



Consolidated Financial Report for the First Half Ended September 30, 2024

November 7, 2024

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(Amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the First Half Ended September 30, 2024

(From April 1, 2024 to September 30, 2024)

(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 – September 2024	243,039	11.4%	6,049	15.9%	1,899	(83.2)%	318	(96.5)%
April – September 2023	218,079	(10.9)%	5,221	(38.7)%	11,303	—	9,019	—

(Note) Comprehensive Income: From April 1, 2024 to September 30, 2024: (2,979) Million Yen —
 From April 1, 2023 to September 30, 2023: 24,906 Million Yen 99.6%

	Net income per share (Yen)	Diluted net income per share (Yen)
April – September 2024	3.28	3.27
April – September 2023	92.93	92.89

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)
September 30, 2024	796,152	420,379	50.1
March 31, 2024	789,034	429,355	51.8

(Reference) Shareholders' equity: As of September 30, 2024: 399,133 Million Yen
 As of March 31, 2024: 408,689 Million Yen

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

2. Cash Dividends

	Cash dividends per share (Yen)				
	First quarter	Second quarter	Third quarter	Year end	Annual
April 2023 – March 2024	—	50.00	—	55.00	105.00
April 2024 – March 2025	—	55.00			
April 2024 – March 2025 (Forecast)			—	55.00	110.00

(Note) Revision of the latest forecast of cash dividends: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(From April 1, 2024 to March 31, 2025)

(% 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 2024 – March 2025	510,000	8.9%	27,000	20.2%	37,000	1.8%	29,500	1.8%	303.89

(Note) Revision of the latest forecast of consolidated financial results: No

(Notes)

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of special accounting methods for presenting consolidated financial statements: Yes

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Consolidated Financial Statements (Application of the specific accounting methods for preparing the consolidated financial statements)”.

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

Changes in accounting policies applied due to revisions of accounting standards: Yes

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Consolidated Financial Statements (Notes regarding changes in accounting policies)”.

(4) Number of shares outstanding (common stock)

	September 30, 2024	March 31, 2024
Numbers of shares outstanding at period end	106,200,107	106,200,107
Numbers of shares of treasury stock at period end	9,100,997	9,126,797

	April – September 2024	April – September 2023
Weighted-average number of shares outstanding during period	97,083,989	97,052,980

(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 performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational. It may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

4. Qualitative Information on Operating Results

(1) Overview of Operating Results

During the first half ended September 30, 2024, net sales increased, reflecting an increase in overseas sales volume and the selling prices of nylon polymers and caprolactam, etc. in the Polymers & Chemicals Segment.

Operating profit increased due to robust sales of nylon polymers and caprolactam, etc. in the Polymers & Chemicals segment and machinery products in the Machinery Segment.

Ordinary profit and profit attributable to owners of parent for the period under review decreased due to equity in net loss arising from the resolution of dissolution of an equity-method affiliate engaging in the Elastomer Business, despite effects of adjustment of the selling price conducted in the previous fiscal year in the Cement-related Business (an equity-method affiliate), etc.

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 – September 2024 ①	243.0	6.0	1.9	0.3
April – September 2023 ②	218.1	5.2	11.3	9.0
Difference ① - ②	25.0	0.8	(9.4)	(8.7)
Percentage change	11.4%	15.9%	(83.2)%	(96.5)%

(2) Overview by Segment

Net sales				
Segment	April – September 2023 ①	April – September 2024 ②	Difference ② – ①	Percentage Change
Specialty Products	31.3	31.7	0.4	1.3%
Polymers & Chemicals	121.2	144.1	22.9	18.9%
Machinery	42.7	43.0	0.4	0.9%
Others	35.3	35.0	(0.3)	(0.8)%
Adjustment	(12.4)	(10.8)	1.5	—
Total	218.1	243.0	25.0	11.4%

Operating profit				
Segment	April – September 2023 ①	April – September 2024 ②	Difference ② – ①	Percentage Change
Specialty Products	5.7	5.0	(0.7)	(12.2)%
Polymers & Chemicals	(2.4)	(1.4)	1.0	—
Machinery	2.2	3.0	0.8	38.2%
Others	1.5	1.7	0.3	20.0%
Adjustment	(1.7)	(2.2)	(0.6)	—
Total	5.2	6.0	0.8	15.9%

(Note1) UBE America Inc. and UBE CORPORATION AMERICA INC. have been reclassified from the “Others” segment to the “Polymers & Chemicals” segment from the fiscal year ending March 2025. Net sales and operating profit for the first half ended March 2024 are figures reflecting the segment reclassification.

(Note2) Adjustment for operating profit includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

Specialty Products – Increase in net sales and decrease in operating profit

The Polyimide Business recorded a decrease in net sales due to sluggish sales of our varnishes in the Chinese OLED panel market as the adoption of varnishes made by Chinese company progressed, although sales of films, mainly for FPCs, and raw material BPDA were strong.

The Separation Membrane Business recorded a decrease in net sales despite the continued stable demand for CO₂ separation membranes for biomethane production, partly due to the impact of delays in product shipments as the scale of each project increased.

The Ceramics Business recorded an increase in net sales thanks to the continued strong demand for bearing and the products used for substrates.

The Separators Business recorded an increase in net sales due to an increase in sales volume in line with an increase in demand for products for hybrid vehicles and other factors.

The Specialty Products Segment as a whole recorded an increase in net sales thanks to robust sales of ceramics and separators, but operating profit resulted in a decrease, reflecting the impact of the Polyimide Business, etc.

Polymers & Chemicals – Increases in both net sales and operating profit

■ Performance Polymers & Chemicals Business

The Composites Business recorded a decrease in net sales due to sluggish demand for automotive products.

The Nylon Polymer Business recorded an increase in net sales mainly due to recovery in demand for nylon film for food packaging overseas, resulting in increases in sales volume and selling prices.

The Caprolactam & Ammonium Sulfate Business recorded an increase in net sales due to increased sales volume overseas and higher selling prices resulting from higher market prices for raw materials.

The Industrial Chemicals Business recorded a decrease in net sales due to a decrease in sales volume resulting from the biennial inspection conducted at the ammonia product factory.

The C1 Chemicals and High-Performance Coating Businesses recorded an increase in net sales due to license income from the C1 Chemicals Business.

■The Elastomer Business recorded an increase in net sales due to the rising product price resulting from the market price rises of raw material such as butadiene.

■The Polymers & Chemicals Segment as a whole recorded increases in both net sales and operating profit despite the impact of the biennial inspection of the ammonia product factory, thanks to the significant effect of the higher sales volume and selling prices of nylon polymer and caprolactam resulting from the recovery in demand overseas.

Machinery – Increases in both net sales and operating profit

The Molding Machine Business recorded an increase in net sales, reflecting robust sales in North America of the products for the automobile industry.

The Industrial Machines Business recorded an increase in net sales due to strong sales of products.

The Steel Products Business recorded a decrease in net sales due to a decrease in sales volume caused by the regular inspection, which lasted longer than the previous fiscal year. It should be noted that the ownership of this business was transferred to iSigma Capital Corporation, effective November 1, 2024.

As for the Machinery Segment as a whole, product sales showed robust performance in addition to strong performance of after-sales services especially in the Industrial Machines Business, resulting in increases in net sales and operating profit.

Others – Decrease in net sales and increase in operating profit

The Pharmaceutical Business recorded an increase in net sales due to robust sales of our own pharmaceuticals.

The Power Producer Business recorded a decrease in net sales due to a decrease in the volume of electricity sold resulting from a decline in electricity demand in cement-related businesses and other businesses.

The Others Segment as a whole recorded a decrease in net sales but an increase in operating profit, reflecting strong performance of sales companies despite the impact of a drop in demand for electric power.

Cement-Related Business (Equity-Method Affiliate “Mitsubishi UBE Cement Corporation”)

Although sales volume of cement decreased in both the domestic and overseas (North America) markets, the adjustment of selling prices implemented in the previous fiscal year contributed to an increase in share of profit of entities accounted for using the equity method relating to the cement-related business.

(2) Overview of Financial Condition

Total Assets

Total assets increased by 7.1 billion yen compared to the end of the previous fiscal year, to 796.2 billion yen. This is mainly due to increases in merchandise and finished goods, property, plant and equipment despite decreases in cash and deposits, notes receivable-trade, accounts receivable-trade, and contract assets.

Liabilities

Liabilities increased by 16.1 billion yen compared to the end of the previous fiscal year, to 375.8 billion yen. This is mainly due to an increase in interest-bearing debt despite a decrease in Other current liabilities.

Net assets

Net assets decreased by 9.0 billion yen compared to the end of the previous fiscal year, to 420.4 billion yen. This is attributable to a decrease in retained earnings due to a drop of profit attributable to owners of parent to a level less than cash dividends, etc. and decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result, shareholders' equity ratio decreased by 1.7 to 50.1% compared to the end of the previous fiscal year.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	36,359	29,965
Notes and accounts receivable - trade, and contract assets	107,778	98,546
Merchandise and finished goods	58,017	64,637
Work in process	29,503	30,435
Raw materials and supplies	46,428	48,138
Other	17,668	15,120
Allowance for doubtful accounts	(75)	(132)
Total current assets	295,678	286,709
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	51,705	50,858
Machinery, equipment and vehicles, net	92,501	91,564
Land	37,243	37,227
Other, net	40,709	53,128
Total property, plant and equipment	222,158	232,777
Intangible assets		
Goodwill	1,448	1,334
Other	7,121	9,801
Total intangible assets	8,569	11,135
Investments and other assets		
Investment securities	223,923	225,662
Other	38,826	39,951
Allowance for doubtful accounts	(275)	(217)
Total investments and other assets	262,474	265,396
Total non-current assets	493,201	509,308
Deferred assets	155	135
Total assets	789,034	796,152

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	62,068	60,435
Short-term borrowings	63,370	69,007
Commercial papers	—	8,998
Current portion of bonds payable	10,000	—
Income taxes payable	4,154	2,886
Provision for bonuses	5,141	5,235
Other provisions	954	809
Other	52,534	42,747
Total current liabilities	198,221	190,117
Non-current liabilities		
Bonds payable	60,000	60,000
Long-term borrowings	75,572	96,518
Provisions	3,204	1,062
Retirement benefit liability	7,289	7,401
Asset retirement obligations	1,224	1,230
Other	14,169	19,445
Total non-current liabilities	161,458	185,656
Total liabilities	359,679	375,773
Net assets		
Shareholders' equity		
Share capital	58,435	58,435
Capital surplus	40,370	40,381
Retained earnings	276,409	271,388
Treasury shares	(21,598)	(21,538)
Total shareholders' equity	353,616	348,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,885	7,109
Deferred gains or losses on hedges	64	(49)
Foreign currency translation adjustment	39,418	37,241
Remeasurements of defined benefit plans	6,706	6,166
Total accumulated other comprehensive income	55,073	50,467
Share acquisition rights	62	59
Non-controlling interests	20,604	21,187
Total net assets	429,355	420,379
Total liabilities and net assets	789,034	796,152

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

• Consolidated Statements of Income

For the first half ended September 30, 2023 and 2024

(Millions of yen)

	April 1, 2023 – September 30, 2023	April 1, 2024 – September 30, 2024
Net sales	218,079	243,039
Cost of sales	180,014	201,960
Gross profit	38,065	41,079
Selling, general and administrative expenses	32,844	35,030
Operating profit	5,221	6,049
Non-operating income		
Interest income	124	373
Dividend income	499	285
Rental income	427	419
Share of profit of entities accounted for using equity method	5,941	—
Foreign exchange gains	1,200	—
Other	377	472
Total non-operating income	8,568	1,549
Non-operating expenses		
Interest expenses	477	636
Rental expenses	280	245
Share of loss of entities accounted for using equity method	—	1,412
Foreign exchange losses	—	1,349
Other	1,729	2,057
Total non-operating expenses	2,486	5,699
Ordinary profit	11,303	1,899
Extraordinary income		
Gain on sale of non-current assets	30	330
Gain on sale of investment securities	136	90
Gain on liquidation of subsidiaries and associates	—	311
Total extraordinary income	166	731
Extraordinary losses		
Loss on disposal of non-current assets	572	577
Impairment losses	122	21
Loss on valuation of investment securities	1	16
Total extraordinary losses	695	614
Profit before income taxes	10,774	2,016
Income taxes	1,938	1,403
Profit	8,836	613
Profit (loss) attributable to non-controlling interests	(183)	295
Profit attributable to owners of parent	9,019	318

• Consolidated Statements of Comprehensive Income
For the first half ended September 30, 2023 and 2024

(Millions of yen)

	April 1, 2023 – September 30, 2023	April 1, 2024 – September 30, 2024
Profit	8,836	613
Other comprehensive income		
Valuation difference on available-for-sale securities	1,775	(1,054)
Deferred gains or losses on hedges	39	(11)
Foreign currency translation adjustment	7,374	1,795
Remeasurements of defined benefit plans, net of tax	40	(384)
Share of other comprehensive income of entities accounted for using equity method	6,842	(3,938)
Total other comprehensive income	16,070	(3,592)
Comprehensive income	24,906	(2,979)
Comprehensive income attributable to owners of parent	24,336	(4,288)
Comprehensive income attributable to non-controlling interests	570	1,309

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2023 – September 30, 2023	April 1, 2024 – September 30, 2024
Cash flows from operating activities		
Profit before income taxes	10,774	2,016
Depreciation and amortization	12,964	13,595
Impairment losses	122	21
Amortization of goodwill	8	125
Increase (decrease) in allowance for doubtful accounts	11	2
Interest and dividend income	(623)	(658)
Interest expenses	477	636
Share of loss (profit) of entities accounted for using equity method	(5,941)	1,412
Loss (gain) on sale of non-current assets	(30)	(302)
Decrease (increase) in trade receivables	11,861	9,464
Decrease (increase) in inventories	(489)	(8,729)
Increase (decrease) in trade payables	(11,564)	(3,127)
Other, net	5,337	(6,971)
Subtotal	22,907	7,484
Interest and dividends received	2,164	2,037
Interest paid	(484)	(601)
Income taxes paid	(1,156)	(2,611)
Net cash provided by (used in) operating activities	23,431	6,309
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(14,297)	(31,838)
Proceeds from sale of property, plant and equipment	141	477
Purchase of investment securities	(26)	(1)
Proceeds from sale of investment securities	253	166
Purchase of shares of subsidiaries and associates	(1,073)	(193)
Decrease (increase) in short-term loans receivable	(2,660)	(801)
Other, net	53	(920)
Net cash provided by (used in) investing activities	(17,609)	(33,110)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,400)	7,339
Net increase (decrease) in commercial papers	8,000	8,998
Proceeds from long-term borrowings	12	30,381
Repayments of long-term borrowings	(9,652)	(11,116)
Redemption of bonds	–	(10,000)
Purchase of treasury shares	(3)	(4)
Dividends paid	(4,353)	(5,324)
Dividends paid to non-controlling interests	(448)	(726)
Other, net	(304)	(351)
Net cash provided by (used in) financing activities	(9,148)	19,197
Effect of exchange rate change on cash and cash equivalents	1,116	298
Net increase (decrease) in cash and cash equivalents	(2,210)	(7,306)
Cash and cash equivalents at beginning of period	30,703	35,859
Cash and cash equivalents at end of period	28,493	28,553

(4) Notes to Consolidated Financial Statements

(Notes regarding changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

We have applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 revised Accounting Standard”), etc. from the beginning of the first half of the fiscal year ending March 31, 2025.

Revisions regarding the classification of income taxes, etc. (taxes imposed on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 revised Accounting Standard and the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 revised Guidance”). Note that this change in accounting policy has no impact on the consolidated financial statements.

In addition, with regard to revisions related to the treatment in consolidated financial statements when gains or losses on sales of subsidiaries’ shares, etc. between consolidated companies are deferred for tax purposes, the 2022 revised Guidance has been applied from the beginning of the first half of the fiscal year ending March 31, 2025. This change in accounting policy has been applied retrospectively. The consolidated financial statements and consolidated financial statements for the previous consolidated fiscal year presented herein are those after the retrospective application of the change. Note that this change in accounting policy has no impact on the consolidated financial statements and consolidated financial statements for the previous consolidated fiscal year.

(Application of the specific accounting methods for preparing the consolidated financial statements)

Tax expenses are calculated by estimating an effective tax rate for net income, based on reasonable assumptions, after application of tax effect accounting for net income before tax for the consolidated fiscal year, including the current term, and by multiplying the net income before tax by the estimated tax rate of net income. However, for subsidiaries for which calculating tax expenses using the said estimation of the effective tax rate would significantly lack rationality, tax expenses are calculated by using the statutory effective tax rate.

Income taxes adjustment is included in income taxes.

(Segment Information)

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

For the First Half Ended September 30, 2023 (April 1, 2023 to September 30, 2023) (Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Specialty Products	Polymers & Chemicals	Machinery	Others	Total		
Net sales							
External sales	23,421	115,072	42,454	37,132	218,079	—	218,079
Internal sales or transfers	7,844	6,114	199	(1,800)	12,357	(12,357)	—
Total	31,265	121,186	42,653	35,332	230,436	(12,357)	218,079
Segment profit or loss (operating profit or loss)	5,650	(2,357)	2,152	1,451	6,896	(1,675)	5,221

(Note 1) Adjustments are applied to the followings:

(1,675) million yen for adjustment for Segment profit or loss includes (79) million yen for the elimination of transaction between the Segments, and (1,596) 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.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

For the First Half Ended September 30, 2024 (April 1, 2024 to September 30, 2024) (Millions of yen)

	Reported segment					Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Specialty Products	Polymers & Chemicals	Machinery	Others	Total		
Net sales							
External sales	24,386	135,807	42,759	40,087	243,039	—	243,039
Internal sales or transfers	7,291	8,314	282	(5,048)	10,839	(10,839)	—
Total	31,677	144,121	43,041	35,039	253,878	(10,839)	243,039
Segment profit or loss (operating profit or loss)	4,960	(1,397)	2,973	1,741	8,277	(2,228)	6,049

(Note 1) Adjustments are applied to the followings:

(2,228) million yen for adjustment for Segment profit or loss includes (266) million yen for the elimination of transaction between the Segments and (1,962) 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.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

(2) Matters Related to Changes, etc. in Reportable Segments

Starting from the consolidated first half under review, UBE America Inc. and UBE CORPORATION AMERICA INC., our consolidated subsidiaries, which were previously included in "Others," have been included in Polymers & Chemicals due to a revision of the business management classification of these subsidiaries.

Segment information for the first half of the previous consolidated fiscal year has been prepared based on the classification after the revision.

(Note to significant changes in shareholders' equity)

None.

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

None.

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	April – September 2023	April – September 2024	April 2024 – March 2025 (forecast)	April 2023 – March 2024
Capital investment	12.8	26.9	81.0	36.1
Depreciation and amortization	13.0	13.6	27.0	26.6
Research and development expenses	5.1	4.9	10.0	10.3
Adjusted operating profit*1	11.8	5.3	39.7	38.8
Interest-bearing debt	214.6	239.0	269.0	213.4
Shareholders' equity *2	381.7	399.1	424.0	408.7
Total assets	743.3	796.2	850.0	789.0
D/E ratio (times)	0.56	0.60	0.63	0.52
Shareholders' equity ratio (%)	51.3	50.1	49.9	51.8
Return on sales - ROS (%) *3	2.4	2.5	5.3	4.8
Return on assets - ROA (%) *4	—	—	4.8	5.1
Return on equity - ROE (%) *5	—	—	7.1	7.5
Return on invested capital - ROIC (%) *6	—	—	4.8	4.7

*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

6 ROIC: Net operating profit after tax + Share of profit (loss) of entities accounted for using equity method / Average invested capital (Invested capital: Interest-bearing debt + Shareholders' equity)