



UBE Corporation

Q1 Financial Results Briefing for the Fiscal Year Ending March 2023

August 4, 2022

Event Summary

| | | |
|-----------------------------|---|---|
| [Company Name] | UBE Corporation | |
| [Company ID] | 4208-QCODE | |
| [Event Language] | JPN | |
| [Event Type] | Earnings Announcement | |
| [Event Name] | Q1 Financial Results Briefing for the Fiscal Year Ending March 2023 | |
| [Fiscal Period] | FY2022 Q1 | |
| [Date] | August 4, 2022 | |
| [Number of Pages] | 28 | |
| [Time] | 18:00 – 18:45 (Total: 45 minutes, Presentation: 28 minutes, Q&A: 17 minutes) | |
| [Venue] | Dial-in | |
| [Number of Speakers] | 1 Masayuki Fujii | Director, Managing Executive Officer, CFO |

Presentation

Moderator: Good evening, investors. Thank you for participating in today's conference call with UBE Corporation.

Mr. Masayuki Fujii, Director, Managing Executive Director, and CFO, will now give a 20-minute presentation on the consolidated financial results for Q1 FY2022, followed by a Q&A session. The entire meeting is scheduled to last 45 minutes.

Before we begin the conference call, please let me point out: 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.

Now, we would like to proceed with the financial reports. Mr. Fujii, please start.

Fujii: Yes. Good evening, everyone. I am Fujii from UBE. Thank you for taking time out of your busy schedule to join us today.

I will now explain the consolidated financial results for Q1 FY2022 announced today, as well as the revised full-year earnings forecast for this fiscal year announced today, in accordance with the materials. Let's get started.

Scope of Consolidation

| Item | End of FY2021 (A) | End of FY2022 1Q (B) | Difference (B) - (A) | Notes |
|-------------------------------------|-------------------|----------------------|----------------------|--|
| Number of consolidated subsidiaries | 65 | 37 | (28) | <ul style="list-style-type: none"> - Meiwa Plastic Industries, Ltd. - R-Koma, Ltd. - UBE Construction Materials Sales Co., Ltd. - UBE Construction Materials Co., Ltd. - Ube Industries Cement Service Co., Ltd. - Ube Material Industries, Ltd. - Ozawa Corporation - Kanto Ube Concrete Co., Ltd. - Kanto Ready-mixed Concrete Transportation Co., Ltd. - Sanyo Ube Co., Ltd. - Daikyo Kigyo Co., Ltd. - Nishiharima Ube Co., Ltd. - Hagimori Logistics, Ltd. - Fuji Ube Concrete Co., Ltd. - Hokkaido Ube Transportation Co., Ltd. - Ichinoseki Remicon Co., Ltd. - UBE SHIPPING & LOGISTICS, LTD. - Ube Industries Consulting, Ltd. - Ube Sand Co., Ltd. - Oita Ube Co., Ltd. - Kansai Ube Co., Ltd. - Kanto Ube Holdings Co., Ltd. - Sanshin Tsusho Co., Ltd. - Shinko Transportation & Warehouse Co., Ltd. - Chiba Ube Concrete Co., Ltd. - Hagimori Industries, Ltd. - Hiraizumi Co., Ltd. - Hokkaido Ube Co., Ltd. |
| Number of equity method affiliates | 26 | 15 | (11) | <ul style="list-style-type: none"> - Ube-Mitsubishi Cement Corporation - Kano Ube Concrete Co., Ltd. - KUSHIRO UBE Co., Ltd. - Bekkai Ube Concrete Co., Ltd. - Yamayo Trading Co., Ltd. - Chiba Riverment and Cement Corporation - Kitakyushu Ube Concrete Co., Ltd. - Chushikoku Ube Concrete Co., Ltd. - Hokuriku Ube Concrete Co., Ltd. - UBE Singapore Pte., Ltd. - Yamaguchi Eco-tech Corporation |
| Total | 91 | 52 | (39) | |

3

The page numbers are in the lower right corner of the materials. The first slide on page three is the consolidated companies.

The number of consolidated subsidiaries decreased significantly from the end of March to 37. The number of companies decreased by about 28.

The specific company names are listed in the abstract column on the right. The company at the top, Meiwa Plastic Industries, became part of the Company through an absorption-type merger. The other 27 companies are related to construction materials.

As you are aware, as of April 1, 2012, the cement-related business for construction materials was separated and transferred to Mitsubishi UBE Cement Corporation. These consolidated subsidiaries were also transferred.

Here we have companies accounted for by the equity method. Their number also decreased by 11 to 15. These 11 companies, all related to construction materials, have also been transferred to Mitsubishi UBE Cement Corporation.

Environmental Factors

| Item | | | FY2021 1Q (A) | FY2022 1Q (B) | Difference (B) - (A) | |
|----------------|-----------------------------|----------|------------------|------------------|-------------------------|--------|
| Exchange Rate | Yen/\$ | | 109.5 | 129.6 | 20.1 | |
| Material Price | Naphtha | CIF | \$/ t | 601 | 950 | 349 |
| | | Domestic | Yen/KL | 47,700 | 86,100 | 38,400 |
| | Benzene (ACP) | \$/ t | 933 | 1,227 | 294 | |
| | Australian Coal (CIF) | \$/ t | 130.3 | 393.8 | 263.5 | |
| | | Yen/t | 14,261 | 51,018 | 36,757 | |

4

Next, the slide on page four shows environmental factors.

As for the exchange rate, the yen has depreciated by more than JPY20. The prices of naphtha, benzene, coal, and other materials have also increased significantly compared to the same period of the previous year. This has been a factor in increasing costs and putting pressure on profits.

Major P/L Items

| Item | (Billions of yen) | | | |
|--|-------------------|------------------|-------------------------|----------------------|
| | FY2021 1Q (A) | FY2022 1Q (B) | Difference (B) - (A) | Percentage change |
| Net sales | 146.3 | 116.2 | (30.1) | (20.6)% |
| Operating profit | 8.9 | 4.4 | (4.5) | (51.1)% |
| Ordinary profit | 8.9 | 2.3 | (6.6) | (74.3)% |
| Profit attributable to owners of parent | 4.8 | 5.7 | 1.0 | 20.7% |

5

Let's move to slide five. This is about the major items.

Net sales in Q1 were JPY116.2 billion. Compared YoY, net sales decreased by JPY30.1 billion, or 20.6% on a percentage basis.

Operating profit was JPY4.4 billion. It too decreased, this time by JPY4.5 billion. This is a 51.1% decrease on a percentage basis.

This is ordinary profit. It was JPY2.3 billion. Likewise, it declined by JPY6.6 billion YoY. This is a 74.3% on a percentage basis.

Net income attributable to shareholders of the parent company was JPY5.7 billion, a YoY increase of JPY1 billion, or 20.7%.

As I mentioned earlier, as of April 1, the cement-related business was transferred to Mitsubishi UBE Cement Corporation, resulting in a decrease in net sales.

However, operating profit was affected by the removal of the construction materials-related businesses from the consolidated results, as well as by the biannual ammonia plant maintenance work in Japan in Q1 of the current fiscal year. Due to the decrease in volume on account of this maintenance work, as well as a narrowing of the spread due to the sharp rise in raw material and fuel prices covered earlier, profits decreased.

As the non-operating profit and loss, we will take in the profits of the new cement company, Mitsubishi UBE Cement Corporation, as equity in the earnings of affiliates. The new company's performance has deteriorated significantly due to cost increases resulting from the rising prices of coal, crude oil, and other commodities. As a result, the decline in our ordinary profit has increased.

On the other hand, a one-time gain on change in equity was recognized as extraordinary income on the transfer of cement-related companies. To summarize, this resulted in an increase to the final net profit attributable to owners of the parent company.

Net Sales and Operating Profit by Segment

(Billions of yen)

| | Segment * | FY2021 1Q (A) | FY2022 1Q (B) | Difference (B) - (A) | Percentage change |
|------------------|----------------------|------------------|------------------|-------------------------|----------------------|
| Net sales | Specialty Products | 14.3 | 15.3 | 0.9 | 6.4% |
| | Polymers & Chemicals | 57.3 | 71.4 | 14.2 | 24.8% |
| | Machinery | 21.4 | 20.3 | (1.1) | (5.1)% |
| | Others | 12.6 | 15.6 | 3.0 | 24.2% |
| | Adjustment | 40.7 | (6.5) | (47.2) | - |
| | Total | 146.3 | 116.2 | (30.1) | (20.6)% |
| Operating profit | Specialty Products | 2.6 | 2.8 | 0.2 | 8.0% |
| | Polymers & Chemicals | 5.3 | 1.9 | (3.4) | (64.2)% |
| | Machinery | 0.7 | 0.4 | (0.4) | (52.3)% |
| | Others | 0.5 | 0.7 | 0.2 | 33.5% |
| | Adjustment | (0.2) | (1.4) | (1.1) | - |
| | Total | 8.9 | 4.4 | (4.5) | (51.1)% |

*: In accordance with the integration of the cement-related business into an equity-method affiliate from FY2022, the Company has been reclassified from "Chemicals", "Construction Materials", "Machinery" and "Others" into the four segments of "Specialty Products", "Polymers & Chemicals", "Machinery," and "Others". Pharmaceutical is included in "Others".

Therefore, the results for the 1st quarter of 2021 have also been reclassified into new segment categories for comparison, and "Construction Materials" is included in "Adjustment".

6

Next, on page six, let's look at net sales and operating profit by segment.

We have changed our segmentation from this fiscal year. As indicated by the asterisk below, we have newly divided into four segments: specialty products, polymers & chemicals, machinery, and others. Accordingly, the figures for the previous year, FY2021, have been reclassified to reflect the new segments for the purposes of a YoY comparison.

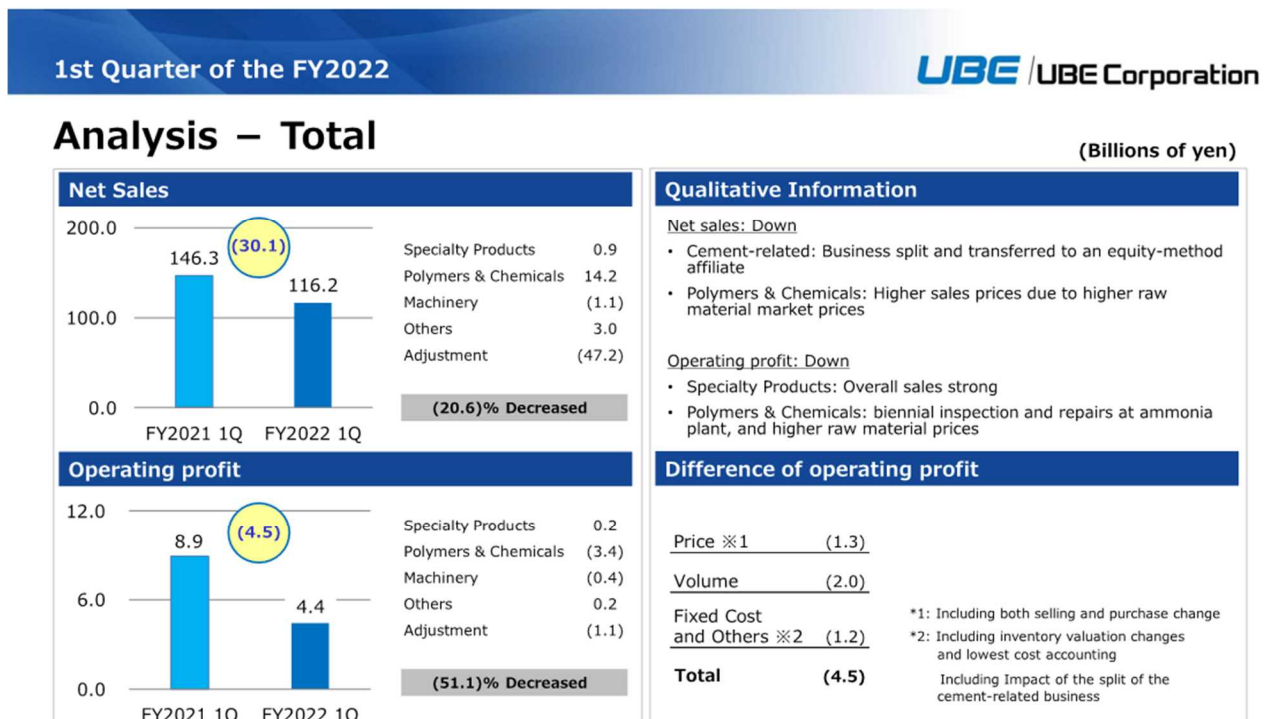
The difference in net sales and operating profit of construction materials from the previous fiscal year has been absorbed in the adjustment figure shown here.

Here is net sales.

As mentioned earlier, overall revenue decreased by JPY30.1 billion. The breakdown is as follows: net sales of specialty products increased by JPY0.9 billion; polymers & chemicals increased by JPY14.2 billion; machinery declined by JPY1.1 billion; and others division increased by JPY3 billion. The adjustment item includes the decrease in construction materials. This is the cause of the JPY47.2 billion decrease in revenue shown here.

The bottom line here is operating profit.

The overall decrease in profit was JPY4.5 billion. Profit from specialty products increased by JPY200 million. Profit declined by JPY3.4 billion in polymers & chemicals. Machinery saw a JPY400 million decline in profit. Others division saw an increase of JPY200 million. The adjustment item was a negative JPY1.1 billion. It includes the negative factor from the removal of construction materials.



Please refer to page seven.

This is a difference analysis for the overall company. On the left, you can see the breakdown of the differences, which I just showed you earlier.

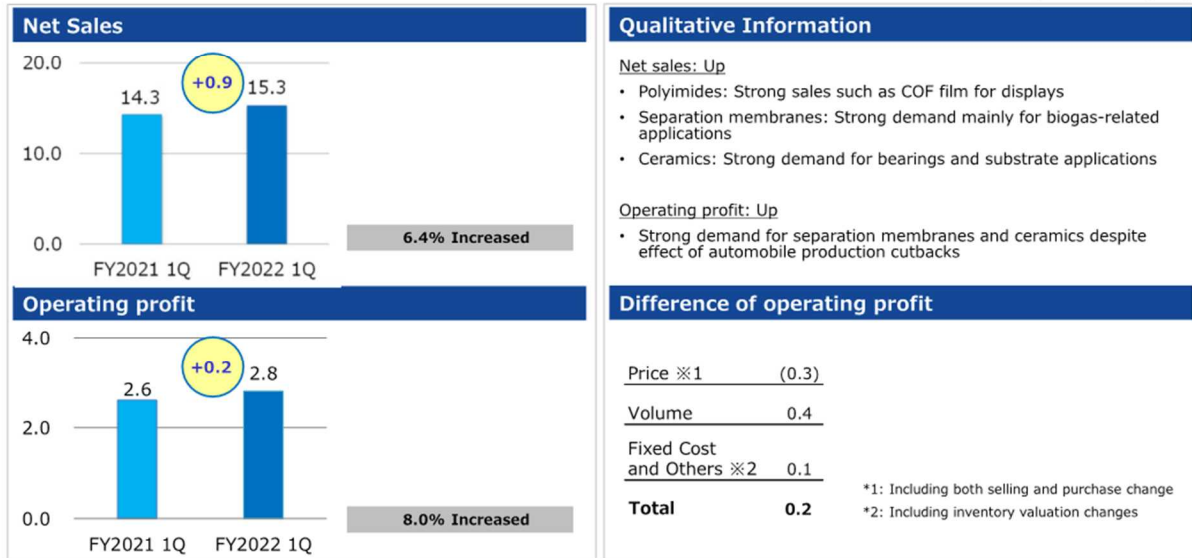
Here is some qualitative information. It is the information I outlined at the beginning.

The bottom right-hand corner is the difference of operating profit.

Here is a breakdown of the factors behind the JPY4.5 billion decrease in profit. They include a negative factor of JPY1.3 billion due to the price difference, a negative factor of JPY2 billion due to the difference in volume, and a negative factor of JPY1.2 billion due to fixed costs, etc.

Analysis – Specialty Products

(Billions of yen)



8

On to page eight. I will now explain the results by segment.

The first is the specialty products segment.

Net sales increased by JPY900 million, and operating profit increased by JPY200 million. Let me address the main reason for the increase in net sales and profit.

As shown in the qualitative information on the upper right, sales of products, including polyimide and COF film for displays, were strong. Demand for separation membranes, especially for biogas-related applications, has also been strong. As for ceramics, demand for applications, such as bearings and substrate, has also been strong, resulting in an increase in net sales.

On to operating profit. Separators were affected by automobile production cutbacks. On the other hand, this is covered by increased demand for separation membranes and ceramics.

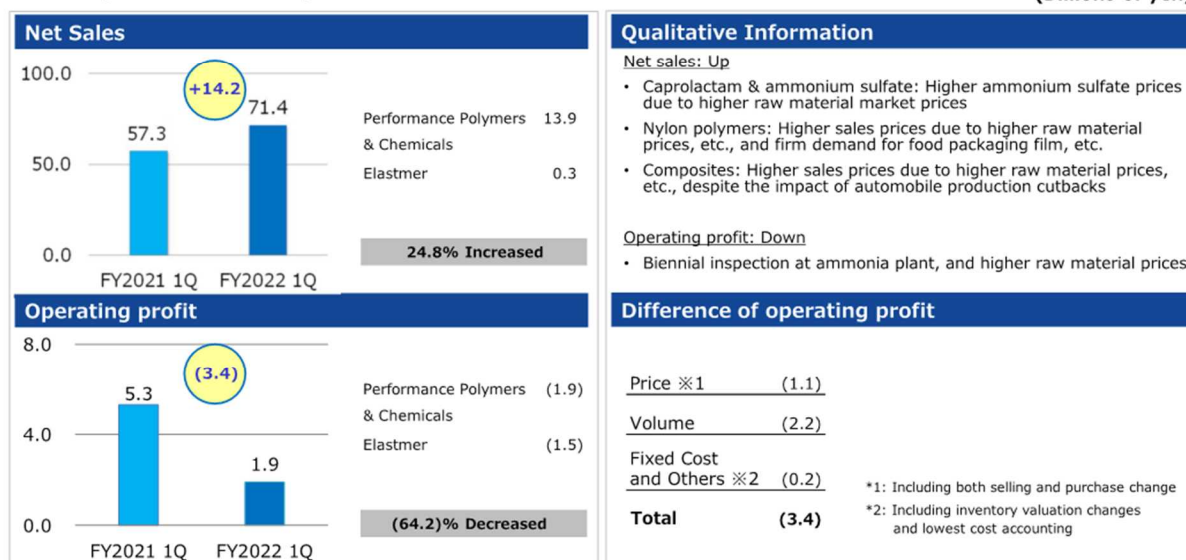
Look at the lower right.

This segment had a negative factor due to the price difference of JPY300 million. It had a positive factor due to the volume difference of JPY400 million. It also had a positive factor of JPY100 million due to fixed costs, etc.

That is the breakdown.

Analysis – Polymers & Chemicals

(Billions of yen)



9

Let's look at slide nine, the polymers & chemicals segment.

Net sales increased by JPY14.2 billion. As a sub-segment, the performance polymers & chemicals business unit had a JPY13.9 billion increase in sales. The increase in net sales is almost exclusively thanks to this. The elastomer division's sales increased by JPY300 million.

On to operating profit. Profit decreased by JPY3.4 billion. Performance polymers & chemicals posted a JPY1.9 billion decline in profit. Elastomers posted a JPY1.5 billion decline in profit.

Let me address the qualitative factors. As for net sales, prices increased due to rising market prices of lactam and ammonium sulfate. The price of ammonium sulfate has risen particularly high.

On to nylon polymers. Rising raw material market prices will increase prices here as well due to price pass-through. In addition, demand for food packaging film and other products in this segment has been strong.

On to composites. Although automobile production has been affected by production cutbacks, the price increase in raw material prices has been passed on to the customer. This has been a factor in increased net sales.

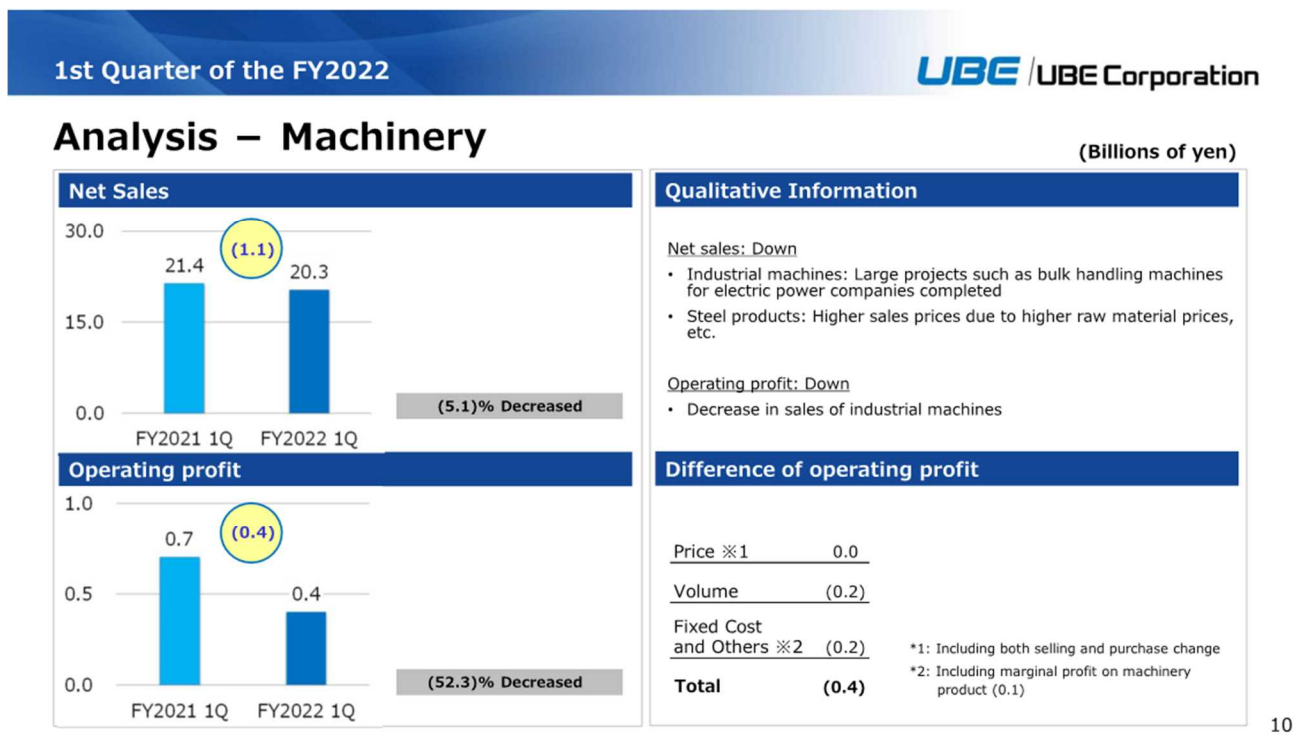
On to the decrease in operating profit. There is the impact of regular maintenance at the ammonia plants. Performance polymers & chemicals is affected by the volume decline due to this factor of regular maintenance at the ammonia plants.

Then, there is the compression of spreads due to higher raw material prices. Elastomers were greatly impacted by such factors, but butadiene spreads are compressed by price increases.

Here is a breakdown of the differences in operating profit in the lower right-hand corner.

There was a negative factor of JPY1.1 billion due to price difference. There was a negative factor of JPY2.2 billion due to the difference in volume. Finally, there was a negative factor of JPY0.2 billion due to fixed costs, etc.

The price difference is mainly accounted for due to elastomer-related products. The volume difference is mainly accounted for by performance polymers & chemicals.



10

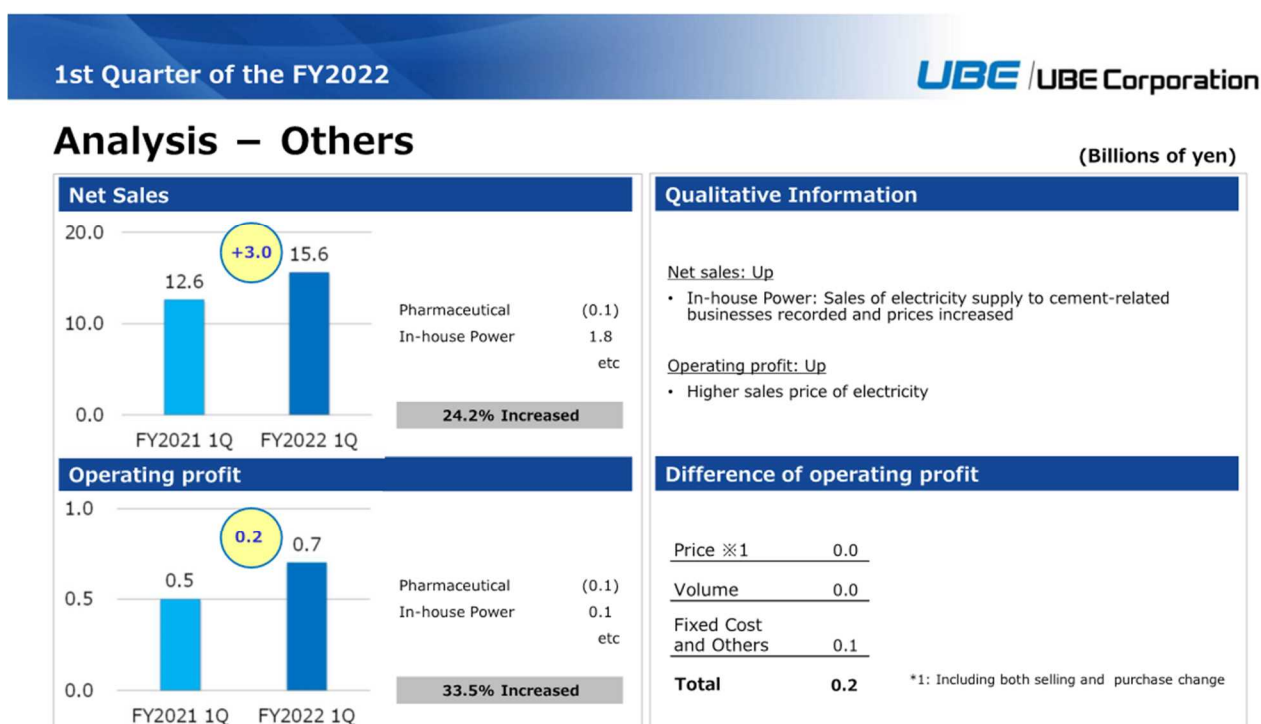
On to page 10. This is the machinery segment.

Net sales decreased by JPY1.1 billion. Operating profit decreased by JPY400 million. As for the factors, net sales decreased due to the fact that major industrial machinery projects, such as the transporters for electric power companies, have run their course.

On to steelmaking. Due to rising raw material prices and other factors, product prices have risen as a result of price pass-through in steelmaking as well. These are positive factors. Due to all of these differences, revenue decreased by JPY1.1 billion.

On to operating profit. The main factor is the decrease in profits resulting from lower net sales of industrial machinery.

Here is a breakdown of operating profit differences. The price and quantity differences here are related to the steelmaking business. The quantity difference had a negative impact of JPY200 million. A marginal profit on machinery is included in fixed costs, etc., which was a negative factor of JPY0.2 billion.



11

As for the others segment, net sales increased by JPY3 billion. There was an increase in operating profit of JPY200 million.

I will explain the main factors. The increase in net sales is related to the in-house power generation. From this fiscal year, we will be providing electricity to Mitsubishi UBE Cement Corporation, which will be recorded as sales of the provision of electricity to cement-related business.

On to operating profit. There is the factor of the increase in the selling price of electricity, which generated a corresponding positive effect.

Here is a breakdown of the difference in operating profit. As for price difference and quantity difference, there almost was none. As for fixed costs, etc., there was a slight positive factor.

Operating Profit – Profit attributable to owners of parent

| Item | (Billions of yen) | | |
|--|-------------------|------------------|-------------------------|
| | FY2021 1Q (A) | FY2022 1Q (B) | Difference (B) - (A) |
| Operating profit | 8.9 | 4.4 | (4.5) |
| Non-operating income (expenses) | 0.0 | (2.1) | (2.1) |
| Net interests expenses | 0.3 | 0.8 | 0.5 |
| Share of profit (loss) of entities accounted for using equity method | 0.2 | (3.2) | (3.3) |
| Share of loss of entities accounted for using equity method related to Mitsubishi UBE Cement Corporation | – | (3.4) | (3.4) |
| Foreign exchange gains | 0.1 | 1.0 | 0.9 |
| Others | (0.5) | (0.7) | (0.2) |
| Ordinary profit | 8.9 | 2.3 | (6.6) |
| Extraordinary income (losses) | (0.0) | 7.3 | 7.4 |
| Profit before income taxes | 8.9 | 9.6 | 0.8 |
| Income taxes and profit (loss) attributable to non-controlling interests | (4.1) | (3.9) | 0.2 |
| Profit attributable to owners of parent | 4.8 | 5.7 | 1.0 |
| Net income per share | 47.31 yen | 59.25 yen | 11.94 yen |

12

The next slide, on page 12, shows non-operating profit and loss and all the other items.

The non-operating loss for Q1 was JPY2.1 billion. This is a JPY2.1 billion deterioration as a difference, as the figure was zero in the same quarter last year.

The breakdown is as shown here. The major factor here is equity in earnings or losses of affiliates. The actual value here is negative JPY3.2 billion, which is about JPY3.3 billion worse compared YoY.

It includes equity in losses of Mitsubishi UBE Cement Corporation. In Q1, equity in losses of affiliates amounted to JPY3.4 billion. This has had a significant impact, causing the overall equity in earnings of affiliates to deteriorate.

On the other hand, foreign exchange gains and other non-operating profits were positive, so total non-operating profit and loss saw a deterioration of JPY2.1 billion.

Ordinary profit decreased by JPY6.6 billion as a result.

Below that is extraordinary gains and losses. Q1 saw a positive JPY7.3 billion, a large profit. This is due to the positive factor of a one-time valuation difference due to the gap between the previously agreed-upon business value of the cement-related business we transferred and the assets actually transferred.

Another factor was the unrealized loss and gain, which were eliminated from consolidation due to internal transactions in the past. By now, including this realized profit, the Company posted an extraordinary gain of JPY8.3 billion due to a gain on the change in equity of the construction materials-related business.

This, combined with other factors, resulted in an extraordinary gain of JPY7.3 billion. As a result of this, the final net profit attributable to shareholders of the parent company increased YoY by JPY1 billion to JPY5.7 billion.

Consolidated Balance Sheet

(Billions of yen)

| Item | End of FY2021 (A) | End of FY2022 1Q (B) | Difference (B) - (A) |
|---|----------------------|-------------------------|-------------------------|
| Current assets | 394.7 | 271.4 | (123.3) |
| Fixed assets | 443.1 | 465.8 | 22.7 |
| Total assets | 838.0 | 737.3 | (100.6) |
| Interest-bearing debt | 241.8 | 188.9 | (52.9) |
| Other liabilities | 202.1 | 142.9 | (59.3) |
| Total liabilities | 443.9 | 331.8 | (112.1) |
| Shareholders' equity * | 369.1 | 380.1 | 11.0 |
| Non-controlling interests and others | 24.9 | 25.4 | 0.5 |
| Total net assets | 394.0 | 405.5 | 11.5 |
| Total liabilities and net assets | 838.0 | 737.3 | (100.6) |

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

13

On to page 13. Here, you see the balance sheet.

Here, too, there was an effect of the separation and transfer of the cement-related business. The transfer to the new company has resulted in a decrease in assets and liabilities.

As for shareholders' equity, this difference includes a positive factor of net income for the quarter and a negative factor of dividend payments.

In addition to this, the depreciation of the yen has resulted in a positive difference in the foreign currency translation adjustment account. There has been increase of JPY11 billion from the end of March.

Consolidated Statements of Cash Flows

(Billions of yen)

| Item | FY2021 1Q | FY2022 1Q | |
|--|--------------|-----------|---|
| A.Cash flows from operating activities | 14.3 | 16.2 | Profit before income taxes 9.6 Depreciation and amortization 6.2 Increase in working capital 3.2 Income taxes paid (3.5) etc. |
| B.Cash flows from investing activities | (9.3) | 0.2 | Increase in short-term loans receivable 8.3 Acquisition of PP&E (5.7) Payments for investments in capital of subsidiaries and associates (2.5) etc. |
| Free cash flows (A+B) | 5.1 | 16.4 | |
| C.Cash flows from financing activities | (19.8) | (14.4) | Decrease in interest-bearing debts (9.3) Dividends paid (5.0) etc. |
| D.Net increase/decrease in cash and cash equivalents | (14.6) | (38.1) | Decrease in cash and cash equivalents resulting from corporate spin-off (41.3) etc. |
| E.Cash and cash equivalents at end of the quarter | 65.0 | 40.6 | |

14

Let's move to page 14, cash flow.

Net cash provided by operating activities was JPY16.2 billion in Q1. Here we have cash flow from investing activities. This is a positive JPY200 million.

I apologize for the small text, but on the right column you can see a breakdown.

There was a positive change in short-term loans receivable of JPY8.3 billion. We had made loans to a group construction materials company, but they were collected as part of restructuring. The final cash flow from investing activities was a positive JPY200 million.

Excluding this, cash outflows from investing activities were on par with normal levels.

As a result, free cash flow was a positive JPY16.4 billion. This was linked to dividend payments, a decrease in interest-bearing debt in the cash flow from financing activities, etc.

On to the change in cash and cash equivalents. Cash and cash equivalents were also transferred to the new company. This negative factor is included, resulting in a total decrease of JPY38.1 billion. This brings the balance at the end of the quarter to JPY40.6 billion.

The above is a summary of the Q1 results.

Scope of Consolidation

| Item | End of FY2021 (A) | End of FY2022 (B) | Difference (B) - (A) | Notes |
|-------------------------------------|-------------------------|-------------------------|-------------------------|---|
| Number of consolidated subsidiaries | 65 | 34 | (31) | <ul style="list-style-type: none"> - Meiwa Plastic Industries, Ltd. - UBE Advanced Materials INC. - R-Koma, Ltd. - UBE Construction Materials Sales Co., Ltd. - UBE Construction Materials Co., Ltd. - Ube Industries Cement Service Co., Ltd. - Ube Material Industries, Ltd. - Ozawa Corporation - Kanto Ube Concrete Co., Ltd. - Kanto Ready-mixed Concrete Transportation Co., Ltd. - Sanyo Ube Co., Ltd. - Daikyo Kigyo Co., Ltd. - Nishiharima Ube Co., Ltd. - Hagimori Logistics, Ltd. - Fuji Ube Concrete Co., Ltd. - Hokkaido Ube Transportation Co., Ltd. - Ube Reality & Development Co., Ltd. - Advanced Electrolyte Technologies LLC - Ichinoseki Remicon Co., Ltd. - UBE SHIPPING & LOGISTICS, LTD. - Ube Industries Consulting, Ltd. - Ube Sand Co., Ltd. - Oita Ube Co., Ltd. - Kansai Ube Co., Ltd. - Kanto Ube Holdings Co., Ltd. - Sanshin Tsusho Co., Ltd. - Shinko Transportation & Warehouse Co., Ltd. - Chiba Ube Concrete Co., Ltd. - Hagimori Industries, Ltd. - Hiraizumi Co., Ltd. - Hokkaido Ube Co., Ltd. |
| Number of equity method affiliates | 26 | 15 | (11) | <ul style="list-style-type: none"> - Ube-Mitsubishi Cement Corporation - Kano Ube Concrete Co., Ltd. - KUSHIRO UBE Co., Ltd. - Bekkai Ube Concrete Co., Ltd. - Yamayo Trading Co., Ltd. - Chiba Riverment and Cement Corporation - Kitakyushu Ube Concrete Co., Ltd. - Chushikoku Ube Concrete Co., Ltd. - Hokuriku Ube Concrete Co., Ltd. - UBE Singapore Pte., Ltd. - Yamaguchi Eco-tech Corporation |
| Total | 91 | 49 | (42) | |

16

I would like to continue by explaining the revised full-year earnings forecast announced today.

First, let's look at page 16. These are our consolidated companies.

The change is mostly accounted for the companies moved in Q1. At the top, under Meiwa Plastic Industries, there is UBE Advanced Materials. To the right is UBE Reality & Development. Below that is Advanced Electrolyte Technologies. These three companies are already in the process of liquidation, which is expected to be completed by the end of this fiscal year.

The others are the businesses related to construction materials, which I explained about earlier.

Environmental Factors

| Item | | | FY2021 (A) | FY2022 (B) | Difference (B) - (A) | |
|----------------|-----------------------|----------|---------------|--------------------|-------------------------|--------|
| Exchange Rate | | Yen/\$ | 112.4 | 129.9 [130] | 17.5 | |
| Material Price | Naphtha | CIF | 702 | 935 [930] | 233 | |
| | | Domestic | 56,700 | 86,175 [86,200] | 29,475 | |
| | Benzene (ACP) | | \$/ t | 990 | 1,222 [1,220] | 232 |
| | Australian Coal (CIF) | | \$/ t | 170.3 | 398.5 [400.0] | 228.2 |
| | | | Yen/t | 19,133 | 51,755 [52,000] | 32,622 |

[] : from 2Q to 4Q only

17

The next slide on page 17 shows environmental factors.

Here are the exchange rates and the prices of naphtha, benzene, coal, etc. The figures are shown on two tiers. The lower figures in the brackets show the projections for Q2 and beyond. The full-year projections, which incorporates Q1 results, are shown in the tier above this.

Understand that our assumption is that the price levels will continue to be approximately the same as in Q1.

Major P/L Items

(Billions of yen)

| Item | FY2021 (A) | FY2022 (B) | Difference (B) - (A) | Percentage change |
|---|---------------|---------------|-------------------------|----------------------|
| Net sales | 655.3 | 557.0 | (98.3) | (15.0)% |
| Operating profit | 44.0 | 32.0 | (12.0) | (27.3)% |
| Ordinary profit | 41.5 | 17.0 | (24.5) | (59.1)% |
| Profit attributable to owners of parent | 24.5 | 15.0 | (9.5) | (38.8)% |

| Item | End of FY2021 (A) | End of FY2022 (B) | Difference (B) - (A) |
|-----------------------|-------------------------|-------------------------|-------------------------|
| Total assets | 838.0 | 740.0 | (98.0) |
| Interest-bearing debt | 241.8 | 180.0 | (61.8) |
| Equity capital *1 | 369.1 | 385.0 | 15.9 |
| Dividend(Yen /Share) | *2 95.00 | *3 100.00 | 5.00 |

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

*2: Dividend: Interim/45yen, Fiscal year-end/50yen

*3: Dividend: Interim/50yen, Fiscal year-end/50yen

18

On to the slide on page 18. These are the major items.

We are in the process of revising the earnings forecast disclosed on May 12. First of all, revised net sales are JPY557 billion. We have revised them upward by JPY47 billion from the original plan.

On to operating profit. The new forecast is JPY32 billion. We have revised it downward by about JPY2.5 billion from our initial forecast.

The forecast for ordinary profit has been revised downward by about JPY14 billion from the initial forecast to JPY17 billion.

The final net profit attributable to shareholders of the parent company is JPY25 billion, which is also a downward revision of JPY6 billion.

Factors include the increased price of raw materials and the yen's depreciation. While net sales were revised upwards, the operating profit forecast has been revised downward by JPY2.5 billion, reflecting the current supply-demand situation for certain products, market trends, and so on.

On to non-operating profit and loss. We have revised non-operating profit and loss downward to reflect the predicted deterioration in full-year results of Mitsubishi UBE Cement Corporation. Accordingly, ordinary profit has also been revised downward by JPY14 billion, as mentioned earlier.

We also had a gain on change in equity and extraordinary income in Q1. Reflecting this, extraordinary income has been revised upward. Since the downward revision to ordinary profit outweighs this, the final net profit attributable to shareholders of the parent company has also been revised downward.

Here, you see the balance sheet. The total assets are expected to be JPY740 billion. Total assets are expected to increase slightly. Other items, such as interest-bearing debt and shareholders' equity, have not changed significantly.

Net Sales and Operating profit by Segment

(Billions of yen)

| | Segment * | FY2021 (A) | FY2022 (B) | Difference (B) - (A) | Percentage change |
|------------------|----------------------|---------------|---------------|-------------------------|----------------------|
| Net sales | Specialty Products | 60.8 | 69.0 | 8.2 | 13.5% |
| | Polymers & Chemicals | 260.0 | 344.0 | 84.0 | 32.3% |
| | Machinery | 97.0 | 104.0 | 7.0 | 7.2% |
| | Others | 54.2 | 75.0 | 20.8 | 38.3% |
| | Adjustment | 183.2 | (35.0) | (218.2) | - |
| | Total | 655.3 | 557.0 | (98.3) | (15.0)% |
| Operating profit | Specialty Products | 11.6 | 13.0 | 1.4 | 11.8% |
| | Polymers & Chemicals | 23.5 | 15.5 | (8.0) | (34.1)% |
| | Machinery | 5.1 | 5.0 | (0.1) | (2.5)% |
| | Others | 3.5 | 2.5 | (1.0) | (29.5)% |
| | Adjustment | 0.2 | (4.0) | (4.2) | - |
| | Total | 44.0 | 32.0 | (12.0) | (27.3)% |

*: In accordance with the integration of the cement-related business into an equity-method affiliate from FY2022, the Company has been reclassified from "Chemicals", "Construction Materials", "Machinery" and "Others" into the four segments of "Specialty Products", "Polymers & Chemicals", "Machinery," and "Others". Pharmaceutical is included in "Others".

Therefore, the results for the 1st quarter of 2021 have also been reclassified into new segment categories for comparison, and "Construction Materials" is included in "Adjustment".

19

On to the slide on page 19. This is a breakdown of net sales and operating profit by segment. The revised figures are as shown here.

Net sales of specialty products is JPY69 billion, unchanged from the initial forecast.

As for polymers & chemicals, net sales will be JPY344 billion. This is an upward revision of JPY42 billion from the original plan.

Machinery will be JPY104 billion. This is a downward revision of JPY2 billion.

Others is at JPY75 billion, revised upward by JPY15 billion.

As for the adjustment item, the negative figure increased by about JPY8 billion to negative JPY35 billion.

Total net sales is JPY557 billion, an upward revision of JPY47 billion.

Next is operating profit.

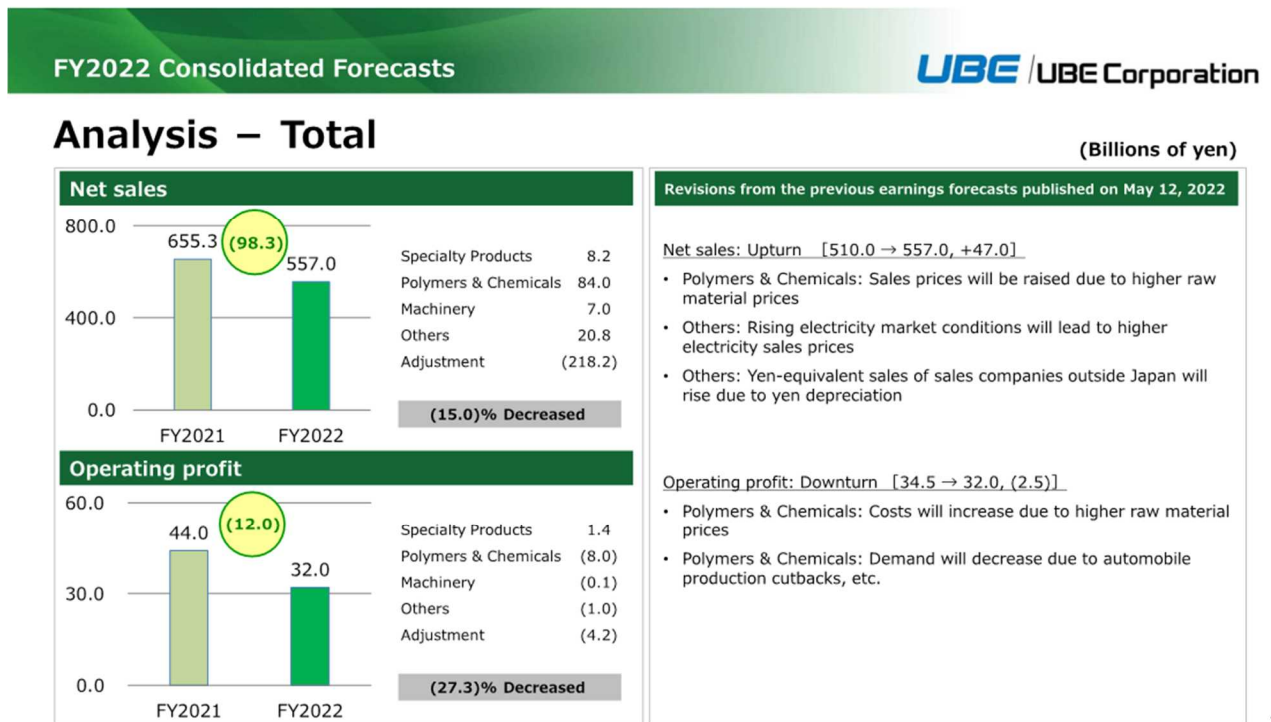
Specialty products is at JPY13 billion, which is unchanged from the original plan.

Polymers and chemicals is at JPY15.5 billion. This is a downward revision of about JPY3 billion.

The machinery and others divisions remain unchanged from the original plan.

As for the adjustment item, there was a positive factor of about JPY500 million, resulting in a figure of negative JPY4 billion.

Final total operating profit was revised downward by JPY2.5 billion. It amounts to JPY32 billion.



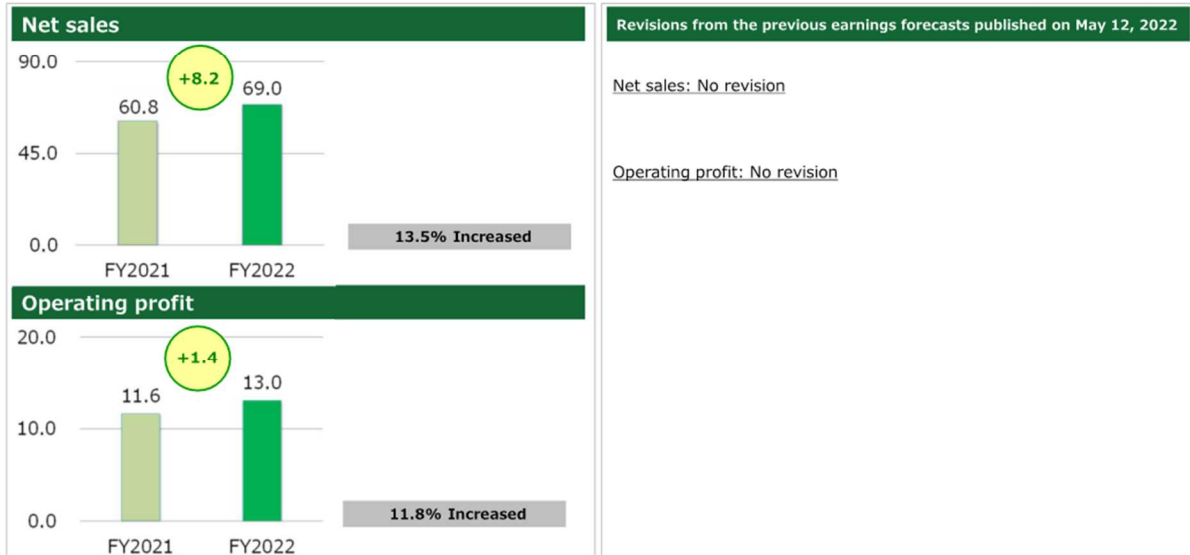
20

On to the slide on page 20. This is a difference analysis for the whole company.

This is a breakdown of the information on the slide I explained earlier. I will explain the details of the revisions to the forecast for each segment.

Analysis – Specialty Products

(Billions of yen)



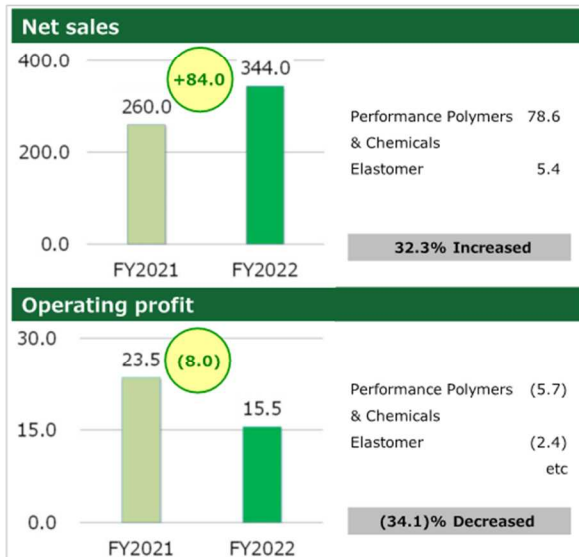
21

Next is the slide on page 21, specialty products.

There were no particular revisions to net sales and operating profit for this segment. Sales will increase by JPY8.2 billion compared to the previous year. Operating profit is expected to increase by JPY1.4 billion.

Analysis – Polymers & Chemicals

(Billions of yen)



| Revisions from the previous earnings forecasts published on May 12, 2022 | |
|---|--|
| Net sales: Upturn [302.0 → 344.0, +42.0] | |
| • Sales prices of nylon polymers, synthetic rubbers, and other products will be raised due to higher raw material prices in general | |
| Operating profit: Downturn [18.5 → 15.5, (3.0)] | |
| • Costs will increase due to higher raw material prices | |
| • Demand will decrease due to automobile production cutbacks, etc. | |

22

Page 22 shows polymers & chemicals.

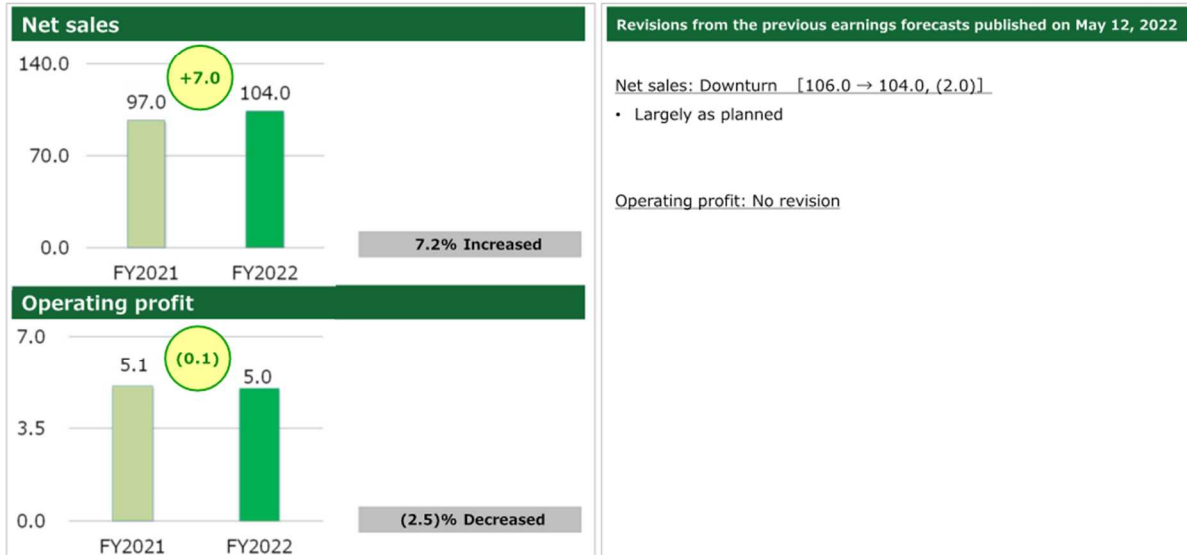
We have revised net sales upward by about JPY42 billion. Prices of raw materials, such as nylon polymers and synthetic rubbers, have been rising in general. We have factored in an increase in net sales due to passing on these price increases.

On to operating profit. The JPY3 billion downward revision takes into account factors, such as cost increases due to higher raw material prices, the impact of automobile production cuts, and the recent decline in demand for lactam, ammonium sulfate, and other products.

As a result, sales will increase by JPY84 billion YoY. Operating profit is expected to decrease by JPY8 billion.

Analysis – Machinery

(Billions of yen)



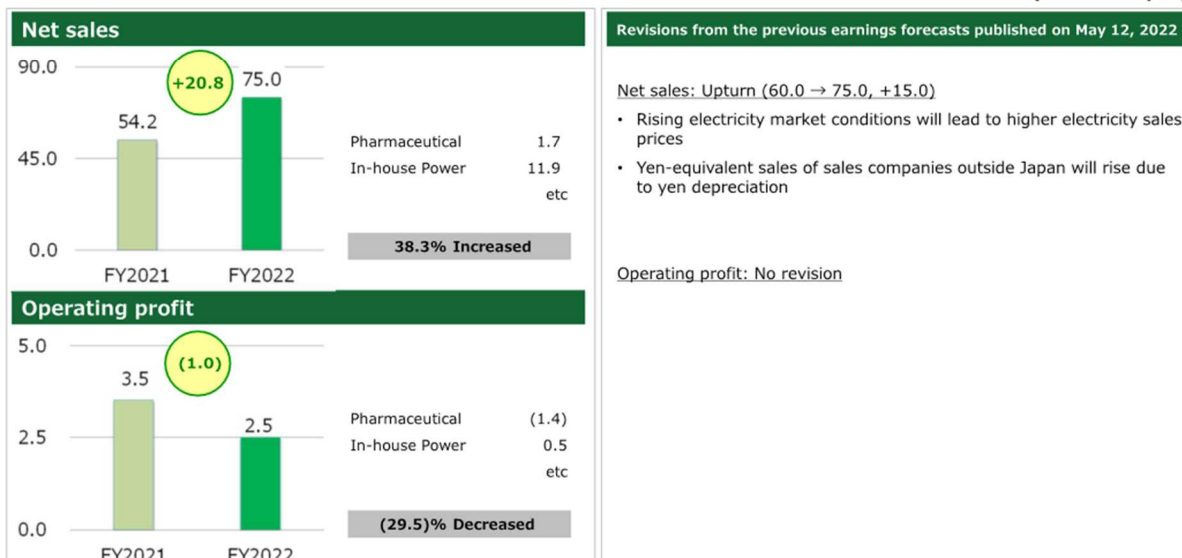
23

On to the slide on page 23. This is the machinery division.

Although there is a slight downward revision of net sales, it is not that large an impact. Operating profit has not been changed from before. Therefore, net sales will increase by JPY7 billion YoY. Operating profit is expected to decrease by JPY100 million.

Analysis – Others

(Billions of yen)



24

The next slide, on page 24, is the others division.

Net sales were revised upward by about JPY15 billion. It reflects the impact of things like the increase in the price of electricity sold to the increase in the electricity market, as well as the positive effect of the yen's depreciation on the yen value of our overseas sales companies.

Operating profit has not been especially changed from the original forecast, resulting in an expected JPY20.8 billion increase in net sales. Operating profit is projected to decrease by JPY1 billion.

Operating Profit – Profit attributable to owners of parent

| Item | (Billions of yen) | | |
|--|-------------------|---------------|-------------------------|
| | FY2021 (A) | FY2022 (B) | Difference (B) - (A) |
| Operating profit | 44.0 | 32.0 | (12.0) |
| Non-operating income (expenses) | (2.5) | (15.0) | (12.5) |
| Share of loss of entities accounted for using equity method related to Mitsubishi UBE Cement Corporation | – | (13.0) | (13.0) |
| Ordinary profit | 41.5 | 17.0 | (24.5) |
| Extraordinary income (losses) | (4.8) | 7.0 | 11.8 |
| Profit before income taxes | 36.8 | 24.0 | (12.8) |
| Income taxes and profit (loss) attributable to non-controlling interests | (12.3) | (9.0) | 3.3 |
| Profit attributable to owners of parent | 24.5 | 15.0 | (9.5) |
| Net income per share | 249.31 yen | 154.88 yen | (94.43) yen |

25

Finally, non-operating profit and loss and other items.

As for non-operating profit and loss, the forecast for the full year is a negative JPY15 billion.

This includes a negative impact of JPY13 billion because of Mitsubishi UBE Cement Corporation. We estimate that overall non-operating loss will increase by JPY11.5 billion than the previous forecast.

As for extraordinary income and loss, we have revised the full-year forecast upward by about JPY7 billion to reflect the gain on change in equity. As a result, the final total net profit attributable to shareholders of the parent company for the full year was revised downward by JPY6 billion to JPY15 billion.

This was a bit of a long explanation, but that is all from me.

Moderator: Thank you.

Question & Answer

Moderator: We will now begin the question-and-answer session. In order to answer questions from as many people as possible, please limit the number of questions to two per person.

Questioner A: Thank you for taking my question.

Fujii: Go ahead.

Questioner A: Yes. I think Q1 was quite good, though the overall revision was downward. What is the status of polymers & chemicals? I would like to know how Q1 performed compared to initial expectations. Even qualitative information would be fine.

In Q1, especially, I think the effect of the biennial maintenance of the ammonia plants is putting pressure on performance. The JPY15.5 billion for the full year seems to be on the assumption that the situation in Q1 will continue for the full year.

Since there is a large difference between the top and bottom in the revised forecast, please explain your thinking.

Fujii: Yes. As to the situation of polymers & chemicals, Q1 alone was not that bad compared to the plan. However, this past April and May were impacted by last year's trends.

From June or so, there was a slight downward trend in the situation, especially in relation to demand. This trend is particularly evident in terms of things like lactam and ammonium sulfate.

Regarding lactam, demand in the Chinese market is softening, partly due to the impact of the Shanghai lockdown.

And then there's Europe. The price of natural gas has skyrocketed. This increase has been passed through into the price of lactam. We and other companies in our industry have both done this.

Therefore, the spread is widening, but demand is declining due to the general rise in prices. We have incorporated in our forecasts an expectation that these conditions are likely to continue in Q2.

Also, as for ammonium sulfate, demand is weakening as people in Thailand, Spain, and other countries are reluctant to buy because of the soaring prices. On the other hand, the market for ammonia, the raw material, has remained at a high level, and profitability is deteriorating while the market softens.

We have been seeing changes like this way recently, and we have factored in the fact that they are likely to continue in Q2.

Questioner A: I see. Are you expecting a bit of a recovery in H2?

Fujii: As for H2, there are various uncertainties and concerns, but basically, we will be entering the demand season for winter clothing and the fall fertilizer season.

Also, although I did not mention it earlier, the impact of production cutbacks in the automobile industry will continue for the rest of H1. We expect this area to recover in H2. Our forecast is based on the assumption that the recovery will basically proceed in H2 as initially projected.

Questioner A: I see. I understand. Thank you.

I have one more question. In the area of specialty products, there are signs of an adjustment in some information appliance products. I wonder if there are any causes for concern regarding your functional products, especially those related to polyimide.

It looks like a straightforward earnings forecast here. If the original forecast has not changed, please tell me whether there is no need to worry about this, or whether there was some mix-up.

Fujii: Right. Regarding specialty products, overall things are in line with the original plan. There may be some fluctuations when we look at each product.

One is separators. This is affected by automobile production cuts and other factors, so there was a downward revision here.

Then there is polyimide. Production adjustments have been made for COF film and for LCD panels in China, so we are proceeding on the assumption of the continuation of these adjustments. The impact on our COF products was limited. However, it is expected that the impact will become clearer to a certain extent in the future.

As for the varnish, this is affected by the lockdown in Shanghai, the sluggish smartphone market in China, and so on.

Due to the effect of yen depreciation, the total polyimide sales for Q1 were almost in line with the plan. We expect that the sluggish smartphone market and other factors will continue for the time being in Q2, and that it will take some time for the varnish to recover.

Then, there is separation membranes and ceramics. As for separation membranes, inquiries from Europe and the US have been very strong for decarbonation membrane for biomethane against the backdrop of environmental measures.

In addition, demand for ceramics for bearings and substrate applications has been extremely strong. Customers have been requesting increased volumes.

As such, regarding functional products as a whole, we expect the synergy between these positive effects will mean that we can leave the full-year plan unchanged.

Questioner A: I see. Inquiries regarding separation membranes have been quite strong, I see.

Fujii: Yes, those for biomethane. This is against the backdrop of environmental measures. In addition, with the price of natural gas rising, the competitiveness of biomethane has been increasing. This is also in the backdrop.

Also, demand for nitrogen membranes for aircraft, ships, and resource explosion-proof is also recovering, so our separation membranes are doing very well.

Questioner A: Yes, I understand. Thank you.

Fujii: Thank you very much.

Questioner B: Thank you for taking my question.

Fujii: Go ahead.

Questioner B: As for my first, please tell us about the performance polymers & chemicals sub-segment of plastics and chemical products.

On page nine, there is a YoY decrease of JPY1.9 billion. What does this consist of? I think it is divided into about four categories, namely nylon, caprolactam, industrial chemicals, and fine chemicals. Can you tell us whether each of them is seeing decreased profits, or are there those with increasing profits?

I would also like you to comment on the Q1 price of caprolactam and, if you don't mind, your assumptions for Q2 and beyond.

Fujii: Right. First of all, in the performance polymers & chemicals sub-segment, Q1 profits of nylon, lactam, industrial chemicals, fine chemicals, etc., were slightly lower YoY.

This is due to the impact of regular repair, which has resulted in a decrease in the volume.

In addition, the impact of automobile production cutbacks has also had some influence on the situation.

As to our assumptions regarding lactam, do you mean our price assumptions?

Questioner B: Yes. Sorry. I want to hear your price assumptions.

Fujii: The current assumption for ACP is set at a little over USD1,200. The spread is set at USD1,050 as initially planned for H2, so we are looking at lactam prices around USD2,200 to USD2,300.

As for the current situation, benzene and lactam prices are currently falling. However, as I mentioned earlier, a recovery is expected in H2, after the beginning of fall, when we enter the demand seasons.

Since things depend on the benzene price, we are managing by the spread and the spread is basically staying at the initial plan for H2 of USD1,050. This is what we are trying to achieve.

Questioner B: Yes, thank you. My second question is about coal and cement.

Since the cement business went to the equity method, I am a little unsure of your sensitivity to coal. How much do you consume, in tens of thousands of tons, in terms of what affects your operating profit? Also, how many tens of thousands of tons do you consume in terms of what effects your equity in the earnings of affiliates?

Also, you reduced the forecast earnings from equity method companies by JPY12 billion from a projected loss of JPY1 billion to a projected loss of JPY13 billion. I would appreciate as much detail as possible as to what assumptions are being made here. Thanks.

Fujii: I do not have detailed data on our equity method companies at hand. As you saw when I explained equity in the earnings of affiliates earlier, we foresee that equity in the earnings of Mitsubishi UBE Cement Corporation will deteriorate significantly to a loss of JPY13 billion.

These figures include some of our consolidation adjustments to an extent. We are assuming a number very close to this.

As for the coal price behind these assumptions, I have heard that Mitsubishi UBE Cement Corporation's assumption is that the coal price will remain at USD400 going forward.

And as for the exchange rate, I have heard that Mitsubishi UBE Cement Corporation is assuming JPY135. I have heard this company feels the yen's depreciation has negative effects, so they set the assumed yen exchange rate a little weak at JPY135 to USD1.

As for the impact of coal prices on operating profit, we do not have the information at hand at this time.

Questioner B: All right. Tell me what you can about the cement price increase for Q2, given the penetration in Q1.

Fujii: We originally proposed a price increase of JPY2,200. As far as this is concerned, we have basically received a response from all of our customers that they accept the new price.

We are currently in the process of final negotiations with some of our customers who have not fully accepted the new price. I have heard that this matter is expected to be settled during H1.

In addition, we have announced an additional general price increase of JPY3,000 per ton in H2 starting with October shipments. We are currently explaining this to our customers and other related parties to gain their understanding. We are in the process of preparing the business environment for this price increase.

The plan for H2 incorporates all of these factors, including the JPY3,000 price increase.

Questioner B: All right. Thank you.

Fujii: Thank you.

Moderator: Thank you very much. Now, since it is almost time to end, I will conclude the question-and-answer session.

Finally, Executive Director Fujii, please give us a few words.

Fujii: Yes. As I have just explained, we have decided to revise downward our profit forecast for the current period. There are many causes for concern, such as the prices of raw materials and natural resources, which will continue to soar and remain high, as well as increasing geopolitical risks. We will continue to monitor such changes and strive to respond to them.

In addition, we started a new medium-term management plan this fiscal year. In line with its policies, we will strive to promote the specialization of chemical businesses.

Thank you very much for joining us today.

This is the end of our presentation.

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

[END]