

Consolidated Financial Report for the Fiscal Year Ended March 31, 2020

May 13, 2020

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 Security code: 4208 (shares listed on First Section of Tokyo
 Stock Exchange and Fukuoka Stock
 Exchange)
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(Amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(From April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
April 2019 – March 2020	667,892	(8.5)%	34,033	(23.6)%	35,724	(25.3)%	22,976	(29.3)%
April 2018 – March 2019	730,157	5.0%	44,551	(11.3)%	47,853	(5.7)%	32,499	2.6%

(Note) Comprehensive Income: From April 1, 2019 to March 31, 2020: 14,442 Million Yen (54.9%)
 From April 1, 2018 to March 31, 2019: 32,031 Million Yen (18.3%)

	Net income per share (Yen)	Diluted net income per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
April 2019 – March 2020	227.33	226.61	6.9	4.9	5.1
April 2018 – March 2019	312.36	311.36	10.1	6.5	6.1

(Reference) Share of profit of entities accounted for using equity method: From April 1, 2019 to March 31, 2020: 2,329 Million Yen
 From April 1, 2018 to March 31, 2019: 4,914 Million Yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
March 31, 2020	727,269	354,447	45.7	3,287.73
March 31, 2019	740,286	354,552	44.5	3,261.23

(Reference) Shareholders' equity: As of March 31, 2020: 332,395 Million Yen
 As of March 31, 2019: 329,520 Million Yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
April 2019 – March 2020	68,489	(40,632)	(18,931)	40,609
April 2018 – March 2019	50,462	(42,663)	(24,034)	32,295

2. Cash Dividends

	Cash dividends per share (Yen)					Total dividends paid (Annual)	Dividend payout ratio (Consolidated) (%)	Dividend on net assets ratio (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year end	Annual			
April 2018 – March 2019	-	0.00	-	80.00	80.00	8,101	25.6	2.6
April 2019 – March 2020	-	45.00	-	45.00	90.00	9,117	39.6	2.7
April 2020 – March 2021 (Forecast)	-	-	-	-	90.00		65.0	

(Note) In addition, we currently plan to pay annual dividends of 90 yen per share for the next term, but dividends payable at the end of the second quarter and current fiscal year is to be decided later in a comprehensive manner on the basis of earnings and expenses as well as financial condition.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

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

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share(Yen)	
April 2020 – September 2020	293,000	(12.6)%	6,000	(64.2)%	4,000	(76.0)%	2,500	(76.8)%	24.73	
April 2020 – March 2021	614,000	(8.1)%	26,000	(23.6)%	23,500	(34.2)%	14,000	(39.1)%	138.47	

(Note) We forecast as the outlook for the next term that spread of COVID-19 will have an adverse effect on business performance of each segment, in particular the Chemicals and Machinery Segments, and that such effect will expand until the second quarter, but Company Group's business performance will be gradually mitigated from the third quarter in the current fiscal year. Under such circumstances, the Company Group will factor in the sales reduction risk in each business division based on the current demand outlook and will continue to make efforts to reduce various cost including cost of manufactured goods and selling, general and administrative expenses. We have reflected the impact of such measures in our earnings forecast.

When the situation changes in the future, we will revise our forecast accordingly.

(Notes)

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2020: No

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

(2) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(3) Number of shares outstanding (common stock)

	March 31, 2020	March 31, 2019
Numbers of shares outstanding at period end	106,200,107	106,200,107
Numbers of shares of treasury stock at period end	5,098,529	5,158,424
	April 2019 – March 2020	April 2018 – March 2019
Weighted-average number of shares outstanding during period	101,069,438	104,042,390

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(From April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales		Operating profit		Ordinary profit		Net income	
April 2019 – March 2020	282,027	(9.7)%	14,945	37.4%	24,462	20.8%	17,032	7.3%
April 2018 – March 2019	312,464	(0.9)%	10,878	(45.6)%	20,243	(22.3)%	15,871	(6.0)%

	Net income per share (Yen)	Diluted net income per share (Yen)
April 2019 – March 2020	168.16	167.64
April 2018 – March 2019	152.22	151.73

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
March 31, 2020	468,122	178,558	38.0	1,756.68
March 31, 2019	466,880	175,795	37.5	1,729.92

(Reference) Shareholders' equity: As of March 31, 2020: 177,984 Million Yen

As of March 31, 2019: 175,169 Million Yen

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

(Information regarding review procedures)

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

(Cautionary statement on forward-looking statements)

The description about the future in this document and the supplementary material, including the forecast of financial results, is based on certain assumptions that the Company Group considered reasonable as of the published date of this release and is not intended as a guarantee that the Company Group will achieve these targets. In addition, the actual results may differ materially from those projected herein depending on various factors. For assumptions used to project the financial results and instructions to use the projected financial results, please see the "(5) Forecast for the next Fiscal Year (April 1, 2020 to March 31, 2021)" of "4. Qualitative Information on Operating Results" on page 6 of the supplementary material.

4. Qualitative Information on Operating Results

(1) Overview of Operating Results

Overview

During the current term, net sales of the Corporate Group decreased due to falling sales prices for materials such as nylon, caprolactam, and synthetic rubber, as well as reduced sales volume for materials such as coal.

Company Group's operating profit also decreased despite a fall in the raw material prices such as coal, because weak demand in the nylon and caprolactam markets had a substantial negative impact on the overall business.

Profit attributable to owners of parent decreased, mainly because profit from business integration of equity-method affiliates that had taken place in the previous term was eliminated and because extraordinary losses also increased as the result of business transfer of a golf course that had been owned by a consolidated subsidiary of the Company Group.

As a result, the Company Group reports its consolidated results during the current term as follows:

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April 2019 – March 2020 ①	667.8	34.0	35.7	22.9
April 2018 – March 2019 ②	730.1	44.5	47.8	32.4
Difference ① - ②	(62.2)	(10.5)	(12.1)	(9.5)
Percentage change	(8.5)%	(23.6)%	(25.3)%	(29.3)%

Overview by Segment

Segment	April 2019 – March 2020 ①	April 2018 – March 2019 ②	Difference ① – ②	Percentage change
Chemicals	286.0	324.2	(38.2)	(11.8)%
Construction Materials	303.0	321.0	(17.9)	(5.6)%
Machinery	90.7	97.2	(6.4)	(6.6)%
Others	4.5	4.9	(0.3)	(7.3)%
Adjustment	(16.5)	(17.3)	0.7	—
Total	667.8	730.1	(62.2)	(8.5)%

Segment	April 2019 – March 2020 ①	April 2018 – March 2019 ②	Difference ① – ②	Percentage change
Chemicals	14.5	24.6	(10.0)	(40.9)%
Construction Materials	14.5	14.4	0.0	0.5%
Machinery	4.9	5.4	(0.4)	(8.7)%
Others	0.5	0.8	(0.2)	(25.7)%
Adjustment	(0.6)	(0.7)	0.1	—
Total	34.0	44.5	(10.5)	(23.6)%

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

Chemicals – Decreases in both net sales and operating profit

■ Engineering Plastics & Fine Chemicals Businesses

The Caprolactam Business recorded a sales decrease, due to falls in sales prices and sales volume resulted from sluggish growth in markets such as China.

The Nylon Business recorded a net sales decrease due to relaxation of supply and demand resulting from the sluggish growth in markets such as China, in addition to the effects of the falling caprolactam prices.

In the Industrial Chemicals Business, both production volume and shipment volume increased for the reason that there was no once-every-two-year periodic repair of the ammonia product factory, but sales decreased due to a decline in ammonia prices.

The Fine Chemicals Business recorded a net sales decrease despite the continued strong demand as a whole, because the harsher competition caused sales volume decreases in some products.

Both net sales and operating profit decreased in the Engineering Plastics and Fine Chemicals Businesses as a whole, because price declines in nylon and caprolactam had a substantial negative impact on the overall performance of these businesses.

- The Synthetic Rubber Business recorded decreases in net sales and operating profit, due to a decrease in sales volume resulting from weak demand under the condition that both the sales prices and the prices of butadiene, raw materials in the business, were in the downward trends.

■ Specialty Products Businesses

The Battery Materials Business recorded a sales decrease, because the sales volume decreased under the condition that competition became harsher in the China market and some main customers adjusted their production volume.

The Polyimide Business recorded an increase in net sales, because sales volume of the COF films mainly used on displays remained stable and expansion of demand for varnish used for organic EL panels in the China market drove an increase in sale volume.

Both net sales and operating profit decreased in the Specialty Products Business as a whole, despite the continued strong sales, because a decrease in battery materials sales volume greatly affected the overall business.

- The Pharmaceutical Business recorded increases in net sales and operating profit, because our customers, pharmaceutical companies, expanded sales both in drugs developed by UBE and those manufactured under contract.
- Both net sales and operating profit decreased in the Chemicals Segment as a whole: while sales of polyimide continued to be strong, price decline in nylon and caprolactam had a substantial negative impact on the overall performance of these businesses.

Construction Materials – Decreases in net sales and increase in operating profit

- The Cement and Ready-Mixed Concrete Business recorded a net sales decrease, because domestic demand was in a low period especially in the Tokyo metropolitan area, and natural disasters and delay of construction projects had adversary effects on the business results.

- The Calcia and Magnesia Business recorded a net sales decrease, despite of a positive impact of the price revision of some products including the magnesia products used in the steel and electric power industries, because sluggish demand for the products used in the steel industry and refractory products had a significant adversary effect on sales volume of the products.

- The Energy Business recorded a net sales decrease, due to decreases in sales volume and prices of coal.

- The Construction Materials Segment as a whole recorded a decrease in net sales and an increase in operating profit, because impact of a price fall of coal used as the materials offset a decrease in sales volume of cement, ready-mixed concrete, calcia and magnesia.

Machinery – Decreases in both net sales and operating profit

- Under the continued severe condition where orders from customers have been significantly reduced due to the impact of the economic downturn resulting from the trade frictions between the US and China spreading to capital investment on a global basis, the Molding Machine Business saw a decrease in shipment and the Industrial Machines Business saw a slight shipment decrease.

The Machinery Segment as a whole recorded decreases in net sales and operating profit; although profitability in the Steel Products Business improved and the Service Business remained strong, rises in material procurement expenses and subcontract cost in Molding Machine Business had significant adversary effects on the business results.

Others – Decreases in both net sales and operating profit

(2) Overview of Financial Condition

Total assets decreased by 13.0 billion yen to 727.2 billion yen. While cash and deposits increased by 8.3 billion yen, notes and accounts receivable and inventories which include merchandise and finished goods decreased respectively 13.4 billion yen and 3.0 billion yen.

Total liabilities decreased by 12.9 billion yen to 372.8 billion yen, because notes and accounts payable-trade decreased by 9.6 billion yen.

Net assets decreased by 0.1 billion yen to 354.4 billion yen; although retained earnings increased by 22.9 billion yen thanks to an increase in profit attributable to owners of parent, there was a decrease by 12.6 billion yen for the reason of payment of dividends, in addition to decreases respectively in accumulated other comprehensive income by 7.5 billion yen and in non-controlling interests by 2.9 billion yen.

(3) Overview of cash flow

Net cash provided by operating activities totaled 68.4 billion yen, which was mainly comprised of profit before income taxes for the year of 30.3 billion yen, depreciation and amortization of 36.8 billion yen, which is a non-fund entry, increase in working capital (which is the total amount of increases and decreases in trade receivables, inventories and trade payables) of 5.5 billion yen, and income taxes paid of 7.1 billion yen.

Net cash used in investment activities totaled 40.6 billion yen, which was mainly comprised of purchase of property, plant and equipment and intangible assets of 42.6 billion yen.

Net cash used in financing activities totaled 18.9 billion yen, which was mainly comprised of an increase in interest-bearing debt of 1.4 billion yen, cash dividends paid of 13.3 billion yen and refund of deposits received from members of 5.9 billion yen.

The balance of interest-bearing debt at the end of the term increased by 3.4 billion yen compared to the end of the previous term to 190.7 billion yen.

The balance of cash and cash equivalents at the end of the term increased by 8.3 billion yen compared to the end of the previous term to 40.6 billion yen.

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

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

In the medium-term management plan "Vision UBE 2025 — Prime Phase," in which the current term is positioned as the first year, we adopted dividend on equity (DOE) as a new business indicator and set policy targets of DOE at a 2.5% or higher level and a consolidated total return ratio of 30% or more to current consolidated profit attributable to owners of parent on three-year average.

In addition, we currently plan to pay annual dividends of 90 yen per share for the next term, but dividends payable at the end of the second quarter and current fiscal year is to be decided later in a comprehensive manner on the basis of earnings and expenses as well as financial condition.

(5) Forecast for the next Fiscal Year (April 1, 2020 to March 31, 2021)

We forecast as the outlook for the next term that spread of COVID-19 will have an adverse effect on business performance of each segment, in particular the Chemicals and Machinery Segments, and that such effect will expand until the second quarter, but Company Group's business performance will be gradually mitigated from the third quarter in the current fiscal year. Under such circumstances, the Company Group will factor in the sales reduction risk in each business division based on the current demand outlook and will continue to make efforts to reduce various cost including cost of manufactured goods and selling, general and administrative expenses. We have reflected the impact of such measures in our earnings forecast.

When the situation changes in the future, we will revise our forecast accordingly.

(Billions of yen)

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April 2020 – March 2021 ①	614.0	26.0	23.5	14.0
April 2019 – March 2020 ②	667.8	34.0	35.7	22.9
Difference ① - ②	(53.8)	(8.0)	(12.2)	(8.9)
Percentage change	(8.1)%	(23.6)%	(34.2)%	(39.1)%

Overview by Segment

Net sales (Billions of yen)

Segment	April 2020 – March 2021 ①	April 2019 – March 2020 ②	Difference ① – ②	Percentage change
Chemicals	260.0	286.0	(26.0)	(9.1)%
Construction Materials	290.0	303.0	(13.0)	(4.3)%
Machinery	79.0	90.7	(11.7)	(13.0)%
Others	3.0	4.5	(1.5)	(34.4)%
Adjustment	(18.0)	(16.5)	(1.5)	—
Total	614.0	667.8	(53.8)	(8.1)%

Operating profit (Billions of yen)

Segment	April 2020 – March 2021 ①	April 2019 – March 2020 ②	Difference ① – ②	Percentage change
Chemicals	9.5	14.5	(5.0)	(34.6)%
Construction Materials	13.5	14.5	(1.0)	(7.3)%
Machinery	3.5	4.9	(1.4)	(29.1)%
Others	0.5	0.5	0.0	(16.2)%
Adjustment	(1.0)	(0.6)	(0.4)	—
Total	26.0	34.0	(8.0)	(23.6)%

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

5. Management policy

(1) Basic policy for management of the Company

The Company Group defined the current fiscal year as the first year of “Vision UBE 2025 — Prime Phase,” the medium-term management plan for the next three years through fiscal 2021, a milestone on the road to realize the vision of the UBE Group, and set the following basic policies for management and numeric targets.

◆Basic policy

- i) Strengthening the platform for business growth
- ii) Strengthening the management platform (corporate governance)
- iii) Address and be part of the solution to resource, energy, and global environmental issues

◆Numeric targets

< Key Figures >		< Key Indicators >	
	Target for FY 2021		Target for FY 2021
Operating profit	55.0 billions of yen	Return on sales – ROS	7.0%
Ordinary profit	58.0 billions of yen	Return on equity – ROE	10.0%

(2) Challenges that the Company should address

In order to respond to spread of COVID-19 infection on a global scale, the Company Group follows the policies set by the Japan and other countries where it operates business, and has implemented various measures for prevention of the infection by promoting employees' teleworking and staggered commuting and restraining business trips. In each manufacturing base, we will place priority on securing employees' and customers' safety and preventing the infection inside and outside the Company and will make efforts to consistently supply the products that are essential for daily life and are required by society.

We will continue to respond to changes in the business environment in a flexible manner and will commit to sustainable growth across the Group by providing high-value-added products in the Chemicals Segment on a global basis, strengthening the revenue bases of the Construction Materials and Machinery Segments under the basic policies of the medium-term management plan.

In addition, we will strengthen supervisory function of the Board of Directors and will facilitate prompt decision-making, in order to improve corporate governance. Following the discovery of the improprieties in quality checks conducted by our group company in the 2017 fiscal year, we are carrying out the measures to prevent the re-occurrence and are facilitating secured operation and continuous improvement of the quality assurance system to strengthen the quality assurance structure further.

To address the global environmental issues, the Company Group not only expressed support for the proposal by the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020, but also set the new medium- and long-term goal to contribute to achievement of carbon-free society and to improve the activities for reduction in environmental loading further.

6. Basic policy on adoption of accounting standard

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

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

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	32,903	41,226
Notes and accounts receivable - trade	171,611	158,140
Merchandise and finished goods	42,585	43,171
Work in process	22,611	21,200
Raw materials and supplies	31,568	29,371
Other	15,020	11,353
Allowance for doubtful accounts	(599)	(505)
Total current assets	315,699	303,956
Non-current assets		
Property, plant and equipment		
Buildings and structures	278,005	276,154
Accumulated depreciation and impairment loss	(189,905)	(188,212)
Buildings and structures, net	88,100	87,942
Machinery, equipment and vehicles	667,722	675,230
Accumulated depreciation and impairment loss	(524,387)	(535,386)
Machinery, equipment and vehicles, net	143,335	139,844
Land	80,510	76,059
Leased assets	3,226	4,173
Accumulated depreciation and impairment loss	(1,700)	(1,998)
Leased assets, net	1,526	2,175
Construction in progress	10,038	15,217
Other	42,930	43,348
Accumulated depreciation and impairment loss	(35,123)	(34,543)
Other, net	7,807	8,805
Total property, plant and equipment	331,316	330,042
Intangible assets		
Leased assets	35	507
Goodwill	643	524
Other	6,428	6,383
Total intangible assets	7,106	7,414
Investments and other assets		
Investment securities	55,567	53,326
Long-term loans receivable	255	226
Retirement benefit asset	6,620	4,359
Deferred tax assets	12,151	14,516
Other	12,037	13,759
Allowance for doubtful accounts	(628)	(497)
Total investments and other assets	86,002	85,689
Total non-current assets	424,424	423,145
Deferred assets		
Bond issuance costs	163	168
Total deferred assets	163	168
Total assets	740,286	727,269

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	102,223	92,620
Short-term borrowings	51,371	43,484
Current portion of bonds payable	10,000	—
Lease obligations	515	804
Accounts payable - other	29,554	33,192
Income taxes payable	4,106	4,369
Provision for bonuses	7,163	7,049
Provision for loss on order received	457	277
Other	20,674	17,541
Total current liabilities	226,063	199,336
Non-current liabilities		
Bonds payable	50,000	60,000
Long-term borrowings	74,275	84,420
Lease obligations	1,138	2,010
Deferred tax liabilities	1,964	1,217
Provision for retirement benefits for directors (and other officers)	595	586
Provision for special repairs	1,532	2,930
Provision for loss on business restructuring	600	222
Retirement benefit liability	7,011	7,442
Asset retirement obligations	1,884	1,916
Other	20,672	12,743
Total non-current liabilities	159,671	173,486
Total liabilities	385,734	372,822
Net assets		
Shareholders' equity		
Share capital	58,435	58,435
Capital surplus	40,355	40,300
Retained earnings	235,671	245,980
Treasury shares	(12,798)	(12,645)
Total shareholders' equity	321,663	332,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,217	1,984
Deferred gains or losses on hedges	(5)	9
Foreign currency translation adjustment	6,075	2,122
Remeasurements of defined benefit plans	(2,430)	(3,790)
Total accumulated other comprehensive income	7,857	325
Share acquisition rights	626	573
Non-controlling interests	24,406	21,479
Total net assets	354,552	354,447
Total liabilities and net assets	740,286	727,269

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

• Consolidated Statements of Income

(Millions of yen)

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Net sales	730,157	667,892
Cost of sales	600,301	549,698
Gross profit	129,856	118,194
Selling, general and administrative expenses	85,305	84,161
Operating profit	44,551	34,033
Non-operating income		
Interest income	271	309
Dividend income	1,768	1,140
Rental income	1,038	1,045
Amortization of negative goodwill	133	33
Share of profit of entities accounted for using equity method	4,914	2,329
Foreign exchange gains	910	664
Subsidy income	–	2,449
Other	2,341	1,937
Total non-operating income	11,375	9,906
Non-operating expenses		
Interest expenses	1,083	971
Rental expenses	591	634
Compensation for damage	565	998
Other	5,834	5,612
Total non-operating expenses	8,073	8,215
Ordinary profit	47,853	35,724
Extraordinary income		
Gain on sales of non-current assets	79	296
Gain on sales of investment securities	19	1,015
Subsidy income	763	–
Total extraordinary income	861	1,311
Extraordinary losses		
Loss on disposal of non-current assets	2,190	1,124
Impairment loss	882	5,236
Loss on sales of investment securities	–	13
Loss on valuation of investment securities	964	298
Total extraordinary losses	4,036	6,671
Profit before income taxes	44,678	30,364
Income taxes - current	9,105	9,220
Income taxes - deferred	1,313	(1,562)
Total income taxes	10,418	7,658
Profit	34,260	22,706
Profit attributable to non-controlling interests	1,761	(270)
Profit attributable to owners of parent	32,499	22,976

(Millions of yen)

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Profit	34,260	22,706
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,454)	(2,206)
Deferred gains or losses on hedges	1	14
Foreign currency translation adjustment	311	(4,510)
Remeasurements of defined benefit plans, net of tax	(821)	(1,393)
Share of other comprehensive income of entities accounted for using equity method	(266)	(169)
Total other comprehensive income	(2,229)	(8,264)
Comprehensive income	32,031	14,442
Comprehensive income attributable to owners of parent	29,837	15,444
Comprehensive income attributable to non-controlling interests	2,194	(1,002)

(3) Consolidated Statements of Changes in Net Assets

• For the fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year	58,435	38,291	211,065	(2,958)	304,833
Changes during the year					
Cash dividends			(7,893)		(7,893)
Profit attributable to owners of parent			32,499		32,499
Purchase of treasury stock				(10,009)	(10,009)
Disposal of treasury stock		(16)		169	153
Purchase of shares of consolidated subsidiaries		2,080			2,080
Net changes of items other than shareholders' equity					
Total changes during the year	—	2,064	24,606	(9,840)	16,830
Balance at the end of the year	58,435	40,355	235,671	(12,798)	321,663

(Millions of yen)

	Accumulated Other Comprehensive Income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	5,691	(6)	6,415	(1,581)	10,519	672	20,837	336,861
Changes during the year								
Cash dividends								(7,893)
Profit attributable to owners of parent								32,499
Purchase of treasury stock								(10,009)
Disposal of treasury stock								153
Purchase of shares of consolidated subsidiaries								2,080
Net changes of items other than shareholders' equity	(1,474)	1	(340)	(849)	(2,662)	(46)	3,569	861
Total changes during the year	(1,474)	1	(340)	(849)	(2,662)	(46)	3,569	17,691
Balance at the end of the year	4,217	(5)	6,075	(2,430)	7,857	626	24,406	354,552

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

(Millions of yen)

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

(Millions of yen)

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Cash flows from operating activities		
Profit before income taxes	44,678	30,364
Depreciation and amortization	36,420	36,827
Impairment loss	882	5,236
Loss on retirement of non-current assets	1,989	533
Amortization of negative goodwill	(133)	(33)
Interest and dividend income	(2,039)	(1,449)
Interest expenses	1,083	971
Share of loss (profit) of entities accounted for using equity method	(4,914)	(2,329)
Loss (gain) on sales of investment securities	(19)	(1,002)
Loss (gain) on valuation of investment securities	964	298
Loss (gain) on sales of non-current assets	(33)	8
Subsidy income	(763)	(2,449)
Increase (decrease) in allowance for doubtful accounts	57	(218)
Increase(decrease) in defined benefit asset and liability	1,685	2,599
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(33)	(4)
Decrease (increase) in trade receivables	(9,159)	12,187
Decrease (increase) in inventories	(5,590)	1,926
Increase (decrease) in trade payables	(1,937)	(8,557)
Other, net	(2,811)	(2,685)
Subtotal	60,327	72,223
Interest and dividends received	3,229	2,850
Interest paid	(1,164)	(954)
Subsidies received	853	1,527
Income taxes paid	(12,783)	(7,157)
Net cash provided by (used in) operating activities	50,462	68,489
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(42,763)	(42,651)
Proceeds from sales of property, plant and equipment	2,205	1,540
Purchase of investment securities	(122)	(260)
Proceeds from sales of investment securities	5	1,362
Purchase of shares of subsidiaries and associates	(501)	(686)
Proceeds from sales of shares of subsidiaries and associates	43	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,395)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(207)
Decrease (increase) in short-term loans receivable	54	339
Long-term loan advances	(44)	(12)
Collection of long-term loans receivable	48	32
Other, net	(193)	(89)
Net cash provided by (used in) investing activities	(42,663)	(40,632)

(Millions of yen)

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,335)	(6,583)
Proceeds from long-term borrowings	28,836	28,193
Repayments of long-term borrowings	(28,043)	(19,309)
Proceeds from issuance of bonds	9,955	9,955
Redemption of bonds	(10,010)	(10,000)
Refund of deposits received from members	(149)	(5,908)
Purchase of treasury shares	(10,009)	(7)
Proceeds from share issuance to non-controlling shareholders	4,200	—
Dividends paid	(7,876)	(12,625)
Dividends paid to non-controlling interests	(667)	(770)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(431)	(1,080)
Other, net	(505)	(797)
Net cash provided by (used in) financing activities	(24,034)	(18,931)
Effect of exchange rate change on cash and cash equivalents	1	(612)
Net increase (decrease) in cash and cash equivalents	(16,234)	8,314
Cash and cash equivalents at beginning of period	48,529	32,295
Cash and cash equivalents at end of period	32,295	40,609

(5) Notes to Consolidated Financial Statements

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

None.

(Changes in presentation)

(Consolidated Statements of Income)

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

As the result, 6,399 million yen presented in the “other, net” under “non-operating expenses” in the consolidated income statement for the previous consolidated fiscal year was separated into 565 million yen of “compensation for damage” and 5,834 million yen of “other, net.”

(Consolidated Statements of Cash Flows)

Since “foreign exchange losses (gains)” that was shown separately under “cash flows from operating activities” become insignificant in terms of amount, the item is included in “other, net” in the current consolidated fiscal year. In order to reflect this change in presentation, consolidated financial statements for the previous fiscal year have been restated.

As the result, 8 million yen presented in the “foreign exchange losses (gains)” under “cash flows from operating activities” in the consolidated statements of cash flows for the previous consolidated fiscal year is included in “other, net.”

Since “refund of deposits received from members” that was included in the “other, net” under “cash flows from financing activities” in the previous consolidated fiscal year became significant in terms of amount, the item is shown separately from the current consolidated fiscal year. In order to reflect this change in presentation, consolidated financial statements for the previous fiscal year have been restated.

As the result, minus 654 million yen presented in the “other, net” under “cash flows from financing activities” in the consolidated statements of cash flows for the previous consolidated fiscal year is separated into minus 149 million yen of “refund of deposits received from members” and minus 505 million yen of “other, net.”

(Segment Information)

1. Segment Information

(1) Summary of reportable segments

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

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

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

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

Effective from April 2019, the Company Group modified its management framework, and as the result, integrated the former Pharmaceutical Segment into the Chemicals Segment, and the Energy & Environment Segment into the Construction Materials Segment in the current consolidated fiscal year.

For fair comparison over the same period last year, the segment information in the previous consolidated fiscal year is reported under the segmentation after the modification.

- (2) Calculation method of net sales, income or loss, assets, liabilities and other items by the reportable segment
The accounting method applied for the reportable segments is subject to the account policy adopted for preparation of consolidated financial statement.
Reportable segment profit consists of figures based on operating profit.
Intersegment sales or transfers are based on market prices.

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

For the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Chemicals	Construction Materials	Machinery	Others	Total		
Net sales							
External sales	323,314	307,565	95,808	3,470	730,157	—	730,157
Internal sales or transfers	955	13,439	1,456	1,465	17,315	(17,315)	—
Total	324,269	321,004	97,264	4,935	747,472	(17,315)	730,157
Segment profit (Operating profit)	24,606	14,492	5,410	804	45,312	(761)	44,551
Assets	356,741	287,670	78,871	13,101	736,383	3,903	740,286
Other items							
Depreciation and amortization (Note 3)	21,188	12,362	1,761	282	35,593	827	36,420
Investment in equity-method affiliates	23,178	10,566	—	1,174	34,918	—	34,918
Increase in property, plant and equipment and intangible assets (Note 4)	15,525	23,130	1,923	160	40,738	1,003	41,741

(Note 1) Adjustments are applied to the followings:

- i) (761) million yen for adjustment for Segment profit includes (72) million yen for the elimination of transaction between the Segments and (689) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.
- ii) 3,903 million yen for adjustment for Segment assets includes (43,199) million yen for the emission of credits between the Segments and 47,102 million yen for company-wide assets that are not attributed to each reported Segment.
- iii) 827million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
- iv) 1,003 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.

(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.

(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

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

(Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Chemicals	Construction Materials	Machinery	Others	Total		
Net sales							
External sales	285,225	290,674	88,931	3,062	667,892	—	667,892
Internal sales or transfers	816	12,363	1,868	1,514	16,561	(16,561)	—
Total	286,041	303,037	90,799	4,576	684,453	(16,561)	667,892
Segment profit (Operating profit)	14,531	14,567	4,940	597	34,635	(602)	34,033
Assets	344,834	286,855	77,548	13,764	723,001	4,268	727,269
Other items							
Depreciation and amortization (Note 3)	21,216	13,120	1,748	236	36,320	507	36,827
Investment in equity-method affiliates	23,659	10,800	—	1,276	35,735	—	35,735
Increase in property, plant and equipment and intangible assets (Note 4)	24,723	20,079	1,853	151	46,806	809	47,615

(Note 1) Adjustments are applied to the followings:

- i) (602) million yen for adjustment for Segment profit includes (105) million yen for the elimination of transaction between the Segments and (497) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.
- ii) 4,268 million yen for adjustment for Segment assets includes (49,572) million yen for the emission of credits between the Segments and 53,840 million yen for company-wide assets that are not attributed to each reported Segment.
- iii) 507 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
- iv) 809 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.

(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.

(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

2. Related Information

For the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Information by product and service

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

(2) Information by region

① Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
513,021	133,914	46,909	36,313	730,157

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

② Tangible assets

(Millions of yen)

Japan	Thailand	Other Asia	Europe	Others	Total
265,274	45,582	674	19,031	755	331,316

(3) Information by major customer

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

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

(1) Information by product and service

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

(2) Information by region

① Net sales

(Millions of yen)

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

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

② Tangible assets

(Millions of yen)

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

(3) Information by major customer

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

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

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Impairment loss	720	140	—	—	22	882

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

(Millions of yen)

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

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

4. Information about amortization of goodwill and balance of unamortized goodwill by reportable segment

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	113	34	—	—	—	147
Balance at the end of the term	1,873	33	—	—	—	1,906

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

(Millions of yen)

	Chemicals	Construction Materials	Machinery	Others	Company wide / elimination	Total
Amortization of goodwill	226	33	—	21	—	280
Balance at the end of the term	999	243	—	21	—	1,263

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

(Millions of yen)

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

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

(Millions of yen)

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

5. Information concerning gain on negative goodwill by reportable segment

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

None.

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

None.

(Information of per share)

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Shareholders' equity per share (Yen)	3,261.23	3,287.73
Net income per share (Yen)	312.36	227.33
Diluted net income per share (Yen)	311.36	226.61

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

	April 1, 2018 – March 31, 2019	April 1, 2019 – March 31, 2020
Net income per share		
Profit attributable to owners of parent (Millions of yen)	32,499	22,976
Profit not attributable to shareholders of common stock (Millions of yen)	—	—
Profit attributable to shareholders of common stock of parent (Millions of yen)	32,499	22,976
Weighted-average number of shares outstanding during period of common stock (Thousand shares)	104,042	101,069
Diluted net income per share		
Adjustments of profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (Thousand shares)	336	318
Share acquisition rights (Internal)	(336)	(318)
Descriptions of potentially dilutive common shares that were not included in the computation of diluted net income per share because of their anti-dilutive effect		—

(Material subsequent events)

Issuance of unsecured straight bond

Upon the resolution at Company's Board of Director Meeting held on March 27, 2020, the Company issued unsecured straight bonds as follows:

Ube Industries, Ltd. 17th series issuance of unsecured straight bonds (with a provision regarding limited inter-bond pari passu clause)

Total amount of issuance	10,000 million yen
Issue price	100 yen for 100 yen of the amount of each bond
Interest rate	0.580%
Interest payment date	May 1 and November 1 of each year
Due date of payment	May 1, 2020
Redemption date	May 1, 2030
Redemption method	Bullet maturity
Use of funds	Funds for repayment of long-term loans payable

(Reference) Consolidated Key Indicators

	April 2018 – March 2019	April 2019 – March 2020	April 2020 – March 2021 (forecast)
Capital investment	41.7	47.6	47.0
Depreciation and amortization	36.4	36.8	37.0
Research and development expenses	12.1	12.8	14.0
Adjusted operating profit *1	51.5	37.8	29.0
Interest-bearing debt	187.2	190.7	190.0
Shareholders' equity *2	329.5	332.3	337.0
Total assets	740.2	727.2	720.0
D/E ratio (times)	0.57	0.57	0.56
Shareholders' equity ratio (%)	44.5	45.7	46.8
Return on sales - ROS (%) *3	6.1	5.1	4.2
Return on assets - ROA (%) *4	6.9	5.2	4.0
Return on equity - ROE (%) *5	10.1	6.9	4.2
Number of employees	11,010	10,890	11,000

*1 Adjusted operating profit: Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method

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

*3 ROS: Operating profit / Net sales

*4 ROA: Adjusted operating profit / Average total assets

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