

# Financial Results for the 3rd Quarter FY2023

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## Explanatory material

February 5, 2024

3rd Quarter: April - December

# FY2023 3rd Quarter Consolidated Result

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## Scope of Consolidation

Item	End of FY2022 (A)	End of FY2023 3Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	36	36	-	
Number of equity method affiliates	15	15	-	
Total	51	51	-	

## Environmental Factors

Item		FY2022 3Q (A)	FY2023 3Q (B)	Difference (B) - (A)		
Exchange Rate		Yen/\$	<b>136.5</b>	<b>143.3</b>	<b>6.8</b>	
Material Price	Naphtha	CIF	\$/ t	<b>831</b>	<b>667</b>	<b>(164)</b>
		Domestic	Yen/KL	<b>80,000</b>	<b>68,100</b>	<b>(11,900)</b>
	Benzene (ACP)		\$/ t	<b>1,073</b>	<b>920</b>	<b>(153)</b>
	Australian Coal (CIF)		\$/ t	<b>407.5</b>	<b>201.5</b>	<b>(206.0)</b>
			Yen/t	<b>55,628</b>	<b>28,873</b>	<b>(26,755)</b>

## Major P/L Items

(Billions of yen)

Item	FY2022 3Q (A)	FY2023 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	368.4	332.9	(35.4)	(9.6)%
Operating profit	13.0	12.3	(0.7)	(5.2)%
Ordinary profit (loss)	(4.5)	23.2	27.7	—
Profit (loss) attributable to owners of parent	(2.4)	19.9	22.3	—

Note: The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in FY2022 4Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q.

# Net Sales and Operating Profit by Segment

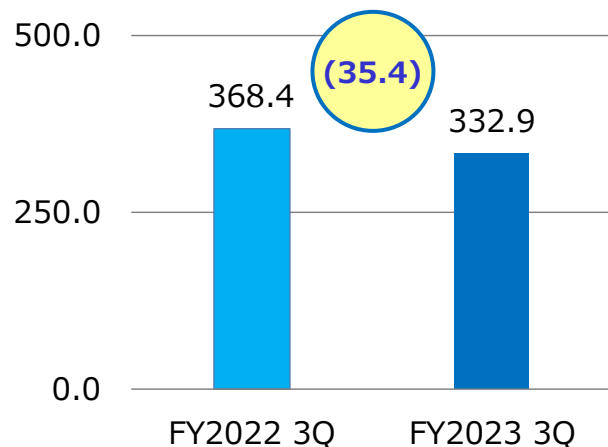
(Billions of yen)

	Segment	FY2022 3Q (A)	FY2023 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	Specialty Products	47.4	46.8	(0.6)	(1.3)%
	Polymers & Chemicals	225.2	183.7	(41.5)	(18.4)%
	Machinery	69.3	65.6	(3.7)	(5.3)%
	Others	50.6	58.3	7.7	15.2%
	Adjustment	(24.1)	(21.5)	2.7	-
	<b>Total</b>	<b>368.4</b>	<b>332.9</b>	<b>(35.4)</b>	<b>(9.6)%</b>
Operating profit	Specialty Products	8.5	8.3	(0.2)	(2.2)%
	Polymers & Chemicals	3.3	(0.6)	(3.8)	-
	Machinery	2.6	4.4	1.7	66.9%
	Others	1.7	2.6	0.8	49.5%
	Adjustment	(3.1)	(2.4)	0.8	-
	<b>Total</b>	<b>13.0</b>	<b>12.3</b>	<b>(0.7)</b>	<b>(5.2)%</b>

# Analysis – Total

(Billions of yen)

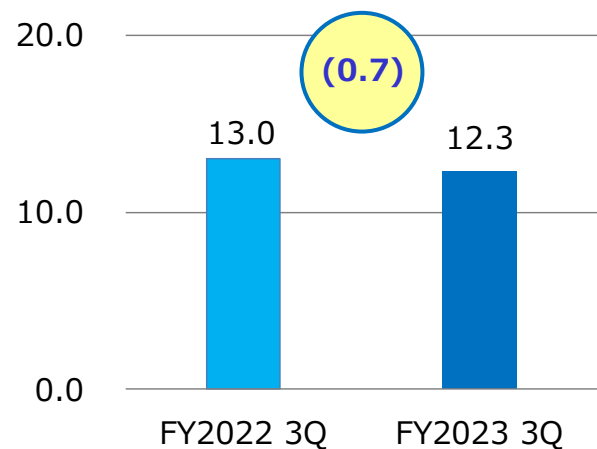
## Net Sales



Specialty Products	(0.6)
Polymers & Chemical	(41.5)
Machinery	(3.7)
Others	7.7
Adjustment	2.7

**(9.6)% Decreased**

## Operating profit



Specialty Products	(0.2)
Polymers & Chemical	(3.8)
Machinery	1.7
Others	0.8
Adjustment	0.8

**(5.2)% Decreased**

## Qualitative Information

### Net sales: Down

- Polymers & Chemicals: Weak sales of nylon polymers, caprolactam, and other products
- Others: Consolidation of API Corporation

### Operating profit: Down

- Polymers & Chemicals: Weak sales of nylon polymers and fine chemicals due to declining demand

## Difference of operating profit

Price <sup>*1</sup>	(0.0)
Volume	(3.7)
Fixed Cost and Others <sup>*2</sup>	3.1
<b>Total</b>	<b>(0.7)</b>

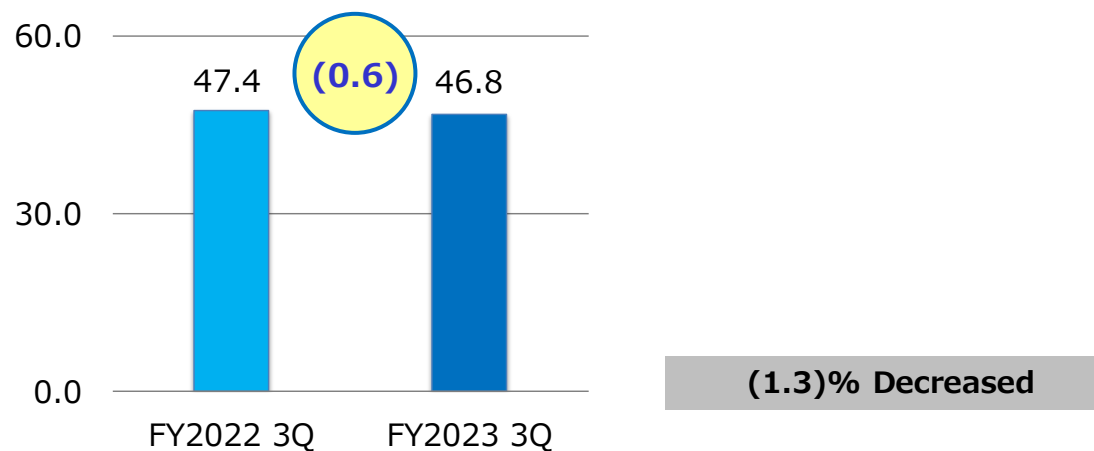
\*1: Including both selling and purchase change

\*2: Including inventory valuation changes and lowest cost accounting

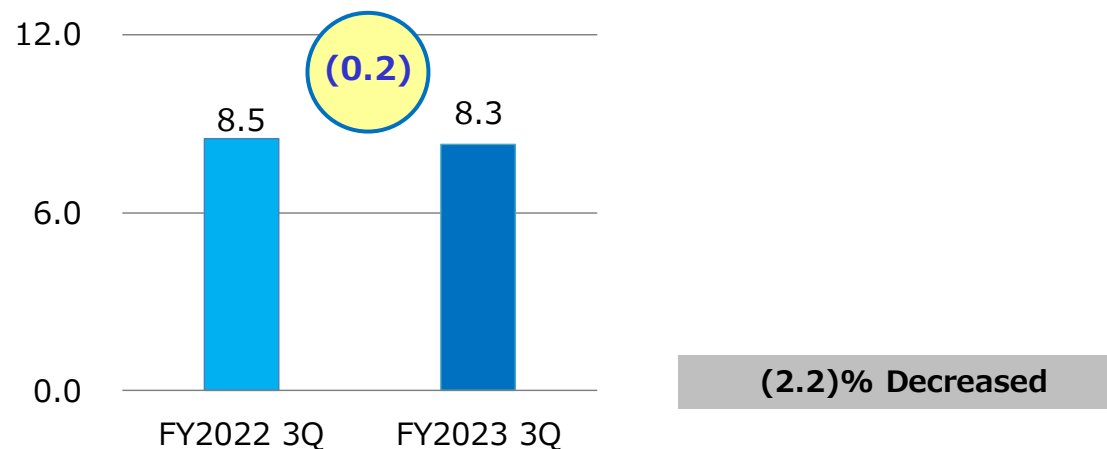
# Analysis – Specialty Products

(Billions of yen)

## Net Sales



## Operating profit



## Qualitative Information

### Net sales: Down

- Polyimides: Sluggish demand for LCDs and OLEDs mainly used for smartphones
- Separation membranes: Strong demand mainly for biogas-related applications
- Ceramics: Strong demand for bearings and substrate applications

### Operating profit: Down

- Weak performance of polyimide and other products despite strong performance of separation membranes and ceramics

## Difference of operating profit

Price <sup>*1</sup>	2.5
Volume	(1.9)
Fixed Cost and Others <sup>*2</sup>	(0.8)
<b>Total</b>	<b>(0.2)</b>

\*1: Including both selling and purchase change

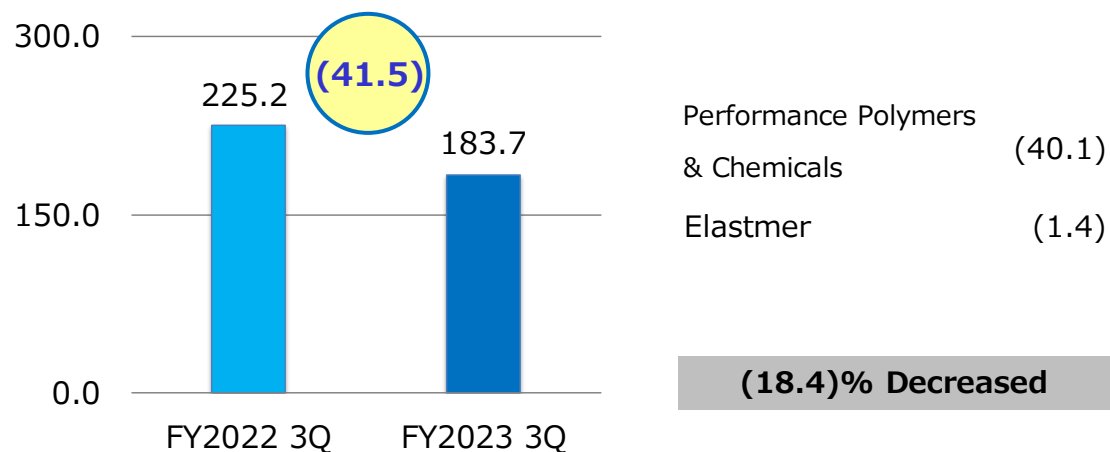
\*2: Including inventory valuation changes and lowest cost accounting



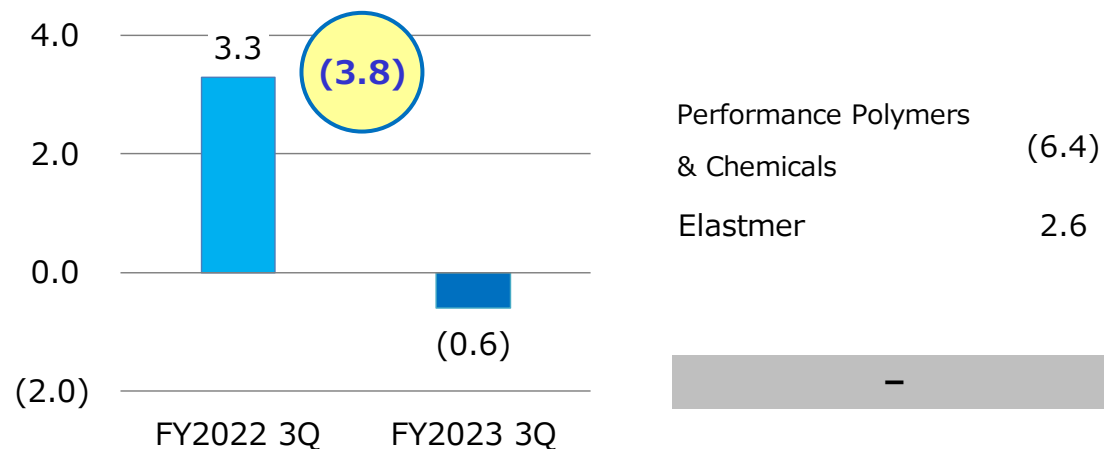
# Analysis – Polymers & Chemicals

(Billions of yen)

## Net Sales



## Operating profit



## Qualitative Information

### Net sales: Down

- Nylon polymers: Decreased sales volume in the first half despite the recovery trend of demand for food packaging film
- Caprolactam & ammonium sulfate: Decreased sales volume due to declining demand and lower sales prices due to decline in raw materials prices
- Fine chemicals: Lower sales prices resulted from market price fallings of the products and decreased sales volume due to declining demand

### Operating profit: Down

- Weak sales of nylon polymers and fine chemicals due to declining demand

## Difference of operating profit

Price <sup>*1</sup>	(3.1)
Volume	(1.5)
Fixed Cost and Others <sup>*2</sup>	0.8
<b>Total</b>	<b>(3.8)</b>

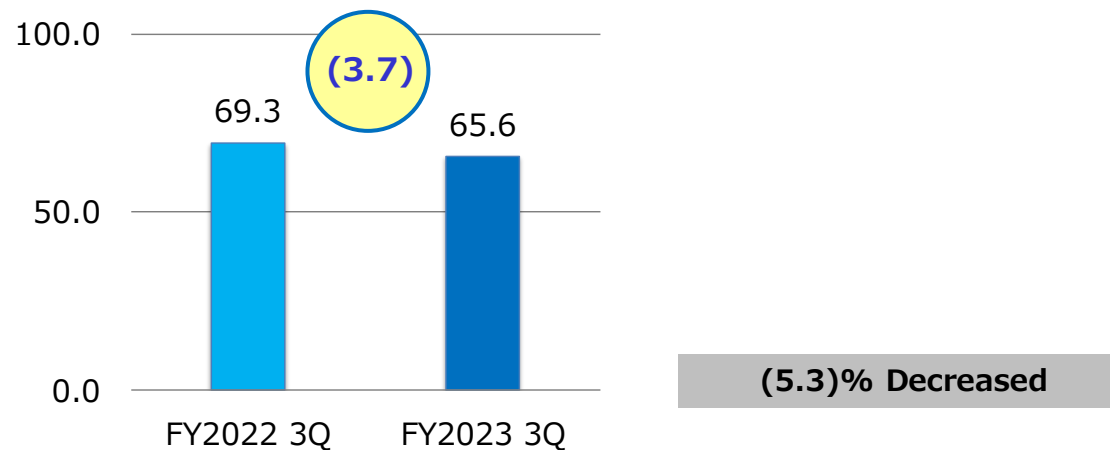
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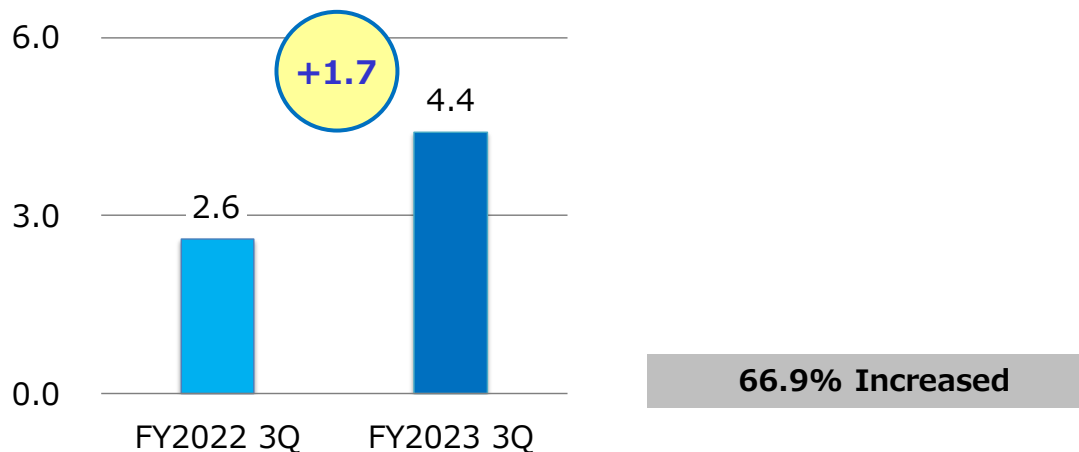
# Analysis – Machinery

(Billions of yen)

## Net Sales



## Operating profit



## Qualitative Information

### Net sales: Down

- Molding machine: Slowdown in capital investment in the automobile industry
- Industrial machines: Steady performance of services including maintenance of machine products.
- Steel products: Decreased sales volume due to declining demand

### Operating profit: Up

- Strong sales of services in the molding machine business and the industrial machines business
- Lower prices of raw materials and fuel in steel products business

## Difference of operating profit

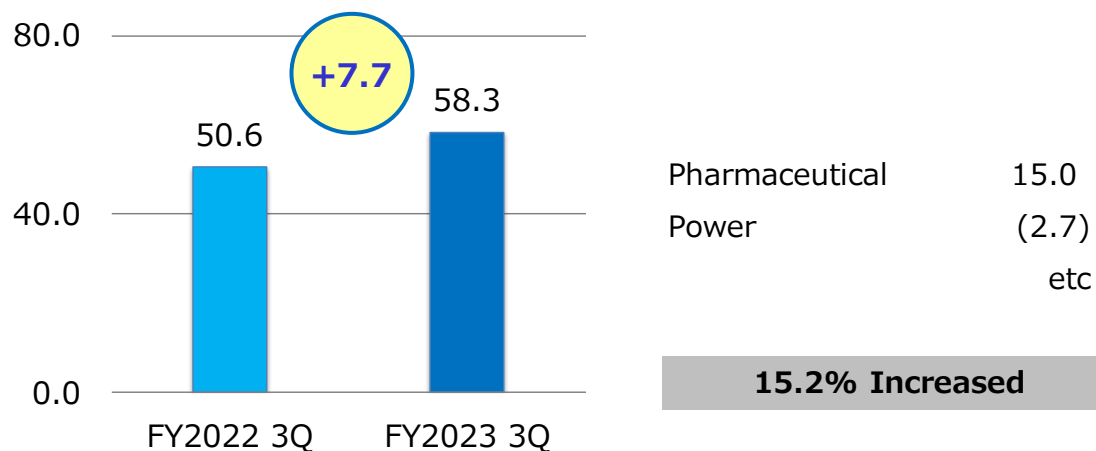
Marginal profit on machinery product: 1.7

(Since machinery products are manufactured on an individual order basis, differences in price and volume are not analyzed.)

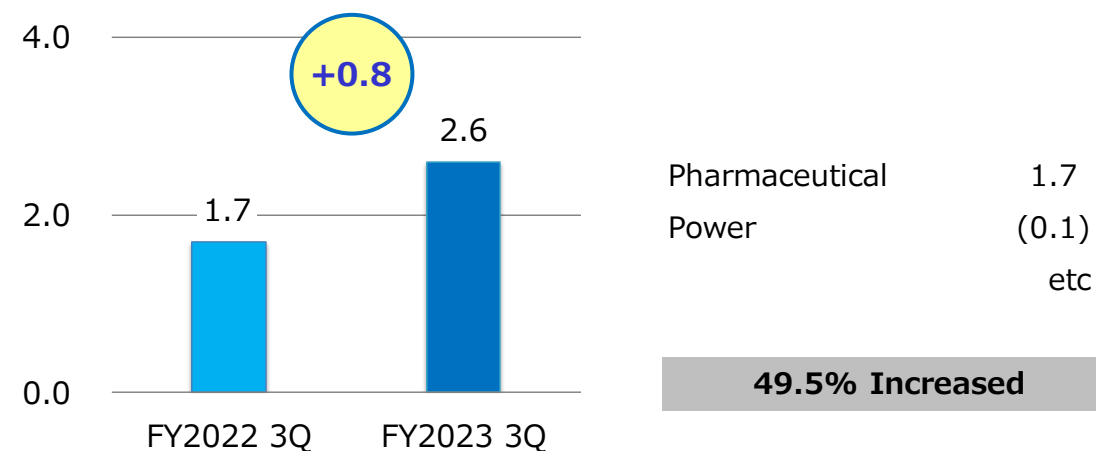
# Analysis – Others

(Billions of yen)

## Net Sales



## Operating profit



## Qualitative Information

### Net sales: Up

- Pharmaceutical: Consolidation of API Corporation
- Power: Lower sales price of electricity due to the decline in coal prices

### Operating profit: Up

- Consolidation of API Corporation

## Difference of operating profit

Price <sup>*1</sup>	0.0
Volume	(0.5)
Fixed Cost and Others <sup>*2</sup>	1.3
<b>Total</b>	<b>0.8</b>

\*1: Including both selling and purchase change

\*2: Including inventory valuation changes and lowest cost accounting

# Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2022 3Q (A)	FY2023 3Q (B)	Difference (B) - (A)
Operating profit	13.0	12.3	(0.7)
Non-operating income (expenses)	(17.5)	10.9	28.4
Net interests expenses	0.8	3.1	2.3
Share of profit (loss) of entities accounted for using equity method	(16.3)	9.0	25.3
Share of profit (loss) of entities accounted for using equity method related to Mitsubishi UBE Cement Corporation	(17.0)	10.2	27.2
Foreign exchange gains	0.6	0.5	(0.0)
Others	(2.5)	(1.7)	0.8
Ordinary profit (loss)	(4.5)	23.2	27.7
Extraordinary income	7.5	0.1	(7.4)
Profit before income taxes	3.0	23.3	20.3
Income taxes and profit (loss) attributable to non-controlling interests	(5.4)	(3.3)	2.0
Profit (loss) attributable to owners of parent	(2.4)	19.9	22.3
Net income per share	(24.60) yen	205.51 yen	230.11 yen

Note: The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in FY2022 4Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q.

# Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2022 (A)	End of FY2023 3Q (B)	Difference (B) - (A)
Current assets	283.1	287.0	3.9
Fixed assets	449.4	468.8	19.4
<b>Total assets</b>	<b>732.7</b>	<b>756.0</b>	<b>23.3</b>
Interest-bearing debt	218.1	218.2	0.1
Other liabilities	132.9	132.5	(0.4)
<b>Total liabilities</b>	<b>351.1</b>	<b>350.7</b>	<b>(0.3)</b>
Shareholders' equity *	361.6	384.9	23.3
Non-controlling interests and others	20.0	20.3	0.3
<b>Total net assets</b>	<b>381.6</b>	<b>405.2</b>	<b>23.6</b>
<b>Total liabilities and net assets</b>	<b>732.7</b>	<b>756.0</b>	<b>23.3</b>

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

Note: The Company Group determined the provisional accounting treatment related to the business combination of a contract drag development and manufacturing organization in FY2023 1Q. The finalized accounting treatment is being applied in each reported figure for the end of FY2022.

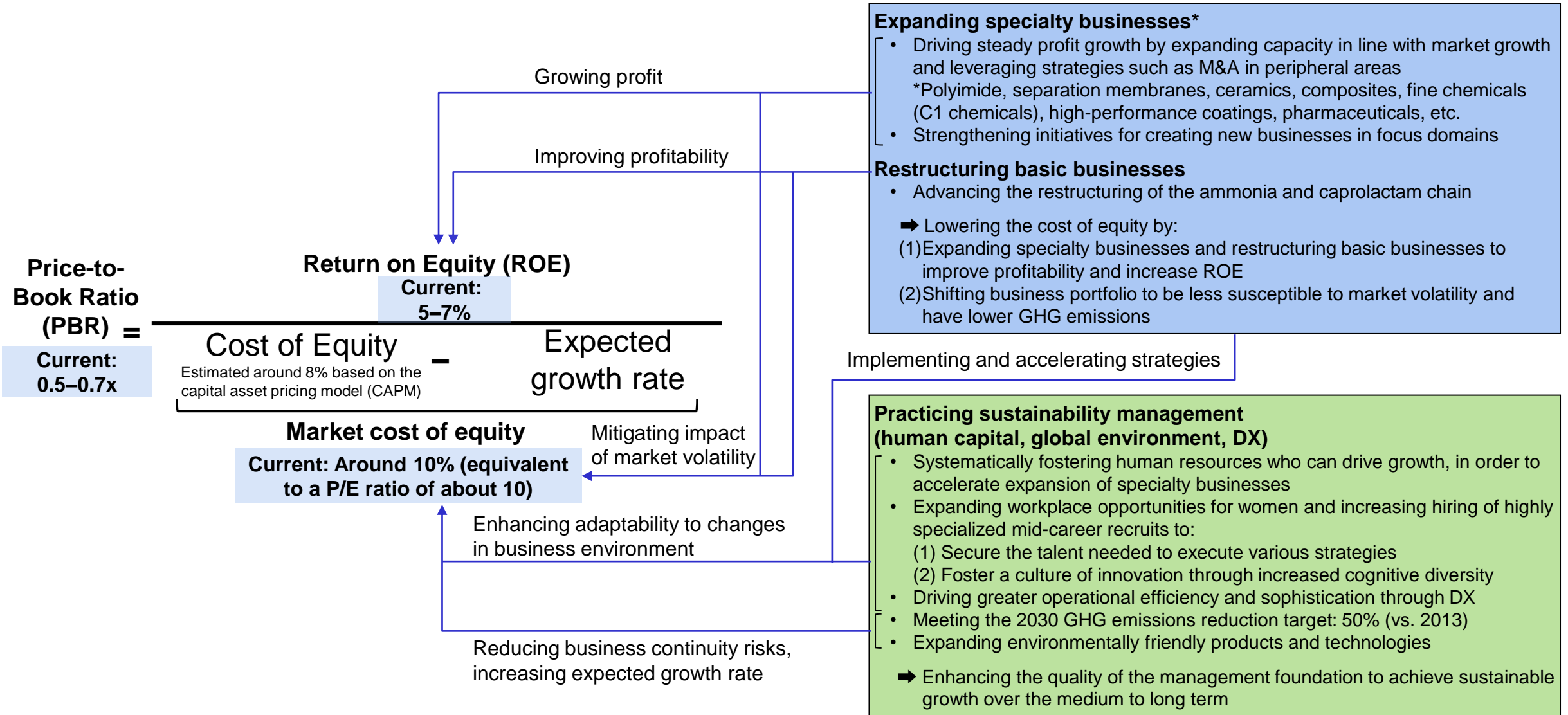
# Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2022 3Q	FY2023 3Q	
<b>A.Cash flows from operating activities</b>	<b>5.1</b>	<b>34.8</b>	Profit before income taxes 23.3 Depreciation and amortization 19.7 Share of profit of entities accounted for using equity method (9.0) etc.
<b>B.Cash flows from investing activities</b>	<b>(17.6)</b>	<b>(24.7)</b>	Acquisition of PP&E and intangible asset (21.8) Increase in short-term loans receivable (2.7) etc.
<b>Free cash flows (A+B)</b>	<b>(12.5)</b>	<b>10.1</b>	
<b>C.Cash flows from financing activities</b>	<b>8.7</b>	<b>(10.6)</b>	Decrease in interest-bearing debts (0.9) Dividends paid (9.7) etc.
<b>D.Net increase/decrease in cash and cash equivalents</b>	<b>(46.4)</b>	<b>0.4</b>	
<b>E.Cash and cash equivalents at end of the quarter</b>	<b>32.4</b>	<b>31.1</b>	

Note: The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in FY2022 4Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q.

## Current Situation Analysis & Assessment, and Initiatives for Improvement



# Reference

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## Progress of Major P/L Items

(Billions of yen)

Item	FY2022 Results (A)		FY2023 Results (B)		Difference (B) - (A)	
		3Q Progress		3Q Progress		3Q
Net sales	494.7	368.4 74.5%	484.0	332.9 68.8%	(10.7)	(35.4)
Operating profit	16.2	13.0 80.1%	17.0	12.3 72.4%	0.8	(0.7)
Ordinary profit (loss)	(8.7)	(4.5) - %	26.5	23.2 87.5%	35.2	27.7
Profit (loss) attributable to owners of parent	(7.0)	(2.4) - %	21.5	19.9 92.8%	28.5	22.3

Note 1: The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in FY2022 4Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q.

Note 2: The Company Group determined the provisional accounting treatment related to the business combination of a contract drag development and manufacturing organization in FY2023 1Q. The finalized accounting treatment is being applied in each reported figure for FY2022.

# Net Sales

(Billions of yen)

Segment	FY2023					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Specialty Products	15.8	15.5	15.5	–	46.8	67.5	69.3%
Polymers & Chemicals	60.3	59.8	63.6	–	183.7	257.5	71.4%
Machinery	20.6	22.1	23.0	–	65.6	106.5	61.6%
Others	18.9	19.0	20.3	–	58.3	81.0	72.0%
Adjustment	(6.4)	(7.6)	(7.5)	–	(21.5)	(28.5)	– %
<b>Total</b>	<b>109.2</b>	<b>108.9</b>	<b>114.9</b>	<b>–</b>	<b>332.9</b>	<b>484.0</b>	<b>68.8%</b>

# Operating Profit

(Billions of yen)

Segment	FY2023					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Specialty Products	3.0	2.6	2.7	–	8.3	13.0	64.1%
Polymers & Chemicals	(1.6)	(0.8)	1.8	–	(0.6)	(2.0)	– %
Machinery	0.9	1.3	2.2	–	4.4	6.5	67.0%
Others	0.9	0.5	1.1	–	2.6	4.0	64.1%
Adjustment	(0.6)	(1.0)	(0.8)	–	(2.4)	(4.5)	– %
<b>Total</b>	<b>2.6</b>	<b>2.6</b>	<b>7.1</b>	<b>–</b>	<b>12.3</b>	<b>17.0</b>	<b>72.4%</b>

## 3Q on 2Q – Net Sales

(Billions of yen)

Segment	FY2023 2Q (A)	FY2023 3Q (B)	Difference (B) - (A)	Major factors
Specialty Products	15.5	15.5	0.0	
Polymers & Chemicals	59.8	63.6	3.7	Performance Polymers & Chemicals 4.6 Elastmer (0.9)
Machinery	22.1	23.0	0.9	
Others	19.0	20.3	1.3	Pharmaceutical 1.3 Elastmer (0.3) etc.
Adjustment	(7.6)	(7.5)	0.0	
Total	108.9	114.9	6.0	

## 3Q on 2Q – Operating Profit

(Billions of yen)

Segment	FY2023 2Q (A)	FY2023 3Q (B)	Difference (B) - (A)	Major factors
Specialty Products	2.6	2.7	0.1	
Polymers & Chemicals	(0.8)	1.8	2.6	Performance Polymers & Chemicals 3.2 Elastmer (0.6)
Machinery	1.3	2.2	0.9	
Others	0.5	1.1	0.6	Pharmaceutical 0.4 Elastmer (0.0) etc.
Adjustment	(1.0)	(0.8)	0.2	
<b>Total</b>	<b>2.6</b>	<b>7.1</b>	<b>(4.5)</b>	

# Net Sales and Operating Profit by Business Portfolio

(Billions of yen)

	Business portfolio	FY2022	FY2023	Difference (B) - (A)	FY2023	Progress
		3Q (A)	3Q (B)		full-year (forecast)	
Net sales	Specialty business	100.6	111.3	10.6	157.5	70.7%
	Basic business	182.5	143.3	(39.2)	199.0	72.0%
	Machinery business	69.3	65.6	(3.7)	106.5	61.6%
	Other businesses (incl. adjustment)	16.0	12.7	(3.2)	21.0	60.5%
	<b>Total</b>	<b>368.4</b>	<b>332.9</b>	<b>(35.4)</b>	<b>484.0</b>	<b>68.8%</b>
Operating profit	Specialty business	14.9	12.6	(2.3)	20.5	61.4%
	Basic business	(1.9)	(2.0)	(0.2)	(5.0)	–
	Machinery business	2.6	4.4	1.7	6.5	67.0%
	Other businesses (incl. adjustment)	(2.7)	(2.6)	0.1	(5.0)	–
	<b>Total</b>	<b>13.0</b>	<b>12.3</b>	<b>(0.7)</b>	<b>17.0</b>	<b>72.4%</b>

# Mitsubishi UBE Cement

(Billions of yen)

## ■ Major P/L Items

### Mitsubishi UBE Cement Corporation and Consolidated Subsidiaries

Item	FY2022 3Q	FY2023 3Q	FY2023 full-year
Net Sales	449.6	447.9	590.0 [600.0]
Overseas business	108.0	138.6	180.0 [185.0]
Operating profit (loss)	(24.2)	36.5	39.5 [33.0]
Overseas business	6.8	24.9	26.5 [24.0]
Ordinary profit (loss)	(22.4)	38.5	40.5 [33.5]
Profit (loss) attributable to owners of parent	(33.3)	19.4	19.5 [19.0]

## ■ Share of profit (loss) of entities accounted for using equity method in UBE's Consolidated Statements of Income

Share of profit (loss) of entities accounted for using equity method	(17.0)	10.2	10.5 [10.5]
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- The domestic cement business achieved profitability in FY2023 1Q-3Q thanks to the effects of improvements such as the completion of a 5,000-yen price hike and increased use of low-cost thermal energy. Although the business environment remains challenging due to declining domestic demand and rising logistics costs, the company aims to return to profitability for the full year.
- The environment and energy business and domestic group companies posted increased profits in the FY2023 1Q-3Q following the 1st half.
- In the U.S. business, ready-mixed concrete demand was strong in the first half of FY2023, but a decline in demand for commercial facilities and bad weather condition affected the growth in ready-mixed concrete sales in FY2023 3Q. However, the effect of price hikes led to a significant increase in profit for FY2023 1Q-3Q. In FY2023 4Q, the profit margin is expected to decrease due to sluggish sales volume and higher costs.
- In FY2023 3Q, the estimated additional cost for dismantling the Aomori plant, which was shut down at the end of FY2022, was recorded as an extraordinary loss.

## ■ Quantitative information

Item	FY2022 3Q	FY2023 3Q	FY2023 full-year
Total demand for cement in Japan (million tons)	28.59	26.71	35.00 [36.00]
Cement sales volumes in Japan (million tons)	7.01	6.35	8.40 [8.65]
Cement sales volumes in the U.S. (million tons)	1.31	1.35	1.75 [1.80]
Ready-mixed concrete sales volumes in the U.S. (million cy)	5.48	5.39	6.75 [7.00]
Thermal coal price (reference) (\$/t)	392	148	151 [177]
Exchange rate (Yen/\$)	137	143	144 [145]

\* The above thermal coal prices are reference indices and differ from actual procurement prices.

[ ]: forecast released November 2023

(Reference) Consolidated Balance Sheet as of December 31, 2023

Total assets	795.7	Interest-bearing debt	178.4	Shareholder's equity	348.4
Shareholder's equity ratio	43.8%	D/E ratio	0.51 times		

# Consolidated Key Indicators

(Billions of yen)

Item	FY2022 3Q	FY2023 3Q	FY2023 full-year (forecast)	FY2022 full-year
Capital investment	19.3	19.5	41.0	29.3
Depreciation and amortization	18.9	19.7	24.5	25.5
Research and development expenses	7.6	7.6	11.0	10.4
Adjusted operating profit (loss)	(2.0)	25.1	28.0	(5.5)
Interest-bearing debt	222.7	218.2	218.0	218.1
Shareholders' equity	365.8	384.9	385.0	361.6
Total assets	749.9	756.0	760.0	732.7
D/E ratio (times)	0.61	0.57	0.57	0.60
Shareholders' equity ratio (%)	48.8	50.9	50.7	49.4
Return on sales - ROS (%)	3.5	3.7	3.5	3.3
Return on assets - ROA (%)	–	–	3.7	(0.7)
Return on equity – ROE (%)	–	–	5.8	(1.9)
Number of employees	8,109	8,019	8,120	8,028

Note 1: The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in FY2022 4Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q.

Note 2: The Company Group determined the provisional accounting treatment related to the business combination of a contract drag development and manufacturing organization in FY2023 1Q. The finalized accounting treatment is being applied in each reported figure for FY2022 3Q and FY2022 full-year.



# Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries	Business	Net Sales FY2023 3Q	Difference of operating profit from FY2022 3Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	39.3	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	30.0	↑
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	15.2	↑
Ube Film, Ltd.	Manufacture and sales of plastic film products	8.5	↑
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	9.0	↓
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	34.9	↑
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	20.9	↑

Note: ↑ ↓ represents increase or decrease of over 0.1 billion JPY

# **Announcement of FY2023 Business Results and FY2024 Management Overview Briefing**

- **Announcement of FY2023 Business Results**
  - **May 13, 2024 15:00**
  
- **FY2023 Financial Results Briefing**
  - **May 13, 2024 18:00 – 19:00**
  
- **FY2024 Management Overview Briefing**
  - **May 21, 2024 10:00 – 11:30**

**(Note) This schedule is subject to change without notice due to circumstances**

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