased by JPY12 billion due to the impact of COVID-19 and other factors. Capital investment projects were postponed, especially in the automobile industry. This has resulted in a decrease in sales due to such factors as a decrease in shipments, especially of Molding Machines.

Operating profit decreased by JPY2.1 billion. Profit decreased in line with the decrease in sales, especially in the Molding Machine business.

The price difference and quantity difference are shown on the right side. These 2 items, the price difference and the volume difference, are related to the Steel Products business, and the deterioration in marginal profit of the Machinery itself is included in the fixed costs and others at the bottom.

As described at the asterisk 2, the deterioration in marginal profit was JPY2.5 billion, and although we made efforts to reduce costs, we were unable to make up for it, resulting in a total decrease in profit of JPY2.1 billion.

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

| Item | FY2019 (A) | FY2020 (B) | Difference (B) - (A) |
|--|---------------|---------------|-------------------------|
| Operating profit | 34.0 | 25.9 | (8.1) |
| Non-operating income (expenses) | 1.6 | (2.6) | (4.3) |
| Net interests expenses | 0.4 | 0.0 | (0.3) |
| Share of profit of entities accounted for using equity method | 2.3 | 1.1 | (1.2) |
| Foreign exchange gains | 0.6 | 0.3 | (0.3) |
| Others | (1.7) | (4.1) | (2.3) |
| Ordinary profit | 35.7 | 23.2 | (12.4) |
| Extraordinary income (losses) | (5.3) | (0.8) | 4.5 |
| Profit before income taxes | 30.3 | 22.4 | (7.9) |
| Income taxes and profit (loss) attributable to non-controlling interests | (7.3) | 0.5 | 7.8 |
| Profit attributable to owners of parent | 22.9 | 22.9 | (0.0) |
| Net income per share | 227.33 yen | 226.79 yen | (0.54) yen |

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The next slide on page 11 shows non-operating income and loss, et cetera. In FY2020 in the middle of the list, non-operating income and expenses were a negative JPY2.6 billion, which is a deterioration of JPY4.3 billion YoY. As you can see from the breakdown, share of profit of entities accounted for using equity method was affected by the impact of COVID-19 and other factors, which worsened the performance of equity method affiliates.

In addition, there was a deterioration of JPY2.3 billion in others compared to the previous year. In the previous fiscal year, FY2019, there were positive factors such as subsidy income. The difference is that there were no special factors in FY2020.

As a result, ordinary profit was JPY23.2 billion. The extraordinary loss was JPY0.8 billion in the last fiscal year, which improved by JPY4.5 billion from the previous fiscal year. In FY2019, we transferred our Golf Course business and recorded an impairment loss related to this, so there is an improvement compared to FY2019 when there was such a special factor.

In addition to the above, there is a positive gain on change in equity due to the reorganization of the Electrolyte business into a joint venture in FY2020. This is why there is such a large difference from the previous year.

Profit before income taxes was JPY22.4 billion. Below that, income taxes and loss attributable to non-controlling interest was positive JPY500 million for FY2020.

As I mentioned earlier, there was a partial reversal of deferred tax liabilities, which occurred because the tax treaty with Spain was decided to take effect. As a result, profit attributable to owners of parent was larger than income before income taxes, which is a rather unique phenomenon.

As a result, our profit was about the same as the previous year.

FY2020 Consolidated Results



Consolidated Balance Sheet

(Billions of yen)

| Item | End of FY2019 (A) | End of FY2020 (B) | Difference (B) - (A) |
|---|----------------------|----------------------|-------------------------|
| Current assets | 303.9 | 331.7 | 27.7 |
| Fixed assets | 423.1 | 437.8 | 14.6 |
| Total assets | 727.2 | 769.7 | 42.4 |
| Interest-bearing debt | 190.7 | 214.7 | 24.0 |
| Other liabilities | 182.1 | 174.3 | (7.7) |
| Total liabilities | 372.8 | 389.0 | 16.2 |
| Shareholders' equity *1 | 332.3 | 359.0 | 26.6 |
| Non-controlling interests and others | 22.0 | 21.6 | (0.4) |
| Total net assets | 354.4 | 380.6 | 26.1 |
| Total liabilities and net assets | 727.2 | 769.7 | 42.4 |

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

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Next slide on page 12, the balance sheet. Total assets were JPY42.4 billion, a slight increase from the end of the previous fiscal year. Current assets increased by JPY27.7 billion.

On the other hand, in liabilities, the balance of interest-bearing debt increased by JPY24 billion to JPY214.7 billion.

In FY2020, there were some concerns about funding due to the impact of COVID-19 and other factors, so we procured funds early in order to secure a larger amount of funds on hand, and this is why our assets and liabilities are slightly inflated.

Then, in the net assets section, shareholders' equity was JPY359 billion as of the end of the last fiscal year, an increase of JPY26.6 billion from the end of the previous fiscal year.

Consolidated Statements of Cash Flows

(Billions of yen)

| Item | FY2019 | FY2020 | |
|---|--------|--------|---|
| A.Cash flows from operating activities | 68.4 | 66.0 | Profit before income taxes 22.4 Depreciation and amortization 36.3 Increase in working capital 14.7 Income taxes paid (7.5) etc. |
| B.Cash flows from investing activities | (40.6) | (39.4) | Acquisition of PP&E (38.2) etc. |
| Free cash flows (A+B) | 27.8 | 26.6 | |
| C.Cash flows from financing activities | (18.9) | 10.8 | Increase in interest-bearing debts 20.3 Dividends paid (9.3) etc. |
| D.Net increase/decrease in cash and cash equivalents | 8.3 | 39.0 | |
| E.Cash and cash equivalents at end of the fiscal year | 40.6 | 79.6 | |

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This is followed by the slide on page 13, Cash Flow.

Cash flow from operating activities was positive JPY66 billion in the last fiscal year, FY2020.

Cash flow from investing activities, cash outflow was negative JPY39.4 billion.

After subtracting these amounts, free cash flow was JPY26.6 billion.

Cash flow from financing activities was a cash in of JPY10.8 billion, as we paid dividends but borrowed interest-bearing debt. As a result, cash and cash equivalents increased by JPY39.0 billion, resulting in a balance of JPY79.6 billion at the end of the fiscal year.

This is the summary of our consolidated financial results for FY2020.

In light of these financial results, we have decided to maintain our dividend forecast of JPY90 per share. We paid an interim dividend of JPY45 and plan to pay a year-end dividend of JPY45.

In addition, as announced today, we will conduct the share buyback up to JPY10 billion. We will start acquiring this tomorrow. We plan to conduct the project until October 29.

Scope of Consolidation

| Item | End of FY2020 (A) | End of FY2021 (B) | Difference (B) - (A) | Notes |
|-------------------------------------|----------------------|----------------------|-------------------------|---|
| Number of consolidated subsidiaries | 66 | 64 | (2) | + UBE Elastomer Co.Ltd. - UBE Advanced Materials INC. - Advanced Electrolyte Technologies LLC - Ube Realty & Development Co., Ltd. |
| Number of equity method affiliates | 26 | 27 | 1 | + C Integration Arrangement, Ltd. |
| Total | 92 | 91 | (1) | |

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Next, I would like to explain the key points of our consolidated earnings forecast for FY2021.

The slide on page 15 shows the changes in the scope of consolidation. The number of consolidated subsidiaries is planned to decrease by 2 to 64.

The notes are shown on the right. The company to be added is UBE Elastomer Co., Ltd. As disclosed on April 30, we plan to split off the Synthetic Rubber business into a separate company integrating manufacturing, marketing and technology, to speed up decision-making and, at the same time, to improve profits and rebuild profitability.

As for the companies to be deconsolidated, UBE Advanced Materials and Advanced Electrolyte Technologies are 2 holding companies that were established when we were originally engaged in the Electrolyte business. Now that we have sorted out the companies under our umbrella, such as AET, we will also liquidate these holding companies.

We will also dissolve Ube Realty & Development Co., Ltd., which has already been released. We are planning to dissolve the company, which is engaged in hotel business adjacent to the golf course and in Environmental business, and to complete the liquidation.

Next, equity method affiliates. We expect an increase of one company to 27 companies. In the notes, there is C Integration Arrangement, Ltd. We have also established a preparatory company for the integration of our Cement and related businesses with Mitsubishi Materials Corporation. In the future, this will be accounted for under the equity method from this fiscal year.

None of the above will have a significant impact on our business performance.

Environmental Factors

| Item | | | FY2020 (A) | FY2021 (B) | Difference (B) - (A) | |
|----------------|-----------------------|----------|---------------|---------------|-------------------------|-------|
| Exchange Rate | | Yen/\$ | 106.1 | 103.0 | (3.1) | |
| Material Price | Naphtha | CIF | \$/ t | 396 | 500 | 104 |
| | | Domestic | Yen/KL | 31,200 | 37,800 | 6,600 |
| | Benzene (ACP) | | \$/ t | 500 | 600 | 100 |
| | Australian Coal (CIF) | | \$/ t | 82.0 | 107.8 | 25.8 |
| | | | Yen/t | 8,700 | 11,098 | 2,398 |

16

The next slide on page 16 is about environmental factors.

The assumption is that the exchange rate will be JPY103, although the yen is a little strong. We have also made assumptions about the price of materials such as naphtha, benzene, and Australian coal, as shown here. Compared to the previous year, we have made plans based on the assumption that prices will increase in all cases.

Major P/L & B/S Items

(Billions of yen)

| Item | FY2020 (A) | FY2021 (B) | Difference (B) - (A) | Percentage change |
|---|---------------|----------------|-------------------------|----------------------|
| Net sales *1 | 613.8 | 570.0 650.0 | (43.8) 36.2 | - 5.9% |
| Operating profit | 25.9 | 37.0 | 11.1 | 42.8% |
| Ordinary profit | 23.2 | 34.5 | 11.3 | 48.1% |
| Profit attributable to owners of parent | 22.9 | 21.0 | (1.9) | (8.4)% |

| Item | End of FY2020 (A) | End of FY2021 (B) | Difference (B) - (A) |
|-------------------------|-------------------------|-------------------------|-------------------------|
| Total assets | 769.7 | 755.0 | (14.7) |
| Interest-bearing debt | 214.7 | 185.0 | (29.7) |
| Equity capital *2 | 359.0 | 360.0 | 1.0 |
| Dividend(Yen /Share) *3 | 90.00 | 90.00 | 0.00 |

*1: The above forecast of consolidated financial results shows the amounts after which the "Accounting Standard for Revenue Recognition" is adopted so the rate of increase and decrease in net sales compared with the previous fiscal year is not indicated. 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.

*2: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

*3: Dividend : Total annual/90yen (Interim/45yen, Fiscal year-end/45yen)

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This is followed by the slide on page 17, major items. Our overall view is that demand will continue to recover as a whole.

As indicated by the asterisk one at the bottom of this table, we have adopted the accounting standard for revenue recognition from this fiscal year. Therefore, to enable comparisons with the previous standard, the sales figures are written in 2 lines. The figures in parentheses in the second line are before taking into account the impact of this new accounting standard. We are showing these figures on a conventional basis as a reference.

Net sales are JPY570 billion based on the new accounting standard. Under the existing standards, the figure will be JPY650 billion, which looks like a decrease in revenue in itself, but in actuality it is an increase of JPY36.2 billion.

We also plan to increase operating profit by JPY11.1 billion YoY to JPY37.0 billion.

Ordinary profit will be JPY34.5 billion. This is also an increase of JPY11.3 billion YoY.

On the other hand, profit attributable to owners of parent is expected to decrease by JPY1.9 billion YoY, because we do not plan any special factors such as tax expenses, which we had in FY2020.

Then, below that are the balance sheet items and so on. Total assets are expected to decrease slightly. As you saw earlier, we have been maintaining a large amount of cash reserves, but we are planning to reduce interest-bearing debt while monitoring the situation.

As for shareholders' equity, we plan to have JPY360 billion at the end of the fiscal year. This is after factoring in JPY10 billion in share buybacks.

The annual dividend will be JPY90 per share. We are currently planning to pay an interim dividend of JPY45 and a year-end dividend of JPY45, the same as the previous year.

FY2021 Consolidated Forecasts

Net Sales and Operating Profit by Segment

(Billions of yen)

| | Segment | FY2020 (A) | FY2021 (B) | Difference (B) - (A) | Percentage change |
|------------------------|------------------------|---------------|------------------------------|-------------------------|----------------------|
| Net sales | Chemicals | 259.3 | 280.0 ^{*1} 290.0 | 20.7 30.7 | - 11.8% |
| | Construction Materials | 282.8 | 200.0 270.0 | (82.8) (12.8) | - (4.5)% |
| | Machinery | 78.7 | 95.0 95.0 | 16.3 16.3 | - 20.7% |
| | Others | 3.1 | 3.0 3.0 | (0.1) (0.1) | - (3.8)% |
| | Adjustment | (10.1) | (8.0) (8.0) | 2.1 2.1 | - - |
| | Total | 613.8 | 570.0 650.0 | (43.8) 36.2 | - 5.9% |
| | Operating profit | Chemicals | 8.1 | 20.5 | 12.4 |
| Construction Materials | | 14.7 | 11.5 | (3.2) | (22.0)% |
| Machinery | | 2.8 | 5.0 | 2.2 | 76.6% |
| Others | | 0.4 | 0.5 | 0.1 | 11.9% |
| Adjustment | | (0.3) | (0.5) | (0.2) | - |
| Total | | 25.9 | 37.0 | 11.1 | 42.8% |

*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.

18

Then, page 18. The following is a breakdown of net sales and operating profit by segment. Regarding net sales, the reference figures shown in parentheses in the second line do not take into account the impact of the accounting standard for revenue recognition.

In Chemicals, it will be JPY280 billion this fiscal year under the new accounting standard, which means an increase in revenue even under the new accounting standard.

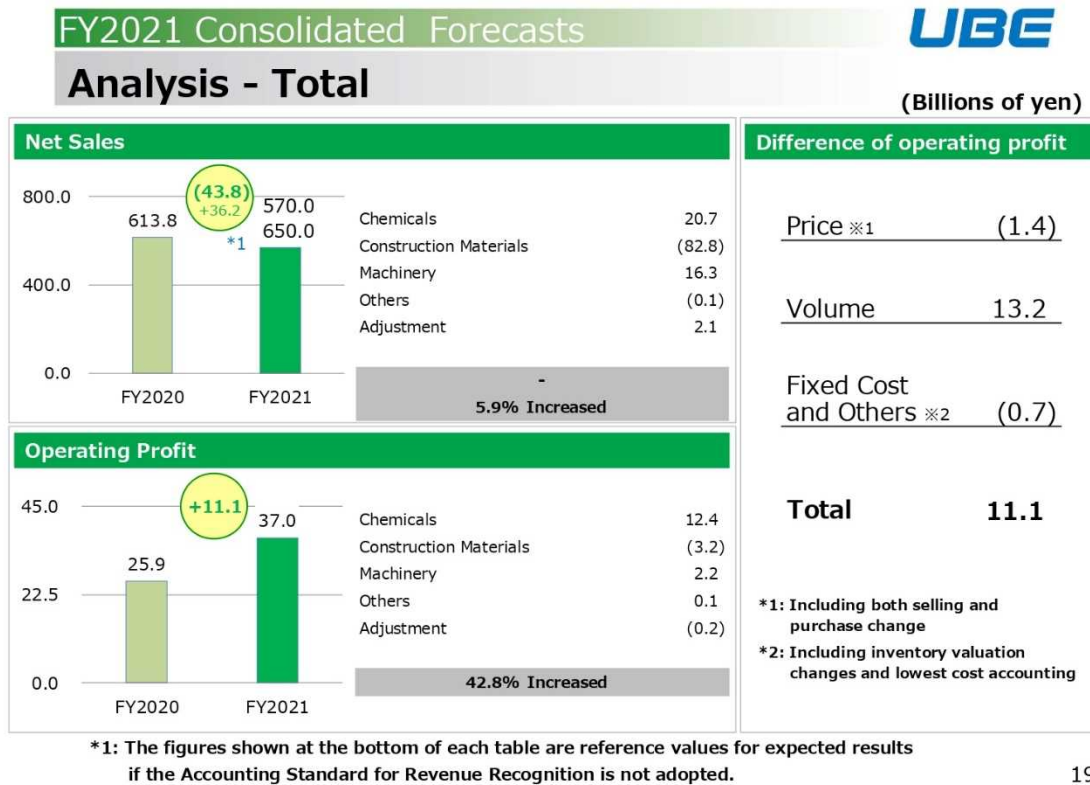
Construction Materials: JPY200 billion under the new accounting standard, JPY270 billion under the existing standards. We expect a decrease in revenue even under the existing standard. The biggest impact of the accounting standard will be on this segment. Especially, the sales will decrease in companies that have been functioning as trading companies in relation to Cement and Ready-Mixed Concrete under the new accounting standard.

For Machinery, the plan is JPY95 billion, an increase of JPY16.3 billion.

As for operating profit, the recovery in the Chemicals and Machinery businesses is expected to be strong. On the other hand, the cost of Construction Materials will increase due to the rising price of coal. In addition, we are expecting a decrease in profit due to regular repair work for IPP.

In terms of specific figures, we plan to increase profits by JPY12.4 billion YoY to JPY20.5 billion in Chemicals. Construction Materials: JPY11.5 billion. The profit will decrease by JPY3.2 billion due to the factors to reduce

profit as I mentioned earlier. In addition, Machinery sales are expected to increase by JPY2.2 billion to JPY5 billion.



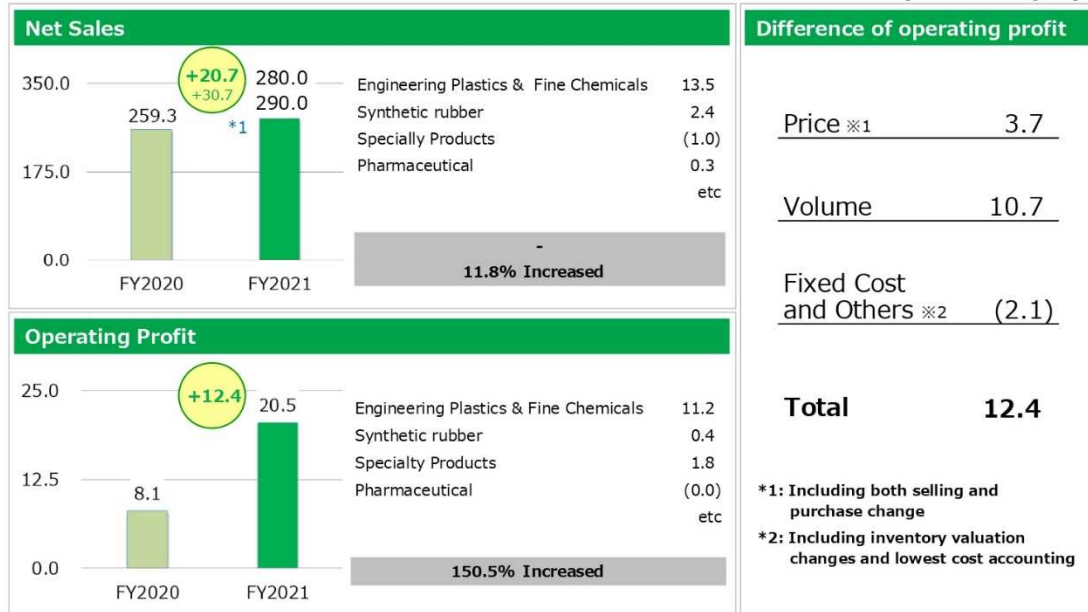
19

The slide on page 19 shows the variance analysis.

The breakdown is as you have just seen on the left. The right side shows the price and volume differences. The price difference is a negative JPY1.4 billion. Regarding the volume difference and the recovery of volume, the volume fell especially in H1 of FY2020, so compared to that, the volume difference will be a major positive factor, which will be JPY13.2 billion. In the area of fixed costs and others, we expect to see a decrease of JPY700 million.

Analysis -Chemicals

(Billions of yen)



*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.

20

By segment, in the slide on page 20, Chemicals segment is expected to see an increase in net sales of JPY20.7 billion. Based on the existing standard, the increase would be JPY30.7 billion, of which JPY13.5 billion is expected to come from Engineering Plastics & Fine Chemicals. Demand for nylon and lactam is recovering, and market conditions are improving.

The volume of industrial chemicals will also increase, as there will be no regular repair work this year. Then, fine chemicals are also a positive factor, based on the assumption that the recovery from COVID-19 will continue in general. As for Synthetic Rubber, demand is also expected to remain strong, and we expect to see positive results, especially on a YoY basis.

Sales of Specialty Products are expected to decline by JPY1 billion. This is because we have turned the Electrolyte business into a joint venture with Mitsubishi Chemical Corporation, so this portion is not included in our consolidated net sales, which has a negative impact. Excluding this, the figures are positive.

Sales of pharmaceuticals are expected to increase slightly.

Operating profit will increase by JPY12.4 billion as a whole. The largest part of the increase is in Engineering Plastics & Fine Chemicals, where we plan to increase profits by JPY11.2 billion.

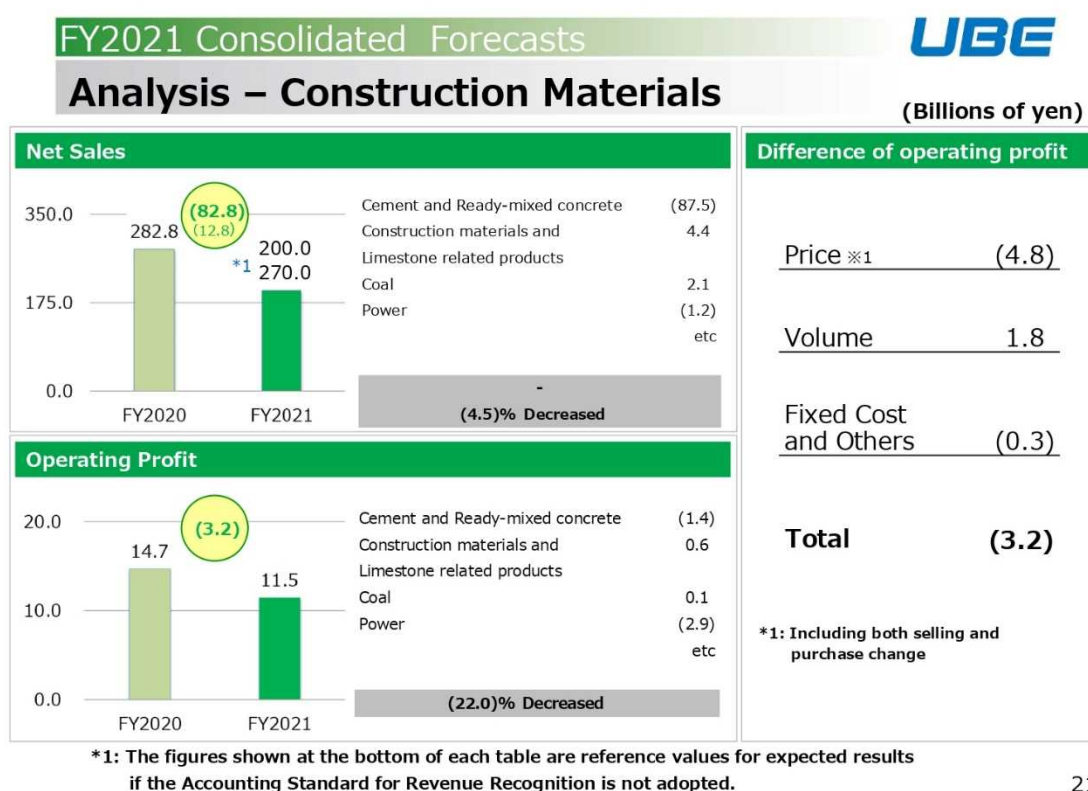
As I mentioned in the sales section, demand for nylon and lactam is recovering, market conditions are improving, and spreads are recovering. In this regard, we assume that the outlook for the current fiscal year will continue to be relatively strong.

Synthetic Rubber sales are also expected to improve slightly by about JPY400 million. In Specialty Products, we are forecasting an increase of JPY1.8 billion, assuming that overall demand will remain strong, demand for polyimide will be firm, and demand for other specialty products will also recover.

In the Pharmaceuticals business, operating profit will be about the same as the previous year.

If you look at the price difference and volume difference on the right, you will see that the price difference will be JPY3.7 billion, and the price of nylon and lactam and other products will improve. The volume difference will be positive due to the recovery from COVID-19 in general.

In addition, fixed costs and other expenses will be negative JPY2.1 billion. We have factored in a negative impact of JPY1.1 billion due to the inventory valuation changes and the impact of lowest cost accounting.



21

Next, let's look at Construction Materials. As for sales, the negative factor will be JPY82.8 billion. The impact of accounting standards is the most significant. Excluding that, the revenue is expected to decrease by JPY12.8 billion.

Cement and Ready-Mixed Concrete will be the most affected by the accounting standards, but after deducting this, the volume of cement will be reduced in other areas, such as the scheduled repair of the Isa Factory.

As for ready-mixed concrete, although there are various differences depending on the region, if we add up from each outlook, the overall forecast is for a slight decrease YoY.

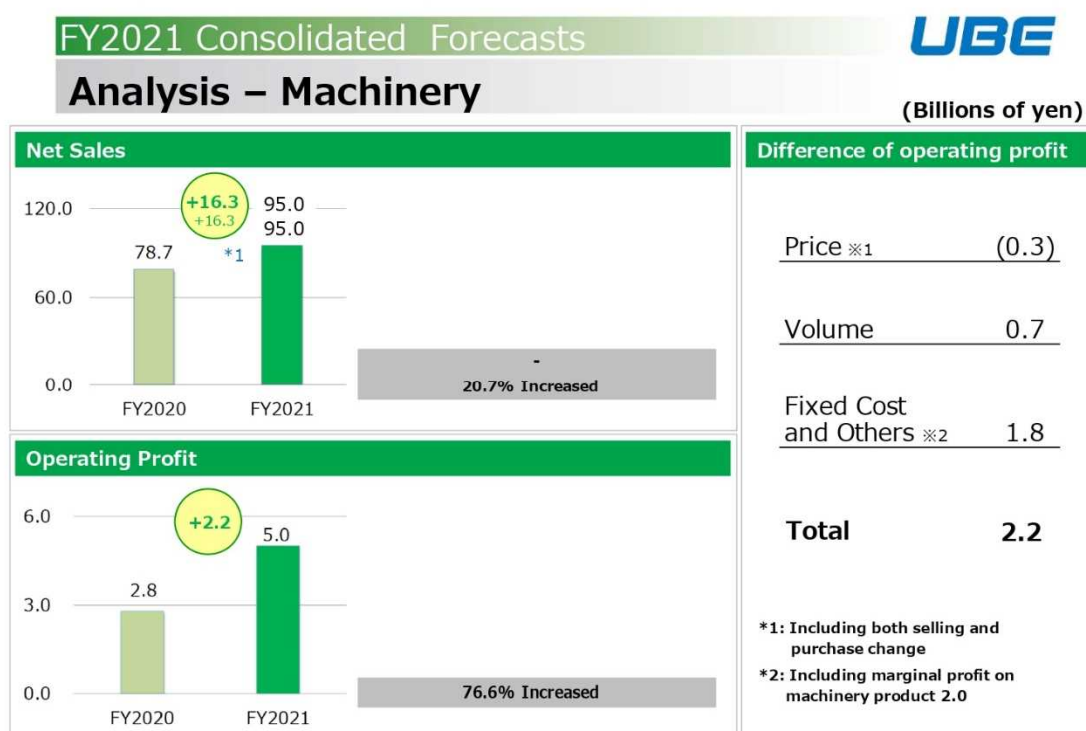
In the Construction Materials and Limestone-related Products, the products of Ube Material Industries are expected to continue to recover. Coal prices will rise. On the other hand, the amount of electricity sold will

decrease in Power business. In addition, the price factor, which was a special factor during the winter season, is not expected this fiscal year, so sales are expected to decline.

Operating profit is expected to decrease by JPY3.2 billion. In Cement and Ready-Mixed Concrete, the cost increase due to coal prices has also had a significant impact.

There is a negative factor of JPY2.9 billion in Power business. This is also an increase in cost due to repair costs, et cetera, due to the scheduled repair work for IPP. Also, the benefits of FY2020 will be lost in the price in the winter and the electricity sales price. In addition, the cost of coal, which is the base material for electricity, will rise. That's why the Power Business has the most negative factor in the decrease in profit.

As you can see on the right, the price difference is negative JPY4.8 billion. This is due to the increase in the price of coal and the decrease in the price of electricity. The volume difference of JPY1.8 billion is due to a recovery in the volume of limestone-related products of Ube Material Industries. Fixed costs and other expenses are expected to decrease by about JPY300 million.



*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.

22

On page 22, Machinery. As for Machinery, we expect an increase in sales of JPY16.3 billion and an increase in profit of JPY2.2 billion.

Recovery from the impact of COVID-19 has been seen, especially in the automotive environment. In the meantime, we are working on cost reduction and lead time reduction. In addition to the recovery of demand and shipments, we will achieve results in these areas. We are planning to increase profits in these areas.

The difference in price and volume is due to Steel Products. In the fixed cost section, asterisk 2 is shown below. We are planning a factor to increase profit of JPY2 billion as marginal profit.

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

| Item | FY2020 (A) | FY2021 (B) | Difference (B) - (A) |
|--|---------------|---------------|-------------------------|
| Operating profit | 25.9 | 37.0 | 11.1 |
| Non-operating income (expenses) | (2.6) | (2.5) | 0.1 |
| Ordinary profit | 23.2 | 34.5 | 11.3 |
| Extraordinary income (losses) | (0.8) | (3.5) | (2.7) |
| Profit before income taxes | 22.4 | 31.0 | 8.6 |
| Income taxes and profit (loss) attributable to non-controlling interests | 0.5 | (10.0) | (10.5) |
| Profit attributable to owners of parent | 22.9 | 21.0 | (1.9) |
| Net income per share *1 | 226.79 yen | 207.62 yen | (19.17) yen |

*1: In calculating net income per share, the acquisition of treasury stock, which was resolved at the Board of Directors meeting held on May 12, 2021, is not taken into consideration.

23

The slide on page 23, non-operating income and expenses and other items. Non-operating income and expenses are expected to remain at the same level as the previous year, with a negative figure of JPY2.5 billion for FY2021. On top of that, ordinary profit will be JPY34.5 billion.

Then, extraordinary income and losses will be negative JPY3.5 billion based on the assumption that in FY2020, there were positive factors such as profits from the reorganization of Electrolyte business, but there will be no such factors in FY2021, and that the base will be the same as before, including losses on the disposal of fixed assets. Profit before income taxes will be JPY31 billion.

In addition, since the special factors such as tax expenses that existed in FY2020 will be eliminated, we are planning profit attributable to owners of parent of JPY21.0 billion after deducting income taxes on a normal basis.

We have attached reference materials at the back of this document, so please take a look at that.

That's all I have to say.

Question & Answer

Moderator: We will move on to the question-and-answer session.

Let me explain how to ask your questions. When it is your turn and your name is called, please state your company name and your name, then ask questions. We will answer in a question-and-answer format. In order to answer questions from as many people as possible, we would like questions to be kept to 2 per person.

Now, let us begin the question and answer session.

Questioner A: Thank you in advance. I'd like to ask you 2 questions about Chemicals.

The first point is that on page 27, you have shown the changes in profit by quarter, and the profit increased by JPY2.4 billion from Q3 to Q4 in the Chemicals segment. If you break this down by sub-segment, which ones are contributing more?

Fujii: The main sub-segment for the positive growth from Q3 to Q4 is nylon. The improvement in the spread of nylon. The spread of synthetic rubber is also improving. In addition, the Polyimide business is growing steadily. These are the main things. Other products are slightly positive or negative.

Questioner A: The increase is JPY2.4 billion, but is it correct to think that the 3 are now contributing equally?

Fujii: That's right. It is almost true. Nylon and synthetic rubber may be a little larger.

Questioner A: And the second point, I'm looking at page 20. The total increase in the Chemicals segment was JPY12.4 billion, but it is JPY13.4 billion if you add up the 3 on the right. I think Others will be negative JPY1 billion, but what is the negative JPY1 billion for Others? In addition, regarding the premise of caprolactam and benzene, please tell me about the spreads.

Fujii: First of all, the Others section includes adjustments and common areas beyond the segments, so in a sense, it is the profit and loss which has not been fully allocated.

Questioner A: Are you saying that the sharing of head office expenses for Chemicals has increased from the previous year?

Fujii: The results are based on the accumulation from each company, so it is not clear that there is a major factor that is responsible for this, but it is the accumulation that is causing the figure.

As for the spreads, for FY2020, the average spread for lactam was USD646 in H1, USD876 in H2, and USD761 for the full year. Spreads were compressed, especially in H1 of the year, but they have been recovering in H2, and have been above USD1,000 since March.

For your information, the plan for FY2021 is based on an average level of USD900 for the full year, which is a little more stable than the current level as an average.

Questioner A: Thank you very much.

Questioner B: Thank you. First, the forecast for the fiscal year that started on page 23, the non-operating income and expenses. You said this is almost the same as last year, but I would like to know if the joint venture company for electrolytes is not contributing much, or if there is any incoming and outgoing.

Fujii: Of course, there will be incoming and outgoing. The negative factors include the cost increase due to the preparation for the integration in Construction Materials, so there are positive and negative factors, but in total, the level of the previous year has been maintained.

Questioner B: How much will the share of profit of entities accounted for using equity method increase? In the period that ended, the figure was a bit squeezed in the first place, so I was expecting that to return and increase.

Fujii: Share of profit of entities accounted for using equity method has improved, but in that sense, in the scope of consolidation at the beginning, a preparatory company for the integration will be included as a new equity method affiliate. Therefore, other companies are coming in as positive factors, while this company is a negative factor.

Questioner B: The preparation company is also accounted for by the equity method, so there will be costs there.

Fujii: Yes, that's what I meant.

Questioner B: I see. Excuse me. I understand now. Thank you. I'm sorry I didn't notice.

The second one, please. In the area of Chemicals, I believe that Specialty Products also saw considerable YoY growth in Q4 in FY2020. It is also growing in the current fiscal year, but is it correct to say that this is for polyimide, or are other products growing as well? For cumulative Q3, Specialty Products Business was down JPY200 million, but for the full year, it was up JPY1 billion, so even though Q4 of last year was weak, this Q4 alone was up about JPY12 billion.

Since it is expected to grow in the current fiscal year as well, could you give us some background on this and whether you expect the situation in Q4 to continue or whether you have a buffer in that area?

Fujii: Although there has been some recovery in products other than polyimide, the main impact has been on polyimide. Demand for polyimide has been strong, but there was an adjustment phase in H1 of the fiscal year, so there were positive factors from the reactionary decline. There is also a difference in the composition of polyimide, and some of the new fiscal year's parts were brought forward. These various factors have overlapped, and the positive side is swelling a little. I hope you understand that polyimide is growing steadily, on average.

Questioner B: In Q4 of FY2020, there was indeed a reaction of H1 of the fiscal year, so it overshoot the mark a bit, but even if you average out, you expect further growth YoY. Can we think that even in the lowest estimate, you expect that it will be flat or growing?

Fujii: Yes, as you understand.

Questioner B: Thank you very much.

Questioner C: Thank you very much. Now, for the first question, please tell me about Specialty Products too. First of all, for polyimide and separators, what is the YoY growth rate in FY2020, and if possible, in the new

fiscal year? If you can, please let me know about sales. If it's difficult, you can round it up with an image of the volume or something. Please.

Fujii: Sales of polyimide increased by more than 20% in the last fiscal year. On the other hand, the demand for separators dropped considerably in H1 of the year, resulting in a negative figure YoY.

Looking at the current fiscal year, the rate of growth for polyimide is expected to be a little milder than that of the previous year. On the other hand, the recovery of the Separator business will continue and progress, so we expect this business to return to about the same level as FY2019.

Questioner C: What you just told us about separators is for sales? Or is it the image of volume?

Fujii: I hope you understand that this is an image of sales.

Questioner C: Thank you very much. This is the second question. As for the separator, it was negative in FY2020, and the volume came back a little in Q3. Comparing the coated type and the uncoated type, I recognize that it was the uncoated type that came back rather well. Has that kind of change occurred just temporarily? Or did the customers want to cut costs and started to give priority to the uncoated type over the coated type? Please explain about this.

Fujii: In terms of volume, the uncoated type products have increased. In the end, the total volume for FY2020 was such YoY, but the volume for China, which is the subject of comparison, decreased in FY2019 because we do not place much importance on the price for China. So there was a return of that volume, and compared to the previous year, there was an increase in the volume of non-coated products.

For example, from Q3 to Q4, the volume of both coated and non-coated products grew, and we expect that both coated and non-coated products will continue to recover in the current fiscal year.

Questioner C: I see, I understand. I am relieved. Thank you.

Questioner D: I'm sorry to be so persistent, but I want to ask about Specialty Products first. Looking at pages 28 and 29, I see that Specialty Products recorded a QoQ increase of JPY2.8 billion in revenue and JPY1.2 billion in profit from Q3 to Q4. You mentioned that the Separator business also grew QoQ, but is it correct to say that especially the movement of JPY1.2 billion in profit is due to the fact that the Polyimide business was particularly large and the Separator business contributed a little? As for the separator, is it correct to say that depreciation costs increased for the new line at Sakai in the quarter? Please let me check this.

Fujii: I'm sorry, just to confirm again, are you talking about the movement of specialty products such as polyimide and separators from Q3 to Q4?

Questioner D: Yes.

Fujii: First of all, the Polyimide business is growing steadily, and both sales and profits are increasing, which is a positive factor in this increase. As someone else asked earlier, the positive figure is a little higher due to a combination of factors such as compositional differences and the impact of timing differences.

Also, the recovery of separators has been progressing, but Q3 and Q4 were all at about the same level, as the recovery progressed considerably in Q3.

Questioner D: Is it the same level of sales?

Fujii: That's right. I hope you can understand that the overall level is the same.

Questioner D: I thought Sakai's commercial operation started around Q4, but has the increase in depreciation expenses had any particular effect?

Fujii: Since the actual commercial operation started relatively late in Q4, the factor is not so large, and including that, the total level is about the same.

Questioner D: I see. In the same way, in terms of the movement of Specialty Products from FY2020 to FY2021, net sales decreased by JPY1 billion while profits increased by JPY1.8 billion. In terms of sales, I think that the effect of the exclusion of electrolyte is large, but in reality, how much will the sales of Specialty Products increase? Can we assume that about JPY5 billion will be affected by the electrolyte? Also, can you give us an idea of the content of the product, whether polyimide will account for about half of the increase in revenue?

Fujii: As you understand, the decrease in sales is due to the negative impact for the electrolyte, so if you subtract that, there is an increase in other factors. I would like to refrain from going into specific figures, as we are already in a joint venture for electrolytes and other products, but if you look at the profit figures, you will see that sales have increased to a certain extent.

Questioner D: I see. Is polyimide in particular a major factor in the increase in profits?

Fujii: The increase in profits is due to the increase in profits of polyimide and other specialty products, such as separators, ceramics and separation membranes, which are also expected to increase in the current fiscal year.

Questioner D: I understand. Lastly, looking at page 21 about the Construction Materials business, your assumption for the current fiscal year is a 4.5% decrease in sales. Since you mentioned earlier about the recovery of Ube Material Industries, it seems a bit conservative. For example, could you add a little more background to your assumptions about domestic demand for cement and the 4.5% decline in sales you are seeing?

Fujii: For cement, our assumption for domestic demand is 39 million tons, which is on par with FY2020. Therefore, although cement itself is not a major factor in the change in sales, the Ready-Mix Concrete Business is expected to fall below the previous year's level, according to the key figures in the medium-term plan.

And then, as you can see, negative factors in the electricity and other area are included. In addition, domestic demand for cement is expected to remain at the same level as in FY2020, as I mentioned earlier, but on the production side, the cement factory in Isa is scheduled to undergo a large-scale regular repair work this year, which will have an impact on the reduction in volume.

Questioner D: I understand. On the other hand, in the analysis of operating income, what is the background for the positive volume difference?

Fujii: As for the positive factor here, I would say that the recovery will be more advanced in Ube Material Industries products, such as limestone products, or it will be a positive factor since it will be compared to the part that fell in FY2020. In terms of sales, we are expecting an increase in sales of construction materials and limestone products, so it will be in contrast to these.

Questioner D: I see. So the negative difference in the volume of ready-mixed concrete is offset by the positive difference.

Fujii: That's what I meant.

Questioner D: I understand. Thank you very much.

Fujii: Thank you very much.

Moderator: We are now approaching the time to close, so we will conclude the question-and-answer session. Please note that the Finance & Investor Relations Department will contact you tomorrow or later regarding any questions that we were unable to answer today.

Before we close, we will have a few words from Mr. Fujii, Managing Executive Officer of Ube Industries, Ltd.

Fujii: Thank you very much for your time today. Although there is still a sense of uncertainty in the current fiscal year, we will strive to achieve the current plan by steadily capturing the recovery in demand.

As you can see on the last page of today's materials, we will be holding a briefing session on May 19, next Wednesday, from 10:00 am by President Izumihara. It will be a telephone conference this year, just like last year, to prevent the spread of COVID-19, but I hope that everyone will participate.

Thank you very much for joining us today. That's all for now.

Moderator: This concludes the conference call. Thank you for your participation.

[END]