INTEGRATED REPORT 2026

UBE Transform Tomorrow Today



Philosophical Framework

UBE's history began in the late 19th century. Its origins lie in the establishment of the Okinoyama Coal Mine, a silent partnership funded by local residents to develop the coalfield in Ube, Yamaguchi Prefecture, which was then still only a small village.

UBE's first president, Sukesaku Watanabe, began taking on the challenge of developing new businesses, guided by the aspiration embodied in the phrase "from finite mining to infinite industry"—that is, to transform finite coal reserves, which would eventually be exhausted, into the infinite value of industry and thereby bring lasting prosperity to the region.

Guided by the principle of "coexistence and mutual prosperity"—the aspiration to regard corporate development and social prosperity as inseparable—UBE continues to take on challenges in the 21st century.

Building on these Founding Principles, the UBE Group has established an integrated Philosophical Framework comprising its Purpose—which defines its raison d'être in society and the mission it must fulfill—and its Corporate Philosophy and Management Principles, which form the foundation of management. Under the Slogan for Transformation, the UBE Group continues to take on challenges globally as one to achieve sustainable growth and create value.



UBE Group factories in Ube City, Yamaguchi Prefecture, the birthplace of UBE

Philosophical Framework

DNA

Founding Principles
The DNA passed down through the UBE Group since its founding and the foundation underpinning its Philosophical Framework

"Coexistence and mutual prosperity"
"From finite mining to infinite industry"

Core Elements

Purpose
The UBE Group's raison d'être in society and the mission it must fulfill

"Breaking Through with the Chemistry of Hope."

Corporate Philosophy
The fundamental ideas and beliefs that guide the management of the UBE Group

Pursue technology and embrace innovation to create value for the future and contribute to social progress.

Management Principles
Four values cherished by the UBE Group

1. Ethics
Be highly ethical, comply with laws and regulations, and respect social norms

2. Safety and Security
Work to conserve the global environment and practice safe, secure manufacturing

3. Quality
Deliver quality that earns the trust of customers and society

4. People
Respect individuality and diversity, and build healthy and comfortable workplaces

Brand Tagline
A corporate message that encapsulates the UBE Group's Philosophical Framework and conveys its corporate stance to society

Transform Tomorrow Today

UBE Group Code of Conduct
A foundation for decision making and a standard for action in carrying out business activities

The UBE Group's core values and standards

Slogan for Transformation
A declaration of the actions the UBE Group must take as one to fulfill its philosophy

"Facing the Challenges of an Uncharted Future."

Contents

This report consists of two sections: “Growth strategy” and “Business foundations.”

SECTION 1

- A section designed to provide an understanding of UBE’s growth strategy
- A focused explanation of the value creation story

Introduction

01 Philosophical Framework
02 Contents
03 UBE Integrated Report: Section 1
This section provides a concise overview of the most important points for investors to understand.
05 The Future Envisioned by the UBE Group

Management Messages

07 Message from the CEO
13 Message from the CFO
16 Financial / Non-financial Highlights

Growth Strategy

17 Key Specialty Business I: Urethane systems
Message from the General Manager of the High Performance Urethane Division
21 Key Specialty Business II: Polyimide / Separation Membranes
23 Business Expansion Initiatives and Growth Investment Timeline
24 Business Structural Reforms

Value Creation Story

25 UBE Group Strength
Evolution of Value Creation / Technological Heritage
27 UBE’s Materiality
28 Value Creation Story

SECTION 2

- A section designed to provide an understanding of initiatives to strengthen the foundations for business operations
- A focused explanation of sustainability information

Value Creation Initiatives

30 Message from the CSO
31 Medium-Term Management Plan
32 CEO and Analyst Dialogue
35 DX
37 R&D
39 Intellectual Property

Sustainable Management

41 Sustainability
42 Tackling Environmental Issues
45 Human Capital
48 Human Rights
49 Supply Chain Management
50 Environmental Safety Management / Occupational Safety and Health / Process Safety and Disaster Prevention / Quality Assurance and Product Safety
51 Community and Social Contribution

Corporate Governance

52 Directors and Executive Officers
53 Corporate Governance
57 Risk Management
58 Machinery Business

Data

59 Financial / Non-financial Data
61 Investor Information
62 About this Integrated Report

This section provides a concise overview of the most important points for investors to understand.

Q1 What enables the UBE Group to maintain its competitive advantage over the medium to long term?

A1

Unique technologies and close customer relationships in the specialty businesses underpin the UBE Group's competitive advantage.

Related content

The Future Envisioned by the UBE Group
p. 05–06

Q2 What are the principal growth drivers in the specialty businesses?

A2

High-value-added products such as Urethane Systems, polyimide, and separation membranes. Enhancing added value and strengthening customer relationships are the keys to growth.

Related content

Key Specialty Businesses I and II p. 17–22

This section provides a concise overview of the most important points for investors to understand.

Q3 What specific initiatives and priorities will the UBE Group pursue to raise its profit margin over the medium term?

A3 The Group will focus its efforts on two initiatives—accelerating the shift toward higher-value-added products and transforming its business portfolio—to improve its profit margin over the medium to long term.

Related content

Message from the CEO p. 07
Message from the CSO p. 30

Q4 How will UBE implement management that is conscious of the cost of capital and share price?

A4 By growing its specialty businesses, transforming its business portfolio, and advancing sustainability management, the Group will improve ROE and reduce its cost of equity, thereby enhancing corporate value and improving PBR.

Related content

Message from the CFO p. 13

Accelerating the shift toward a smart society powered by advanced ICT tools

Advances in ICT are enabling sophisticated AI technologies to create diverse forms of new value, making work and daily life more advanced and efficient. Advances in networks and devices are also enabling increasingly diverse ways of working and living. The UBE Group supports the rapid transition to a smart society.

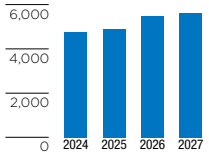


Semiconductor market

Urethane systems business contributing to advances in semiconductor manufacturing

The semiconductor market is growing rapidly against the backdrop of the widespread adoption of generative AI. As demand for data centers expands and investment in semiconductor manufacturing equipment remains at record levels, semiconductor-related industries require extremely high levels of technology. Amid market growth driven by the expansion of AI-related infrastructure, the UBE Group's urethane systems business delivers value through high-performance products and solutions, contributing to advances in semiconductor manufacturing equipment and processes.

Semiconductor manufacturing equipment forecast (Sales)



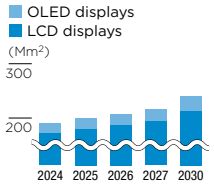
Source: Semiconductor Equipment Association of Japan (SEAJ)

Display market

Polyimide supporting advances in communication technologies

The display market continues to grow in response to increasing demand for higher resolution and lower power consumption. In particular, OLEDs (organic light-emitting diode displays), a display technology that does not require a backlight, are increasingly being adopted not only in smartphones and tablets but also in notebook PCs and in-vehicle displays. Display formats are also evolving, with screens becoming bendable and foldable. In the increasingly sophisticated display market, the UBE Group's polyimide creates new value through proprietary technologies and supports advances in devices and communication technologies.

Display market (screen area) growth outlook



Note: Estimates by UBE based on various data

The UBE Group contributes to **stable supply** to meet growing semiconductor demand and to **advances** in displays and communication devices

Semiconductor manufacturing | **Display and electronic circuit board manufacturing**

Urethane systems

High-performance polyurethane materials are provided for increasingly sophisticated semiconductor manufacturing processes. Their excellent abrasion resistance and precision machinability help improve semiconductor quality and support stable production.



Polyimide powders

Used as molding materials for semiconductor manufacturing and inspection equipment. Their excellent heat resistance and electrical insulation properties contribute to more advanced and efficient semiconductor manufacturing processes.



Polyimide films

Leveraging their excellent heat resistance and dimensional stability, polyimide films contribute to advances in displays through applications such as chip-on-film (COF), in which IC chips that drive displays are mounted on film.



Polyimide varnishes

Used as substrates for flexible OLEDs in smartphones and other devices. Like polyimide films, their excellent properties enable high-density integration in OLED devices and the realization of foldable devices.



Accelerating the shift toward clean energy and a green society not dependent on natural resources

As clean energy sources such as solar, wind, and geothermal power are increasingly adopted worldwide, biomethane is attracting growing attention, and the construction of biomethane production plants is also progressing. The UBE Group supports the realization of a green society that does not depend on natural resources and has a low environmental impact.

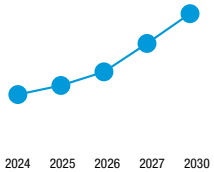


Biomethane market

Separation membranes contributing to a stable energy supply

The biomethane market is growing worldwide as interest in decarbonization and energy security increases and biomethane gains attention as an alternative to natural gas. In Europe and North America in particular, initiatives are under way to inject biomethane into existing gas grids. Biomethane is also valued for its ability to utilize existing gas infrastructure. As reducing gas production costs remains a challenge, the UBE Group contributes to a stable energy supply through separation membranes, an efficient method of gas separation.

Biomethane market forecast



Urethane systems business's materials and solutions supporting diverse industries

To support the spread of clean energy, construction of various industrial facilities, including biomethane production plants, continues to grow steadily. Biogas and various forms of renewable energy involve mixed gases containing multiple components and naturally derived feedstocks. Construction and industrial machinery, meanwhile, must operate reliably under harsh conditions. Materials offering outstanding durability and quality are therefore indispensable for the associated equipment. Drawing on extensive expertise and a strong track record, the UBE Group's urethane systems business supports diverse industries with materials and solutions.



The UBE Group contributes to the stable supply of alternative energy for energy security and a decarbonized society

Biomethane production → **Plant equipment and factory construction**

CO_2 separation membranes for biomethane production

These membranes separate and remove CO_2 from biogas to produce biomethane as an alternative to natural gas, contributing to a stable energy supply and lower gas production costs.



Urethane systems

With their exceptionally high durability, urethane systems are used as substitutes for rubber and metal in harsh environments, including plants, industrial machinery, and construction machinery.





Leveraging UBE's unique strengths to achieve solid growth as a specialty chemicals company.

Yuki Nishida
President and Representative Director
CEO

Profile: Mr. Nishida joined Ube Industries, Ltd. in 1987, starting in the Fine Chemicals Manufacturing Department at the Ube Chemical Factory and later moving to the Development Department of the Chemicals Division and the Fine Chemicals Business Development Department. He was assigned to UBE in Europe in 2000 for approximately five years and returned to Japan in 2005, where he led the sales group for Functional Products & Fine Chemicals and served as Business Unit Head. He was appointed as an Executive Officer in 2016, a Managing Executive Officer in 2019, and, after serving as General Manager of several business divisions, became Senior Managing Executive Officer in 2022, where he was responsible for promoting digital transformation and other initiatives. He was appointed President in April 2025.

Looking back on the first year of the medium-term management plan

Although we fell short of our numerical targets, the first year saw a steady shift in mindset toward transformation.

Fiscal 2025 marked the first year of our six-year medium-term management plan and, for me personally, my first year as President. Looking back, although we improved key management indicators such as operating profit compared with the previous fiscal year, we fell short of the targets set under the medium-term management plan, making it an undeniably challenging start.

The primary reason was that our specialty businesses, including Specialty Products, did not grow as planned. The most significant factor was the slowdown in gas separation membranes, specifically carbon dioxide separation membranes for biomethane production. Demand had expanded rapidly, supported by government subsidy programs in many countries driven by growing environmental awareness, but this was followed by the accumulation of inventory in the distribution channel. Even so, I have no doubt that the shift toward bioenergy is part of a broader societal trend, and I expect market conditions to recover gradually.

On the other hand, we made substantial progress in the structural reform of our basic businesses. In Thailand, we completed the shutdown of caprolactam and ammonium sulfate production and part of our nylon polymer production, and production at the hexanediol plant in March 2026, one year ahead of schedule. We also plan to phase out the ammonia chain in the Ube area, and this is now expected to be completed by March 2028, two years earlier than originally planned. As a result, we now have a clear path to achieving our fiscal 2030 GHG emissions reduction target ahead of schedule and exceeding the original target. I believe this will also have a positive impact on how our corporate value is assessed.

We also made significant progress in sustainability management. In January 2026, we received a Gold rating from the French sustainability ratings organization EcoVadis. Our original plan had been to improve our rating progressively over the six years of the medium-term management plan, so achieving Gold status—placing us among the top 5% of assessed companies—in the very first year exceeded our expectations and gave us tremendous confidence. Going forward, we will work toward achieving a Platinum rating, awarded to the top 1% of assessed companies. Following the earlier establishment of KPIs for carbon neutrality and the circular economy, we formally established KPIs for nature positivity in fiscal 2025. Going forward, we will continue to strengthen our efforts to address global environmental issues through these three pillars.

We also made progress in health and productivity management, earning improved external recognition, including being ranked among the top 50 companies in the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500). In safety management, the number of lost-time workplace accidents fell to the lowest level in our history, and we achieved our safety score target, demonstrating that our occupational safety and health initiatives are taking root throughout the organization.

Throughout the past year, I have worked to ensure that the vision and policies of the medium-term management plan, together with our Purpose—"Breaking Through with the Chemistry of Hope."—were widely shared and embraced across the Company. As a result, I believe awareness throughout the organization has steadily grown, and that this shift in mindset has begun to translate into tangible results.

To further encourage changes in mindset and behavior, we held our company-wide UBE Transformation Day event in July 2025. Executive officers and employees gave presentations centered on our Purpose, discussing the challenges they sought to tackle in their own work. These presentations have

> **"Transforming into a business model that generates earnings with speed"**

also been displayed on digital signage throughout UBE Group sites. By making each individual's aspirations visible, we aim to inspire one another across the organization and foster positive changes in both mindset and behavior.

Taking all of these initiatives into account, including those whose impact cannot be measured solely through financial results, I believe fiscal 2025 was a year in which, despite challenging business performance, we made steady progress in transforming the mindset of our organization.

Outlook and priority areas for specialty businesses

Achieving stable growth in specialty businesses, centered on urethane systems and polyimide

The medium-term management plan calls for further growth in specialty businesses. Although we were forced to make a difficult start in the first year, market conditions are recovering overall, and the results of our R&D and marketing initiatives are also beginning to emerge. We therefore expect to return steadily to a trajectory of profit growth from fiscal 2026, the second year of the plan.

Among the wide range of areas in which our specialty businesses operate, we are placing particular emphasis on high-performance urethane and the polyimide chain. The urethane systems business acquired from LANXESS in April 2025 is currently undergoing the post-merger integration process, with full integration scheduled for the end of March 2027.

The business has operations across the United States, Europe, and Asia. However, because the acquisition was a carve-out of the business operations alone, establishing the necessary back-office functions presented a challenge. In the United States in particular, the UBE Group had not previously maintained any large-scale operating base, and we are therefore strengthening and expanding the functions of our U.S. regional headquarters. At the same time, a carve-out acquisition also offers advantages. Building the back-office functions from the ground up makes it easier to embed the UBE Group's corporate culture, Vision, and Purpose throughout the acquired business. Employees are already commenting that a sense of unity is beginning to take shape, and there has been no employee turnover. I therefore believe that we will be able to achieve solid profit growth once the post-merger integration process is complete.

As for the polyimide business, we intend to leverage our strength in integrated production, extending from the raw material biphenyl tetracarboxylic dianhydride (BPDA) through to films, varnishes, and powders, and gas separation membranes, to develop the business into a core pillar of our specialty businesses. New film production facilities commenced commercial operations in April 2026, and we are working to expand supply for flexible printed circuit boards. In varnishes, we are strengthening our business for OLED smartphones while also exploring applications for products under development, including transparent varnishes, which are highly regarded for their advanced technological performance, and water-based varnishes that do not use organic solvents. In powders, we are making progress in improving performance, which had previously been a challenge, creating the potential to expand our share of the global market. For gas



separation membranes, we plan to increase our market share, primarily in carbon dioxide separation membranes for biomethane production, and develop this business into a major pillar in the future.

Specialty businesses offer higher profitability and more stable growth than our conventional restructuring businesses, or basic businesses. As a result, we expect to reduce the earnings volatility caused by market fluctuations that we experienced in the past. In fiscal 2026, we will demonstrate that, by steadily implementing the necessary measures, we can achieve our targets as planned and sustain growth over the long term.

Transforming our marketing strategy

A new sales model that reaches end users to expand businesses built on our strengths from "lines" into "surfaces"

The strength of the UBE Group's specialty businesses lies in their niche-leading model based on proprietary technologies, through which we leverage our

distinctive technological capabilities to develop unique products that competitors cannot replicate. Until now, however, these businesses have remained limited to isolated "points" and "lines." Going forward, I believe we must enter a new phase in which we expand them from "lines" into "surfaces."

The key to achieving this is transforming our marketing strategy. Taking gas separation membranes as an example, our conventional sales targets were engineering companies that design and construct gas production plants incorporating these membranes. In practice, however, the actual users of the membranes are the gas producers further downstream. We are therefore now engaging directly with gas producers to explain the features and advantages of UBE products, with the aim of creating a design-in process in which the gas producers themselves ask the engineering companies to design the plants using UBE separation membranes.

By moving beyond marketing that is completed entirely within a conventional BtoB framework and extending into BtoBtoC—in other words, reaching the customers of our customers—we can not only increase the likelihood of securing orders but also gain a more accurate understanding of end-user needs. This new sales model is already generating tangible results, including new business discussions and orders, and I am convinced that it is steadily contributing to our competitive advantage.

This approach is not limited to gas separation membranes. To transform into a specialty chemicals company, we must shift away from the passive, order-taking style of sales we have relied on in the past and move toward a more proactive, proposal-based approach that clearly communicates the value of UBE products and draws out user needs. This is precisely what I mean by the phrase I have repeatedly emphasized: "a mindset of knocking on customers' doors ourselves." We will become a company in which every employee—not only those in sales, but also those in technology, R&D, and other functions—can clearly articulate what we are able to provide to customers and to society.

"Strengthening organizational and human resource capabilities over the medium to long term through innovative processes"

Advancing business transformation encompassing corporate culture and organizational climate

Taking digital transformation (DX) to a new stage—from introducing digital tools to transforming our way of doing business

The progress we are now making with these reforms can also be attributed to the DX initiatives we have promoted across the Group. We have always regarded digital tools—the "D"—as merely a means to an end, while placing greater emphasis on the transformation of our way of doing business—the "X." To date, we have introduced and developed tools and systems such as ERP, SFA, and CRM. Going forward, however, we will enter a new stage in which we make full use of digital technologies to fundamentally transform how we work. Transformation is likely to involve a certain degree of disruption, so we must complete it within a short period. We are determined to move quickly and transform not only our way of doing business, but also our corporate culture and organizational climate, in a single concerted effort.

Another priority is the further use of AI. Approximately 40% of employees with PCs are already using generative AI in their work, and we are promoting its wider adoption with the aim of raising this figure to 80% during fiscal 2026. Different generative AI tools have different areas of strength. We will therefore select the most appropriate AI for each purpose—for example, using some tools to improve business efficiency through drafting documents and organizing data, and others to support R&D through activities such as analyzing research papers, conducting simulations, and generating research themes. In this way, we will strengthen the organization's overall ability to create value.

Capital policy and growth investments

Maintaining investment in the growth of our specialty businesses while balancing enhanced shareholder returns and debt repayment

The previous medium-term management plan, which ran through fiscal 2024, was positioned as a stage of sowing seeds and structural reform. By contrast, the current medium-term management plan is focused on realizing the benefits of our investments and driving further growth initiatives. While fully capturing the returns from the growth investments we have made to date, we will continue to make steady investments to support future growth. In particular, we will prioritize investments that accelerate the growth of our specialty businesses.

At the same time, our extensive growth investments have increased our D/E ratio. We will therefore carefully manage our balance sheet to strike an appropriate balance between growth investments and financial soundness. In particular, we intend to take a prudent approach to cash allocation. Accordingly, while we will continue to consider M&A opportunities that enable us to gain access to new growth areas, our immediate priority will be to realize the returns from our major investments, including the urethane systems business and our DMC and EMC operations in the United States.



With regard to shareholder returns, we have announced an increase in our target dividend on equity (DOE) ratio from the previous 2.5% or higher to 3.5% or higher, together with our intention to raise it to 4.0% at the earliest possible opportunity. As our major growth investments are completed and our focus shifts toward generating and realizing returns, we will work to improve capital efficiency while further enhancing shareholder returns. We intend to allocate the proceeds from the planned stock market listings of our machinery business and cement-related business in a balanced manner among growth investments, shareholder returns, and debt repayment. We are also considering using a portion of these proceeds for share repurchases.

Initiatives to strengthen R&D

Communicating our emphasis on research and development to attract and nurture outstanding R&D talent

Regarding R&D investment, we plan to raise R&D expenditure as a percentage of net sales from the current 2% range to 4–5%, bringing us in line with other specialty chemicals companies. Approximately 70% of R&D expenditure is personnel-related. In other words, the success of our R&D investment depends on our ability to recruit and develop outstanding R&D personnel and generate synergies among diverse technologies.

This makes it essential to clearly define our R&D policy. Since becoming President, I have placed our commitment to becoming an R&D-driven company and increasing the number of new business development projects at the forefront of our strategy and actively communicated this policy externally. In April 2026, we also established the new position of Chief Technology Officer (CTO) to place even greater emphasis on our technology strategy.

These initiatives are already attracting many highly capable external professionals to the UBE Group through both new and mid-career recruitment. They are drawn by the opportunity to freely pursue their own research themes and to launch new businesses through R&D.

Securing outstanding R&D talent is of the utmost importance to strengthening the UBE Group's R&D capabilities. We will create an environment in which researchers can fully demonstrate their abilities and build a framework in which researchers inspire one another, foster the growth of talent, and enhance our R&D capabilities over the long term and on a sustainable basis.

Our approach to human resource development

Accelerating the growth of every employee under a new HR system centered on career ownership

To accelerate the global expansion of our specialty businesses, it is important not only to strengthen our R&D talent, but also to enhance human resource capabilities across all areas while creating a workplace environment in which employees can fully demonstrate their abilities.

To achieve this, we introduced a new HR system in April 2026. A key focus of the new system is career ownership, under which each employee independently considers and chooses the kind of career they wish to build, rather than being fitted into a career model prescribed by the Company. We will ensure that employees are provided with the skills development and training they need to realize the future they seek. In this way, we aim to create a virtuous cycle of growth in which highly motivated employees continue to develop, inspiring others to pursue further growth themselves.

As part of these reforms, we abolished the previous recruitment categories of career-track and core-position employees and introduced a single system from the time employees join the Company. We also eliminated the minimum time-in-grade requirements for promotion, enabling employees to advance more quickly in line with their individual potential and achievements. At the same time, we will maintain our existing training framework for all employees.

By fostering an organizational culture in which diverse employees challenge and inspire one another, we will develop specialty talent on a global scale.

Message to shareholders and investors

Deepening dialogue with shareholders and investors and raising expectations for UBE as a specialty chemicals company

The CEO's role in investor relations is to deepen dialogue with shareholders and investors, enhance their understanding of the Company, and firmly meet their expectations and retain their trust.

UBE transitioned to a company with an Audit and Supervisory Committee in 2019. We clearly separate supervision from execution: the Chairman serves as the non-executive chair of the Board of Directors and focuses on supervision, while the President and other executive officers are responsible for business execution. The proportions of outside and female directors on the Board have also increased, enhancing the Board's effectiveness through discussion from diverse perspectives. In addition, we have established various committees to deliberate on sustainability initiatives, with the Board also exercising oversight of these matters through the Strategic Management Meeting. I take pride in the fact that having a framework in place under which governance functions effectively is another of UBE's strengths. We will continue strengthening governance to enhance corporate value over the medium to long term.

The UBE Group has built strengths in R&D capabilities, particularly in organic synthesis, while also refining its manufacturing process development capabilities for the mass production of materials. Going forward, we will further expand into downstream processing fields. We have already established a track record in areas such as the polyimide chain, and we intend to extend this approach across all our businesses to establish an integrated set of strengths comprising organic synthesis, manufacturing process development, and processing technology development. This will give us outstanding competitiveness, proposal capabilities, and problem-solving capabilities that neither a materials-only company nor a processing-only company could achieve. This is the kind of specialty chemicals company that only the UBE Group can become, and I promise that we will continue achieving strong growth toward its realization.



“Continuing to create outstanding corporate value on a global scale”



We will strategically allocate resources with a balanced approach to growth investments, shareholder returns, and debt repayment to improve capital efficiency and enhance shareholder returns.

Hirotaka Ishikawa

Representative Director, Managing Executive Officer
CFO, CRO

Major financial highlights

(Billion yen)

	FY2024 (results)	FY2025 (results)	FY2026 (forecast)
Net sales	486.8	462.3	485.0
EBITDA	45.5	46.4	56.5
Operating profit	18.0	18.9	23.5
Ordinary profit	22.4	37.5	37.5
Profit (loss) attributable to owners of parent	(4.8)	23.9	24.5
Total assets	866.2	946.3	1,020.0
Shareholders' equity	395.1	437.2	450.0
Interest-bearing liabilities	330.5	358.2	415.0
D/E ratio (times)	0.84	0.82	0.92
Return on sales (ROS) (%)	3.7	4.1	4.8
Return on equity (ROE) (%)	(1.2)	5.7	5.5
Return on invested capital (ROIC) (%)	3.0	3.8	4.0

Looking back on the first year of the medium-term management plan

Fiscal 2025 operating profit target not achieved, but recovery expected in fiscal 2026

Although operating profit in fiscal 2025 increased to ¥18.9 billion, it fell short of the medium-term management plan target of ¥25.0 billion. The main reason was that growth in the specialty businesses was below expectations. In particular, demand for separation membranes for biofuel applications slowed amid an inventory adjustment phase. However, the medium- to long-term trend toward wider use of biofuels remains unchanged, and sales are expected to recover and expand from fiscal 2026 onward, putting the business back on a growth trajectory. Meanwhile, restructuring businesses (basic businesses), including caprolactam and nylon polymers, continue to face a challenging business environment.

Improving earnings stability and capital efficiency remains a challenge

The Company's P/B ratio has remained below 1, and we recognize that the market continues to take a critical view of the Company. We believe the underlying reasons for this are the instability of our earnings and the fact that capital efficiency remains at a low level. To address these issues, we will accelerate the transformation of our portfolio toward specialty businesses to stabilize earnings, while rigorously implementing optimal strategic resource allocation to improve capital efficiency.

Business portfolio transformation

Stabilizing earnings by downsizing and withdrawing from restructuring businesses (basic businesses)

Historically, the Company has had a high proportion of commodity chemicals, including ammonia, caprolactam, and nylon polymers, making its earnings highly susceptible to market conditions, such as supply-demand dynamics and raw material prices. In recent years, profitability has also declined as the market environment deteriorated against a backdrop of significant capacity expansion by Chinese manufacturers.

To address this, the Company is proceeding with the downsizing and withdrawal of its restructuring businesses (basic businesses), with the benefits of these initiatives expected to become apparent from fiscal 2026 onward.

In Thailand, we completed the shutdown and downsizing of our unprofitable caprolactam and nylon polymer operations in March 2026. In Japan, we plan to cease production of caprolactam and nylon polymers in March 2027, followed by ammonia production in March 2028. Through these initiatives, we will transform our business portfolio away from a business structure that is highly dependent on market conditions and toward specialty businesses with superior profitability and earnings stability, thereby establishing a business foundation capable of generating stable profits and cash flow.

Financial management policy

Implementing strategic and disciplined resource allocation

From a medium- to long-term perspective, the Company's basic policy is to allocate resources in a balanced manner among growth investments, shareholder returns, and debt repayment. Specifically, while continuing to make proactive growth investments in specialty businesses, we will ensure financial soundness as major investment projects enter the recovery phase, while maintaining and improving capital efficiency and strengthening shareholder returns.

Accelerating payback from major investments

The Company expects to generate a total of ¥750.0 billion in cash over the six years of the medium-term management plan.

To date, we have made proactive growth investments in specialty businesses, including the acquisition of the urethane systems business from Germany's LANXESS, construction of a new C1 chemicals (DMC and EMC) plant in the United States, and expansion of production capacity for polyimide films, separation membranes, and separators. From fiscal 2026 onward, these investments will progressively enter the recovery phase. We will therefore focus on maximizing their contribution to earnings at an early stage by steadily advancing post-merger integration and plant construction.

We are also preparing for the initial public offerings of the machinery business, UBE MACHINERY CORPORATION, Ltd., and the cement-related business, Mitsubishi UBE Cement Corporation, on the Tokyo Stock Exchange, and expect to recover a certain amount of funds through the sale of shares.

In addition, the Company is promoting ROIC management across the entire organization, with each division working to improve asset efficiency. Specifically, we are optimizing working capital, including inventories and trade receivables, reducing idle and underutilized assets and strategically held shares, and improving asset turnover, thereby accelerating cash generation through reductions in total assets.

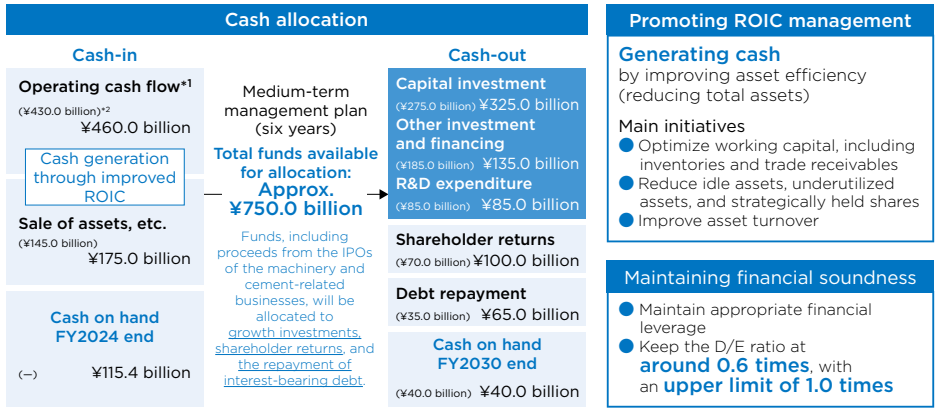
Selecting investments that exceed the cost of capital

The Company will continue to prioritize growth investments and plans to invest a total of ¥545.0 billion in capital expenditures, investments and financing, and R&D over the six years of the medium-term management plan. More than ever, we will emphasize capital efficiency in evaluating investment projects, carefully selecting only those expected to generate an ROIC that exceeds the WACC after taking risk into account. By rigorously applying hurdle rates in investment decision-making, we will improve the quality of our investments and enhance capital efficiency.

Strengthening shareholder returns by increasing the DOE target

With respect to shareholder returns, our basic policy is to provide stable dividends, while aiming to deliver progressive dividends using dividend on equity (DOE) as a key performance indicator. We have consistently

Strategic resource allocation



Promoting ROIC management

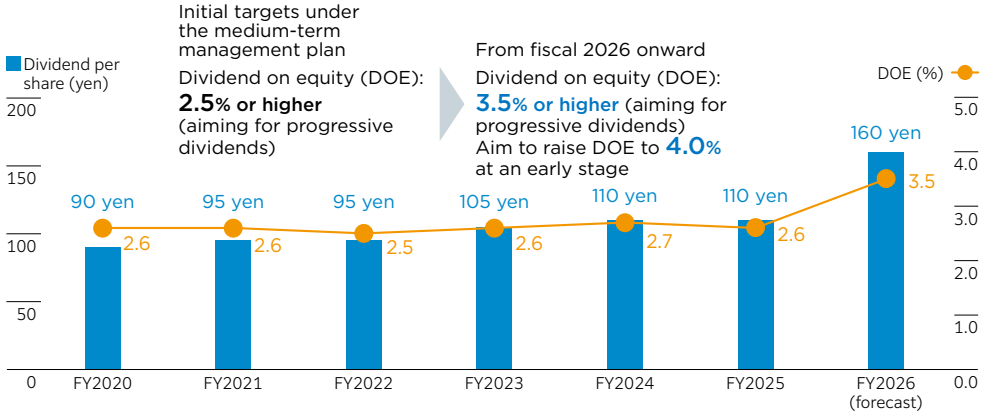
Generating cash
by improving asset efficiency (reducing total assets)

Main initiatives
- Optimize working capital, including inventories and trade receivables
- Reduce idle assets, underutilized assets, and strategically held shares
- Improve asset turnover

Maintaining financial soundness

- Maintain appropriate financial leverage
- Keep the D/E ratio at **around 0.6 times**, with an **upper limit of 1.0 times**

Shareholder returns



*1 Operating cash flow before R&D investment
*2 Figures in parentheses are the original medium-term management plan amounts

maintained progressive dividends without reducing dividends since fiscal 2008.

Under the current medium-term management plan, we had set a DOE target of 2.5% or higher. However, as major investment projects are expected to move into the earnings realization phase, we have decided to strengthen shareholder returns by raising the target to 3.5% or higher from fiscal 2026. Furthermore, based on the progress of the medium-term management plan, we aim to increase the target to 4.0% in the future. We are also considering share buybacks funded in part by proceeds from the planned listings of the machinery business and the cement-related business. Through these initiatives, we will strengthen shareholder returns while optimizing our equity capital.

Maintaining financial soundness by capping the D/E ratio at 1.0x

Interest-bearing debt at the end of fiscal 2025 increased by ¥27.6 billion year on year to ¥358.2 billion. As a result of financing for major investments, including the construction of the new U.S. C1 chemicals plant, interest-bearing debt is expected to increase to ¥415.0 billion in fiscal 2026. Accordingly, the D/E ratio is projected to rise from 0.82x at the end of fiscal 2025 to 0.92x at the end of fiscal 2026.

We will appropriately manage financial leverage and maintain financial discipline. Specifically, we target a D/E ratio of around 0.6x, while capping it at 1.0x. Although major investments may temporarily push the ratio close to this upper limit, we will use cash generated from these investments as they begin to generate returns to repay debt, thereby maintaining the D/E ratio at an appropriate level and preserving market confidence.

Initiatives to improve the P/B ratio

Improving the P/B ratio by enhancing capital efficiency and lowering the cost of equity

The Company views the P/B ratio as "ROE ÷ (cost of equity - expected growth rate)," and is working to improve the PBR from both sides of the equation by enhancing capital efficiency, including ROE and ROIC, and lowering the cost of equity.

We will enhance capital efficiency by accelerating the transformation of our portfolio toward specialty businesses, rigorously implementing strategic resource allocation, carefully selecting growth investments, and strengthening shareholder returns.

At the same time, we expect the transformation of our business portfolio to improve earnings stability. In addition, the shutdown of ammonia and other operations is projected to significantly reduce GHG emissions, a key risk factor, by 65% from the fiscal 2013 level by fiscal 2028. We believe these initiatives will contribute to lowering the cost of equity.

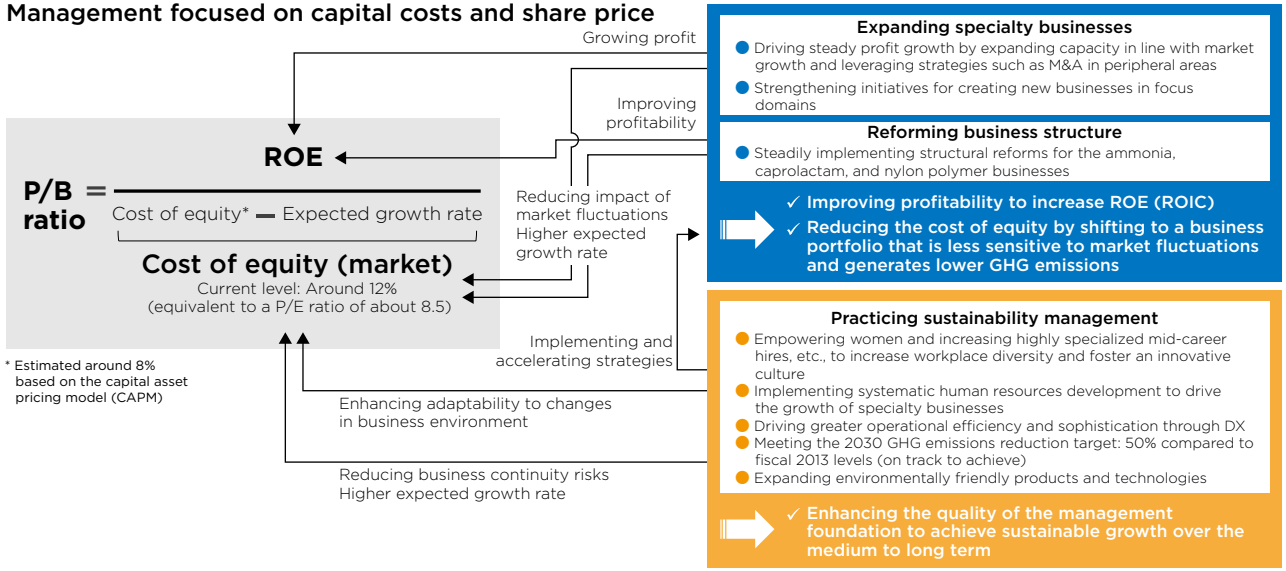
To our shareholders and investors

The Company places great importance on dialogue with its shareholders and investors. In fiscal 2025, we held small meetings for analysts, visited overseas institutional investors, conducted a briefing on the Urethane Systems business, and organized engagement meetings between outside directors and institutional investors. In addition, our IR department conducted approximately 150 one-on-one meetings during the year. The feedback obtained through such dialogue is regularly reported by me to the Board of Directors so it may be reflected in management decisions.

The Company is currently at a critical stage in its transformation into a specialty chemicals company. However, we recognize that the stock market's evaluation of the Company remains challenging. As CFO, I believe my role is to steadily advance this transformation while rigorously implementing strategic resource allocation, achieving both business growth and improved capital efficiency, and maintaining financial soundness.

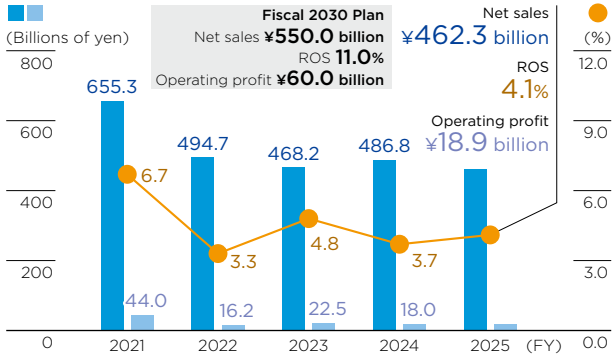
By steadily executing these initiatives, we will continue striving to earn the trust of our shareholders and investors.

Management focused on capital costs and share price



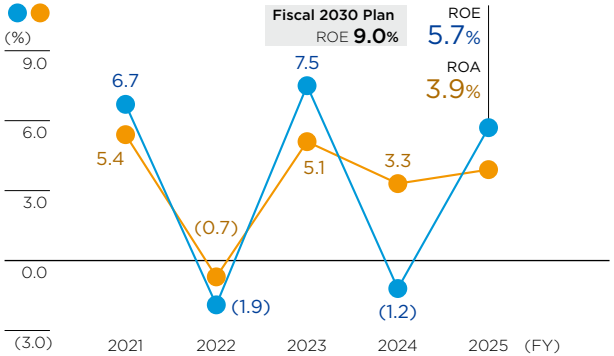
Financial / Non-financial Highlights

Net sales / ROS / Operating profit



Net sales decreased due to sluggish sales in the Polymers & Chemicals Segment and the transfer of management control of the steelmaking business in the Machinery Segment in the previous fiscal year. Operating profit increased due to lower depreciation expenses following the recognition of impairment losses in the previous fiscal year associated with the decision to restructure the ammonia, caprolactam, and nylon polymer businesses in the Polymers & Chemicals Segment, the absence of the biennial scheduled maintenance at the ammonia plant, and lower raw material prices for elastomers.

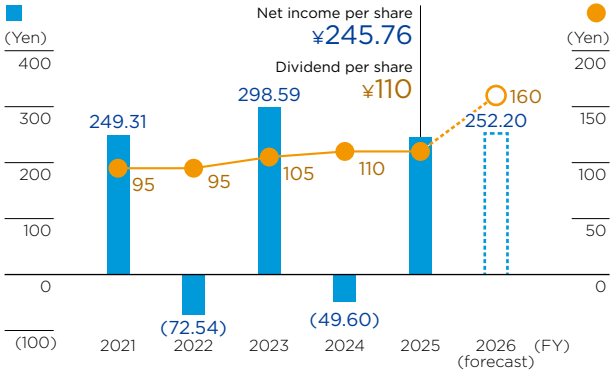
ROE / ROA*1



Return on equity (ROE) was 5.7%, compared with negative 1.2% in the previous fiscal year. Return on assets (ROA) was 3.9%, compared with 3.3% last year.

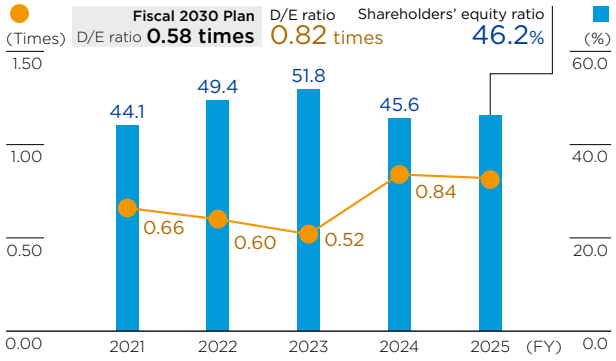
*1 ROA = (Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method) / Average total assets

Net income per share / Dividend per share



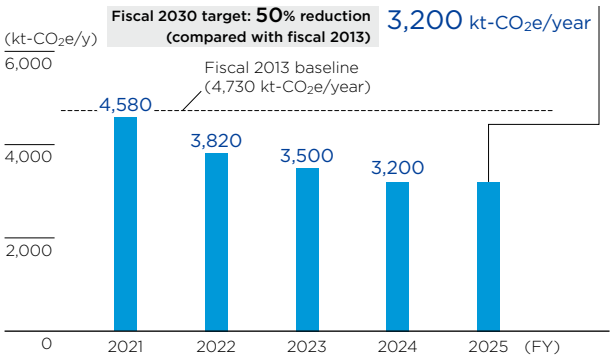
Net income per share increased to ¥245.76, compared with a loss of ¥49.60 in the previous fiscal year, primarily because no impairment losses (extraordinary losses) were recorded in the current fiscal year, unlike the previous fiscal year. The Company has also continued to steadily increase its dividend, and plans to pay a dividend of ¥160 per share for fiscal 2026.

D/E ratio / Shareholders' equity ratio



Despite raising funds to support growth investments, the equity ratio increased by 0.6 percentage points year on year to 46.2%, reflecting an increase in equity attributable to higher net income attributable to owners of the parent and an increase in the foreign currency translation adjustment. The D/E ratio improved by 0.02 points from the previous fiscal year to 0.82 times.

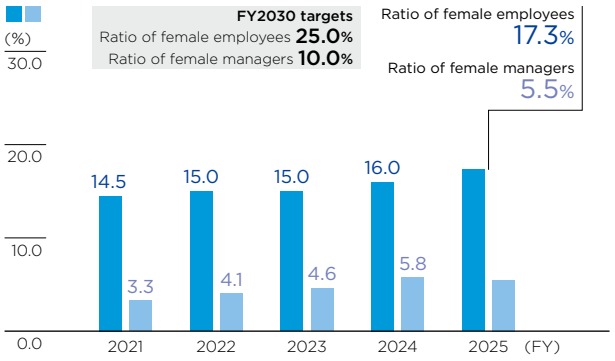
GHG emissions*2



GHG emissions represented a 32% reduction compared with the fiscal 2013 baseline. Please note that fiscal 2025 figures may be subject to change following third-party verification.

*2 Excluding cement-related business transferred to Mitsubishi UBE Cement Group

Ratio of female employees*3 / Ratio of female managers*3



Women accounted for 17.3% of employees, up 1.3 percentage points, and 5.5% of managers, down 0.3 percentage points.

*3 UBE Group in Japan

Key Specialty Business I

Urethane systems



Key features of urethane systems

Over 70 years
of business history

Technologies originating from renowned U.S. companies
DuPont and US Rubber (Uniroyal)

Market share in prepolymers for high-performance thermosetting urethane elastomers

No. 1 market share in the U.S.

Among the global top 3

5 plants worldwide
2 in the U.S., 1 in Brazil, 1 in the U.K., and 1 in China

Portfolio of environmentally-friendly product grades*

No. 1 in product lineup
Launched products with reduced environmental impact ahead of competitors

Technical centers
3 locations
U.S., Italy, and China

Strong customer base

More than 700 customers
Long-term business relationships with major customers

Approx. 400 diverse professionals
More than half have technical backgrounds

Net sales composition by region

Americas: 60%
APAC: 20% EMEA: 20%

* Isocyanates, one of the raw materials used to manufacture urethane resin products, are subject to increasingly stringent regulations in Europe due to their potential health impacts.
UBE possesses technologies that reduce residual isocyanate concentrations to below regulatory limits and offers the industry's broadest product lineup.

What is urethane systems?—**A solutions business that designs performance**

Demand is increasing for highly durable, high-performance materials used in components exposed to demanding environments, such as those in semiconductor manufacturing and industrial machinery. Against this backdrop, the UBE Group operates a urethane systems business that provides everything from prepolymer materials—resin intermediates—for high-performance thermosetting urethane elastomers to design support. Urethane elastomers are resins that combine the flexibility of rubber with the strength of plastics. They are used in a wide range of industries, from advanced fields such as semiconductor manufacturing to industrial machinery and sporting goods.

Through the acquisition of this business from German chemical manufacturer LANXESS in April 2025, the UBE Group gained a global customer base and application development expertise in urethane elastomers, strengthening its competitiveness in the high-performance urethane market. Upon acquiring the business, UBE named it urethane "systems," rather than simply urethane. This reflects the business's defining feature: it goes beyond supplying materials to provide an integrated "system" of solutions encompassing performance design, optimization of processing conditions, and application development.

What are the target markets?—**Niche, high-value-added markets**

Within a global polyurethane market exceeding 20 million metric tons, the market targeted by the UBE Group for high-performance thermosetting urethane elastomers is estimated at approximately 100,000 metric tons. Although extremely small relative to the overall polyurethane market, it is a niche, high-value-added market that is less susceptible to price competition because it requires advanced expertise and performance. Offering excellent abrasion resistance and durability, high-performance thermosetting urethane elastomers are widely used in mining machinery, industrial machinery, conveyor belts, pipelines, and other applications. In recent years, they have also demonstrated strong competitiveness in high-end applications requiring advanced performance, including the semiconductor industry.

High-performance thermosetting urethane elastomers can exhibit a wide variety of properties depending on the formulation of their raw materials. The UBE Group's strength in formulation technologies, which determine product performance, enables it to provide products optimized for required properties such as resilience, water resistance, strength, and abrasion resistance. By offering prepolymers with diverse functions, the Group has established a competitive advantage in high-value-added niche markets.

Competitive advantages—**Outstanding technological capabilities and expertise as sources of added value**

The UBE Group holds the No. 1 share of the U.S. market for prepolymers used in high-performance thermosetting urethane elastomers and ranks among the world's market leaders. This competitiveness is underpinned by expertise and application development know-how cultivated in the United States over more than 70 years. These strengths have enabled the Group to build a solid customer base and stable business relationships with more than 700 customers across diverse industries. The Group also operates technical centers in the United States, Italy, and China, enabling it to respond quickly to customer requirements while taking regional characteristics into account.

The source of added value lies in the ability to provide materials together with solutions encompassing urethane design based on extensive expertise and experience. These solutions range from design and modeling support to full-scale prototyping and improvement proposals based on physical property evaluations. The Group also flexibly utilizes externally sourced materials to achieve optimal material designs for individual applications.

In recent years, European regulations governing isocyanates, one of the raw materials used in urethane products, have become increasingly stringent due to their potential health impacts. Demand is therefore expected to grow for low-free products* that comply with these regulations. The UBE Group offers the industry's broadest lineup of such products.

These advanced technological capabilities are supported by top-level professionals in the urethane industry. Many UBE Group employees possess expertise at a level that enables them to lecture at universities, and the Group has developed its own engineering handbook to train engineers.

* Products with reduced residual concentrations of free diisocyanate monomers

Market growth potential—**A broad range of markets spanning advanced industries, industrial machinery, and sporting goods**

By application, approximately 52% of net sales are generated from the energy, natural resources, and industry fields, while around 23% come from food, healthcare, and consumer goods. Semiconductor manufacturing and defense-related applications are also expected to achieve high growth. Growth of 6%–7% is projected for semiconductor manufacturing applications and 9%–10% for defense-related applications. Given the UBE Group's high market shares in these fields, they offer significant future potential. Key to capturing this potential will be the Group's ability to address customer challenges and propose solutions through rigorous quality control and accumulated expertise.

In semiconductor-related applications, the Group's urethane is also used in wheels for automated guided vehicles (AGVs) operating inside manufacturing plants. Semiconductor manufacturing processes require clean rooms from which dust is rigorously excluded. Because even minute particles can affect production yields, the AGVs used in these facilities employ urethane elastomers with exceptionally high abrasion resistance to minimize particle generation caused by wheel wear.

With demand rising for containerboard and other paper products that support logistics, the UBE Group's prepolymers are also used in urethane components known as shoe press belts, which efficiently remove water from paper during the papermaking process. In these belts, where durability is essential, the Group's prepolymers combine high levels of abrasion and crack resistance, contributing to the stable operation of paper mills.

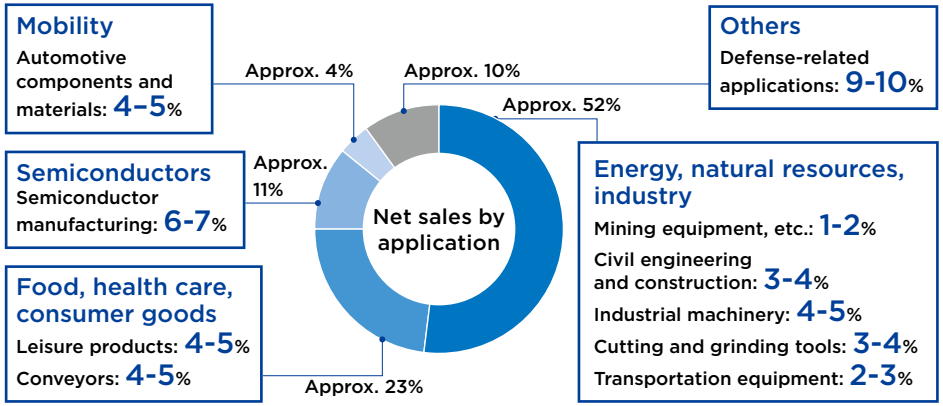
Customer relationships—**Competing through proposal capabilities built over decades**

Through more than 70 years of experience, the UBE Group has accumulated extensive technical data and expertise, including data analyzing the structures and performance of competitors' products. For example, when a customer reports cracks in the urethane used in a wheel, the Group can identify the cause by producing and evaluating a prototype of the same wheel. It can then assess strength and durability, examine shapes and materials less prone to failure, and provide support extending from proposals for trouble-free wheel designs to prototyping and testing.

Long-term relationships of trust built through joint development with customers are a source of the UBE Group's competitive advantage in high-value-added markets.

Net sales by application and market growth rates

Market growth rates (UBE estimates)



Message from the General Manager of the High Performance Urethane Division

Leveraging an outstanding solutions business to achieve further growth as a core business combining stable earnings with growth potential



Seijiro Kamezawa
Executive Officer
General Manager, High Performance Urethane Div.

The business acquisition marks a turning point accelerating in growth

The urethane systems business ranks No. 1 in the United States and among the world's leaders in prepolymers—resin intermediates—for high-performance thermosetting urethane elastomers. It has earned a particularly strong reputation in applications requiring outstanding durability and reliability. Through this acquisition, UBE gained a robust business platform comprising material design technologies and application development expertise cultivated over more than 70 years, talent across the United States, Europe, and Asia, manufacturing, development, and sales bases, and a customer base of approximately 700 companies. I view this M&A not simply as the acquisition of another specialty business, but as a turning point that will take the UBE Group's growth trajectory in global markets to the next level.

Integrated delivery of materials and design is at the core of our competitive advantage

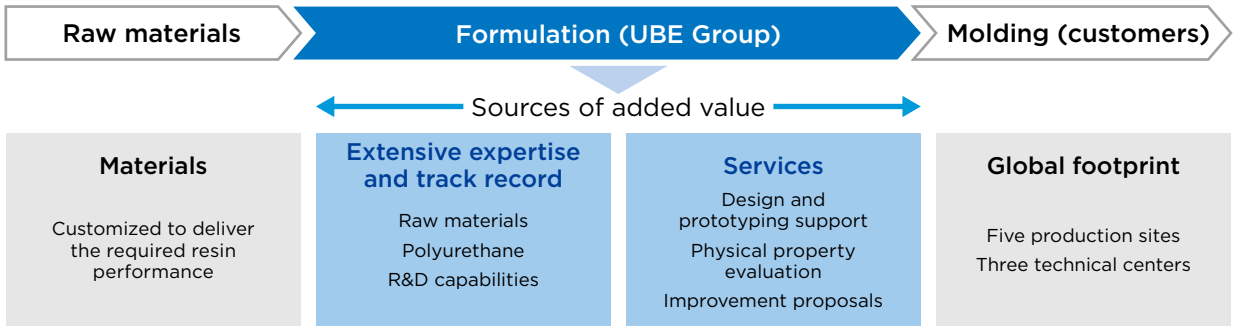
A defining feature of the urethane systems business is that it goes beyond merely supplying materials. Its source of value lies in its ability to become deeply involved from the material design stage and provide optimal solutions for the different operating environments and performance requirements of each customer. Components used in mining equipment, for example, require long-term resistance to wear and impact, and even slight differences in material properties can directly affect equipment uptime and maintenance costs. Semiconductor manufacturing requires an exceptionally high level of cleanliness and consistent quality, as even microscopic foreign particles are unacceptable. To meet these stringent requirements, the business makes proposals that extend from prepolymer design to processing conditions and operating environments. It is also not limited to using UBE products as raw materials, but pursues optimal combinations that include externally sourced materials to consistently deliver the best performance for customers.

This model of delivering materials and design as an integrated solution is extremely difficult to replicate and solidifies UBE's competitive advantage. I believe this is the very essence of the business.

A business structure supporting recurring business generates stable earnings and replicability

The business model of providing materials and design as an integrated solution creates a robust earnings structure. Materials optimized for individual customers are incorporated into their designs as elements that determine product performance. Once adopted, they are therefore not easily replaced with competing products, resulting in long-term

Business model



business relationships. In addition to supplying materials, the business is deeply involved in customers' development and production processes by conducting physical property evaluations and proposing improvements. This has created a structure that generates recurring business with customers.

The business has maintained long-standing customer relationships in the U.S. market, where relationships are particularly important, and the strength of these relationships directly contributes to earnings stability. At the same time, its continued position among the world's market leaders demonstrates that this business model is not a temporary success but a highly replicable structure. The combination of stability and replicability is another major strength of the business.

Accelerating expansion by building growth areas on a stable foundation

The stability and growth potential of the business are supported by a portfolio combining diverse applications with different market characteristics and trends. In fields such as oil and gas, mining, and industrial machinery, there is continuing demand for materials that support equipment reliability, forming a stable earnings base. Meanwhile, applications for urethane materials are expanding in semiconductor manufacturing and other advanced industries as increasingly sophisticated performance is required. These fields will drive future growth.



In the automotive field, functional requirements such as vibration absorption and enhanced durability are becoming more sophisticated, creating considerable scope for UBE to deliver added value. In addition, tighter regulations, particularly in Europe, are driving rapid growth in demand for low-free products that reduce risks to the environment and human health. The UBE Group already offers one of the industry's broadest lineups of low-free products and has established a leading position in this field. By steadily capturing these multiple growth opportunities, UBE will drive the sustainable growth of the business.

Securing growth through integration and synergies

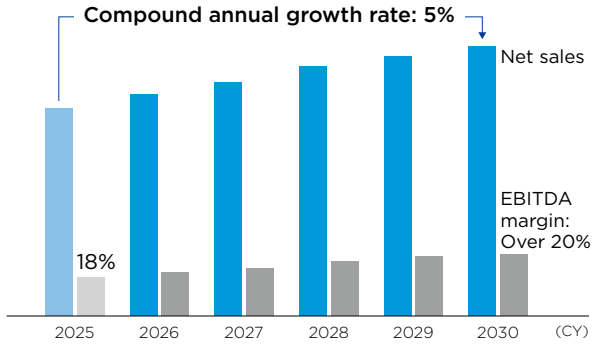
Another feature of the urethane systems business is an operating structure in which the internal value chain—from the sales teams that propose customer solutions to development and manufacturing—is closely coordinated. This structure enables rapid decision-making in response to customer needs and market changes and is a source of competitiveness. The speed of decision-making and management grounded in local operations will be important strengths supporting the business going forward.

Post-merger integration (PMI) is also progressing steadily. UBE is efficiently integrating the business in Europe and Asia by utilizing its existing regional management functions while establishing a new operating structure in the United States. Together with business teams worldwide, UBE will generate synergies across business, technology, and regional axes while promoting cross-selling, new product development, and new customer acquisition. In particular, construction of a PCD (polycarbonate diol) plant in the United States is an important initiative that will leverage the strengths of both the urethane systems business and the high-performance coatings business to create synergies. By steadily realizing these synergies, UBE will further strengthen its competitive advantage.

Conviction and responsibility as a growth driver

Urethane systems is a well-developed business combining a competitive advantage underpinned by an outstanding solutions business, stable earnings based on strong customer relationships, and exposure to growth markets. UBE will fully integrate the business into the UBE Group and steadily deliver results, establishing it as an important growth driver supporting the Group's future.

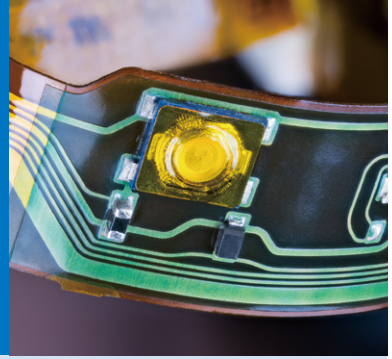
Net sales and EBITDA margin



Note: EBITDA excludes one-time expenses, including PMI costs such as advisory fees.

Key Specialty Business II

Polyimide



Strengths

- Excellent strength and heat resistance, enabling use in a wide range of fields
- Proprietary technologies and an extensive track record in display applications
- Integrated production from raw materials to varnishes, films, and powders

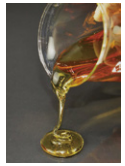
Polyimide chain and main applications

BPDA (raw material) — Manufactured using a proprietary process, used as a raw material for UBE's own products, and also sold externally

	Main applications
Varnishes (solutions)	Smartphones, automobiles
Films	Displays, circuit boards
Powders	Semiconductor inspection equipment
Separation membranes	Plants, aircraft, etc.

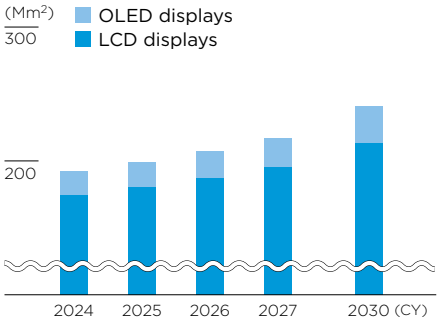
See p. 22 for details

What are varnishes?



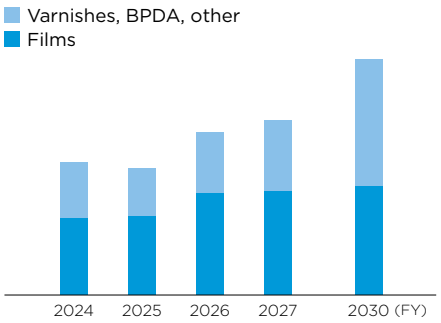
Varnish is an intermediate material that is converted into polyimide resin. When applied to the surfaces of components or circuit boards and cured by heating, it forms thin, uniform, and durable protective or insulating films. Because it is liquid, it can be easily applied to complex and finely detailed shapes, making it an important material supporting the manufacture of increasingly high-performance and compact electronic devices. Its applications continue to expand as demand for semiconductors and electronic components grows amid the proliferation of AI and increased investment in data centers.

Polyimide demand outlook



Note: Estimates by UBE based on various data

Polyimide business net sales



Capturing new demand in advanced electronics

Polyimide resin, with its superior strength and heat resistance, is used in a wide range of fields—from televisions, smartphones, and automobiles to aerospace. UBE is the world's only polyimide manufacturer with an integrated supply system spanning BPDA (raw material), varnishes (solutions), films, and powders.

Polyimide, which offers the highest heat resistance among heat-resistant resins, is an indispensable material in advanced electronics, where demand is expanding rapidly. As electronic devices become smaller and more powerful and AI semiconductors deliver increasingly high performance, power consumption and heat generation are rising, increasing demand for materials with even greater heat resistance. UBE products have been adopted as the de facto standard in applications requiring heat resistance, including polyimide films for COF* used in large displays and varnishes for flexible OLEDs (organic light-emitting diode displays), for which demand is expected to grow with the increasing adoption of foldable smartphones.

* COF: Chip-on-film (a mounting material for displays)

Expanding into new fields

For varnishes, UBE is pursuing a strategy aimed at establishing the next industry standard. UBE holds the world's leading share of varnishes for flexible OLEDs used in smartphones, and their adoption is expected to expand into the high-end segments of the tablet and PC markets. UBE will continue actively exchanging information with smartphone, display panel, and other manufacturers while developing high-performance varnishes offering high transparency, strength, and heat resistance.

UBE is developing water-soluble varnishes as a next-generation growth driver for its polyimide business. Because they do not use organic solvents, these varnishes reduce environmental impact. They can also be processed at lower temperatures than conventional varnishes, helping customers reduce energy consumption and costs in their manufacturing processes.

Powder products used as molding materials for semiconductor manufacturing and inspection equipment are growing rapidly. One example is the adoption of UBE's powder in test sockets, which are essential for manufacturing AI semiconductors. As AI semiconductors deliver higher performance, their power consumption increases and they are subjected to substantial thermal loads during testing. Demand is therefore growing for UBE's powders, which offer excellent heat resistance.

Through the expansion of varnishes, powders, and other products, UBE aims to generate 50% of its polyimide business net sales from new fields by fiscal 2030.

Key Specialty Business II

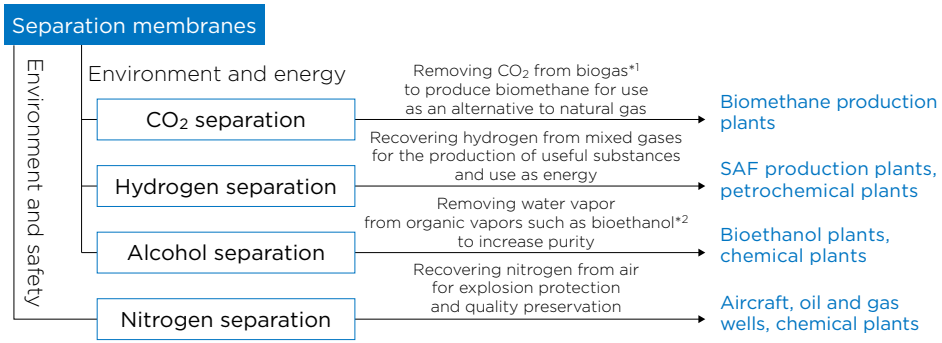
Separation Membranes



Strengths

- High separation performance that enables the selective permeation of specific gases
- Excellent durability and long service life through the use of proprietary polyimide hollow fiber membranes
- A broad range of applications, including biomethane production and hydrogen recovery

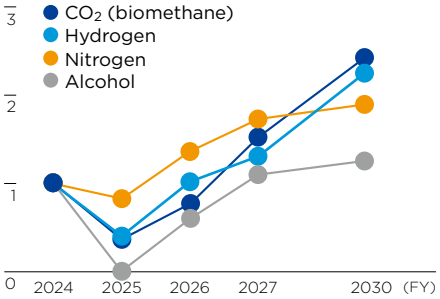
Main applications of separation membranes



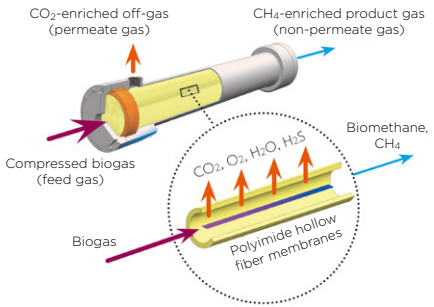
*1 A mixed gas generated from livestock waste and waste disposal sites
*2 An alcohol fuel produced by fermenting plant-derived feedstocks

Demand forecast by application

(Indexed to 1 in FY2024)



Structure of CO_2 separation membranes for biomethane production



Making environmental and energy applications a pillar of growth

Separation membranes are products that efficiently separate specific components from a gas mixture. UBE's separation membranes consist of numerous bundled, straw-like hollow fibers formed from proprietary polyimide. By leveraging its polyimide molecular design technologies, UBE has achieved excellent gas permeability, separation performance, and durability.

Particularly strong demand growth is expected in renewable energy fields such as biomethane and sustainable aviation fuel (SAF). As demand for environmentally friendly energy increases amid moves toward decarbonization and stronger energy security, expectations are growing for separation membrane technologies that can efficiently separate and concentrate gases. In these fields, separation membranes play an important role as core components of plants and equipment.

In biomethane production, separation membranes are used to separate and remove CO_2 from biogas to produce high-concentration methane that can be used as an alternative to natural gas. In SAF production, they are used to recover and reuse hydrogen and other useful components from mixed gases generated during production. In the production of bioethanol and other products, they are also used in processes that remove water vapor from organic vapors to increase purity.

As strong growth is expected to continue in these environmental and energy markets, UBE will strengthen its marketing activities to further expand the business.

Pursuing growth through solution proposals

To meet growing demand for separation membranes, UBE expanded its polyimide hollow fiber manufacturing facilities and separation membrane assembly facilities, thereby strengthening its supply system.

The key to future growth will be proposing solutions that deliver the gas quality and productivity customers require, rather than merely supplying separation membranes. What customers truly need is not the separation membrane itself, but gas—and the ability to produce gas of the required quality efficiently and reliably. It is therefore important to propose separation membranes with the entire gas production process in mind. UBE engages in ongoing dialogue not only with engineering companies responsible for gas production plants, which are its direct customers, but also with gas producers further downstream. By going beyond proposals for individual separation membranes to offer systems that include peripheral equipment and performance solutions addressing factors such as gas purity and recovery rates, UBE will enhance customer value and establish a competitive advantage.

Building on these relationships of trust with customers, UBE will create new projects and expand orders. Through these efforts, UBE will raise the sales ratio of environmentally friendly products to more than 80% of all separation membrane products by fiscal 2030 and establish a business model that will allow it to grow sustainably.

Business Expansion Initiatives and Growth Investment Timeline

Under the current medium-term management plan, the UBE Group will accelerate the growth of its specialty businesses. The Group will steadily bring online new manufacturing facilities for polyimide, separation membranes, ceramics, C1 chemicals, and other products for which capacity expansion has been under way since the previous medium-term management plan. It will also ensure the successful integration of the acquired urethane systems business. Through these initiatives, the Group will generate synergies across the UBE Group and expand earnings globally. In addition, it will continue to make proactive growth investments in the specialty businesses, steadily laying the groundwork for further growth.

Business expansion initiatives and growth investments (as of May 20, 2026)

Major growth investments			Strategy	(FY) 2024	2025	2026	2027	2028	2029	2030
Polyimide	• Raw material manufacturing facilities	Up 60%	• Launching newly developed products • Maximizing returns on capital investment		▼Operation started					
	• Film manufacturing facilities	Up 20%				▼Operation started				
	• Varnish manufacturing facilities	Up 20%					▼Construction start (planned)			
Separation membranes	• Manufacturing facilities for polyimide hollow fibers and separation membrane modules	Up 80%	• Expanding business in environmental and energy fields • Improving/developing new modules and developing new membranes			▼Operation started				
	• Manufacturing facilities for polyimide hollow fibers and separation membrane modules	Expansion						▼Construction start (planned)		
Ceramics	• Ceramics manufacturing facilities	Up 50%	• Expanding business through increased sales for bearing and substrate applications • Developing lower-cost grades				▼Operation start (planned)			
	• Ceramics manufacturing facilities	Expansion							▼Construction start (planned)	
Phenolic resin	• Phenolic resin manufacturing facilities	Up 20%	• Contributing to semiconductor market growth through high-performance, high-quality products		▼Operation started					
	• Phenolic resin manufacturing facilities	Expansion						▼Construction start (planned)		
Separators	• Separators manufacturing facilities	Up 30%	• Increasing market share by acquiring HEV deals • Deployment in non-automotive applications				▼Operation start (planned)			
	• Separators manufacturing facilities	Up 25%, followed by a further 25% increase				▼Phase 1 construction start			▼Phase 2 construction start (planned)	
Urethane systems	• Acquisition of the urethane systems business	Acquisition of a new business	• Providing advanced and diverse solutions • Creating synergies with C1 chemicals and high-performance coatings		▼Business acquired					
High-performance coatings	• PCD manufacturing facilities in the U.S.	New installation	• Developing new markets • Generating synergies with the urethane systems business				▼Construction start (planned)			
C1 chemicals	• U.S. DMC/EMC plant construction	DMC: 100,000 metric tons EMC: 40,000 metric tons	• Ensuring stable supply as the only supplier in the U.S.					▼Operation start (planned)		

Note: Items shown in blue are investment projects for which construction will begin under the current medium-term management plan.

Business Structural Reforms

The UBE Group is actively investing in its specialty businesses as it seeks to transition to a more profitable and stable business structure. At the same time, the Group is steadily withdrawing from or downsizing the production of ammonia, caprolactam, and nylon polymers.

Implementing business structural reforms in Thailand one year ahead of schedule

The UBE Group is implementing structural reforms in its ammonia, caprolactam, and nylon polymer businesses as it seeks to transition to a specialty chemicals company. These businesses are highly susceptible to market fluctuations, and their business environment, particularly in Asian markets, has deteriorated far more than anticipated due to oversupply by Chinese companies and other factors. As a recovery is unlikely, the Group decided to downsize or withdraw from production.

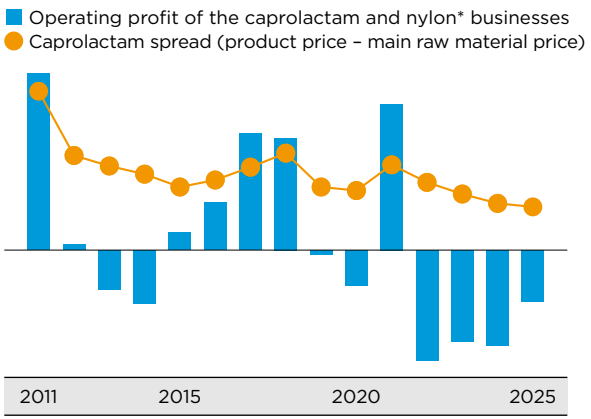
At UBE Chemicals (Asia) Public Company Limited in Thailand, the Group had previously been working to cease production of cyclohexanone, caprolactam, and ammonium sulfate and reduce its nylon polymer (PA6) production facilities from two lines to one by the end of fiscal 2026 (March 2027). However, with the business environment remaining sluggish, coordination with relevant stakeholders made further acceleration possible. The Group therefore downsized or ceased these production operations in March 2026, one year ahead of schedule.

As part of its ongoing business structural reforms, the Group plans to cease production of caprolactam and nylon polymers in Japan in March 2027 and ammonia in Japan in March 2028. By steadily implementing these measures, the Group aims to move away from a business structure dependent on market conditions, eliminate losses in the caprolactam and nylon polymer businesses, reduce earnings volatility caused by market fluctuations, and establish a structure capable of consistently generating profit and cash flow.

The UBE Group has also set a target of reducing greenhouse gas (GHG) emissions by 50% from fiscal 2013 levels by fiscal 2030. Through the withdrawal from or downsizing of ammonia, caprolactam, and nylon polymer production, which generates substantial GHG emissions, the Group expects to reduce GHG emissions by 65% from fiscal 2013 levels in fiscal 2028, thereby achieving its target ahead of schedule and exceeding it.

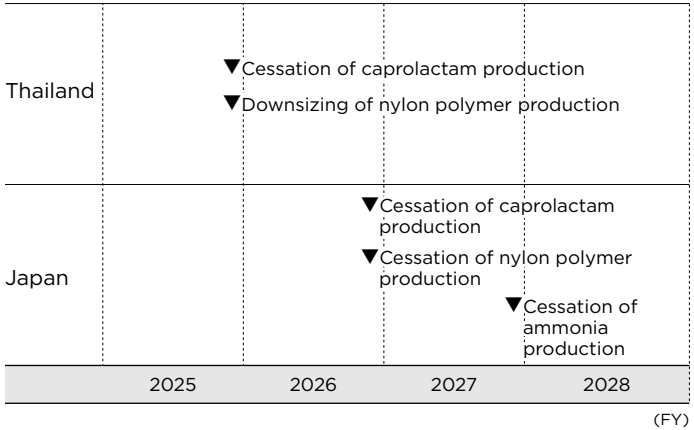
Downsizing and withdrawal from ammonia, caprolactam, and nylon polymer production

Business environment trends



* Nylon polymers + composites
Note: Operating profit figures for prior fiscal years are provided for reference only, as segment classifications and other factors differ from the current classifications.

Schedule



Effects

Elimination of losses
in the caprolactam and nylon polymer businesses

Reduced earnings volatility
caused by market fluctuations

UBE Group Strength 1: Evolution of Value Creation

The UBE Group's competitiveness is rooted in more than 120 years of continually reshaping its business portfolio by moving into high-value-added fields and expanding globally.

From the Founding through the 1940s
The Birth of UBE

1897 — Founding
Okinoyama Coal Mine (silent partnership) established

1914 — Entry into the machinery business
Ube Shinkawa Iron Works (silent partnership) established

1923 — Entry into the Cement Business
Ube Cement Production, Ltd. established

1933 — Entry into the chemicals business
Ube Nitrogen Industry, Ltd. established

1934
First shipment of ammonium sulfate by Ube Nitrogen Industry, Ltd.

Where the Chemicals Business Began
UBE succeeded in producing ammonium sulfate fertilizer from low-grade coal mined in Ube. Breaking through this formidable challenge, UBE established its chemicals business.

1942
The four companies merged to form Ube Industries, Ltd.

1950s–1980s
Expansion into high-value-added fields

1990s–2000s
Further shift toward high-value-added products

2010s–Present
Global expansion and business portfolio transformation

Growth of the Specialty Businesses

1970s–
Began producing polybutadiene in Chiba (now the Chiba Factory of UBE Elastomer Co., Ltd.) Elastomers
Successfully synthesized BPDA, a raw material for polyimide Polyimide

1980s–
Established the Pharmaceuticals and Agricultural Chemicals Research Department Pharmaceuticals
Began producing polyimide film Polyimide
Began producing separation membranes Separation membranes
Began producing ceramics Ceramics

1990s–
Began producing DMC C1 chemicals
Began producing separators Separators
Began producing PCD High-performance coatings

2000s–
Launched the first proprietary pharmaceutical product, followed by three more Pharmaceuticals
Began selling PUD High-performance coatings

2010s–
Formed a business alliance with Maxell, Ltd. in the separator business Separators
Formed a business alliance with Samsung Display to produce varnish for flexible OLED displays Polyimide

2020s–
Acquired API Corporation Pharmaceuticals

2022
Changed the company name to UBE Corporation

2025 Urethane systems
Acquired the urethane systems business → p. 17

Expanding globally

1960s–
Opened representative offices in the United States and Germany

1990s–
Invested in nylon and caprolactam manufacturers in Thailand
Invested in a caprolactam manufacturer in Spain
Opened a representative office in China
Began production at an elastomer manufacturing company in Thailand

2010s–
Acquired a composite manufacturer in Spain, followed by two more composite-related companies in Europe and the United States

2020s–
Established a regional headquarters in the United States
Established a company in the United States to manufacture and sell DMC and EMC, with plant operations scheduled to begin in the first quarter of FY2027
Established a regional headquarters in Europe

Machinery and cement-related businesses

1950s–
Production began at the Isa Cement Plant Cement

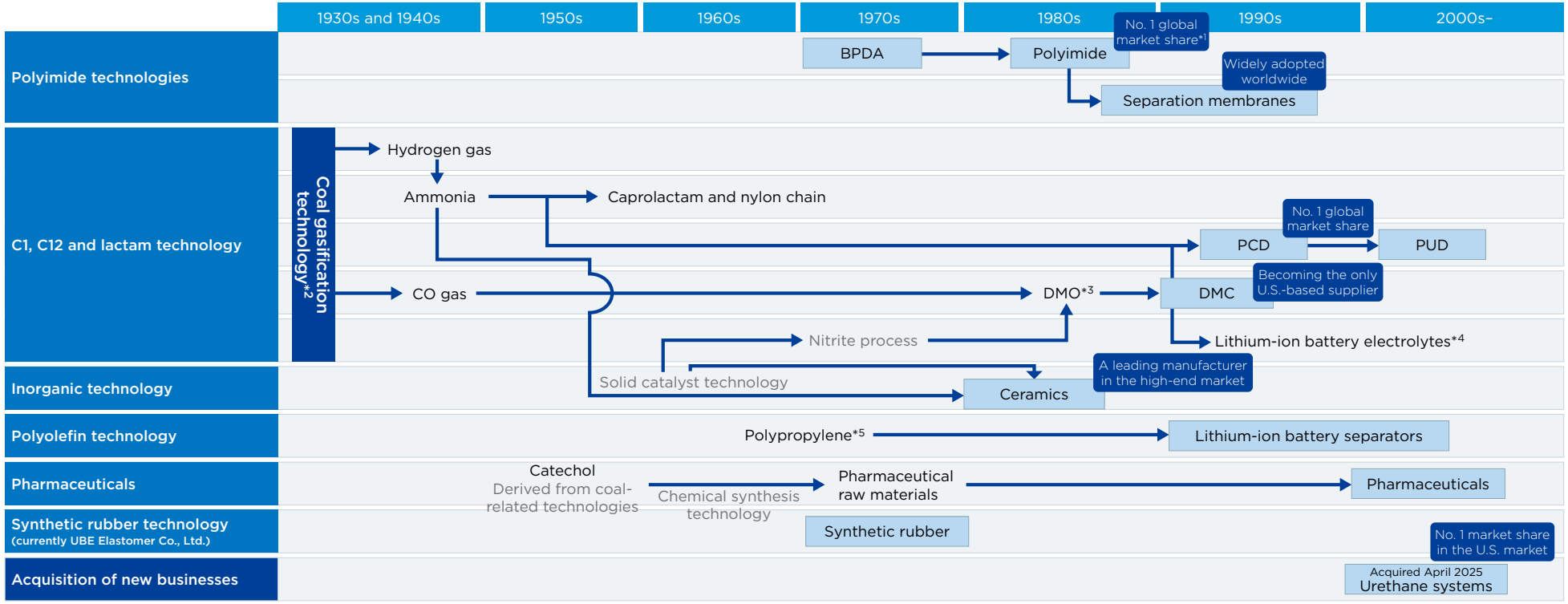
1960s–
Delivered the first die-casting machine Machinery
Production began at the Kanda Cement Plant Cement
Delivered the first injection molding machine Machinery

1990s–
Established Ube-Mitsubishi Cement Corporation to handle cement sales and logistics
Established Ube Machinery Corporation, Ltd. (now UBE MACHINERY CORPORATION, Ltd.)

2020s–
Mitsubishi UBE Cement Corporation began operations following the integration of the cement-related businesses of UBE and Mitsubishi Materials Corporation
Announced preparations for the stock market listings of the machinery and cement-related businesses
(Mitsubishi UBE Cement Corporation applied for listing on the Tokyo Stock Exchange on July 1, 2026)

UBE Group Strength 2: Technological Heritage

At the heart of UBE's strengths are the spirit of "From finite mining to infinite industry," passed down throughout its history of more than 120 years, and the wide-ranging manufacturing expertise built by generations of employees.
Drawing on this foundation, UBE has developed numerous proprietary technologies, including polyimide and C1 technologies, and delivers products and solutions that help address social challenges.



*1 COF application for LCDs *2 Currently using petroleum coke *3 Currently withdrawn from the business *4 Currently manufactured by equity-method affiliate MU Ionic Solutions Corporation *5 Currently procured externally

A Technology Platform for Applying Proprietary Materials across Diverse Markets

The UBE Group's strengths extend beyond its ability to develop materials and create new functions. Backed by broad expertise in organic synthesis, the Group also has the process development and processing capabilities needed to achieve consistent quality in mass production and deliver the functions customers require. In polyimide, for example, UBE has built on its proprietary BPDA technology to develop films, varnishes, powders, and hollow fibers for separation membranes, each optimized for specific applications. By managing the entire process—from material design and production process development to processing and performance evaluation—the Group creates value with a view to addressing challenges further downstream in its customers' value chains, while strengthening its framework for value co-creation with customers. UBE applies these technologies across a wide range of fields, including Information & Electronics, Energy, Life Solutions, and Mobility. By developing businesses around a shared technology platform, the Group is building a portfolio that is more resilient to market fluctuations and supports sustainable growth.

UBE's Materiality

In conjunction with the formulation of the new Medium-Term Management Plan, which is in effect from fiscal 2025, the UBE Group has reviewed its material issues (materiality) that must be addressed by rallying its overall strength, with the aim of realizing Vision for 2030: "A specialty chemicals company that contributes to the global environment, human health, and an enriched future society."

Materiality Identification Process

STEP 1 Identification and categorization of social issues and changes in society (external environment)

STEP 2 Analysis and determination of materiality
- The selection of candidates by the Executive Management Study Seminar
- Deliberation by the Strategic Management Meeting (Sustainability Committee)

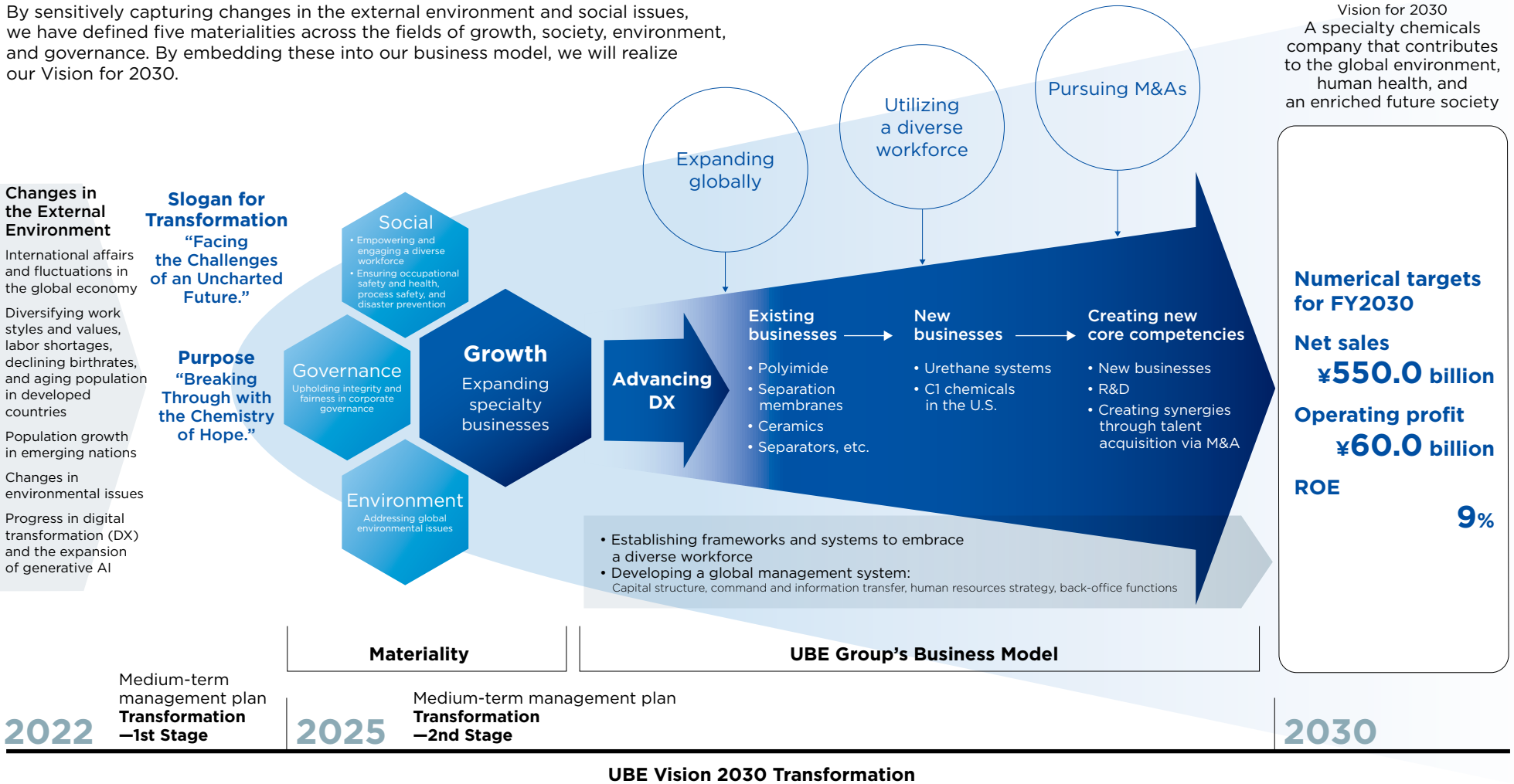
STEP 3 Goal setting, main initiatives, and KPI review for each materiality area
Deliberation by the Strategic Management Meeting (Sustainability Committee)

STEP 4 Approval of materiality
Board resolution on materiality

Areas	Materiality	Main initiatives promoted globally	KPIs	Targets
Growth	Expanding specialty businesses	Growth through the expansion of businesses based on existing core technologies and the acquisition of new core technologies and creation of new businesses	Net sales	Fiscal 2030: ¥550 billion
			EBITDA	Fiscal 2030: ¥100 billion or more
			ROS	Fiscal 2030: 10% or more
			ROE	Fiscal 2030: 8% or more
			ROIC	Fiscal 2030: 6% or more
		Commitment to innovation	Percentage of R&D expenses to net sales	Fiscal 2030: R&D expenses as a percentage of net sales: 4% or more
		Discovery of seeds for the next generation	Percentage of overseas patent applications (corporate R&D)	Fiscal 2030: Percentage of patent applications filed overseas: 80%
			Percentage of joint patent applications	Fiscal 2030: 30%
		Enhancement of customer satisfaction	Number of serious complaints related to quality or product safety	0
		Provision of high-quality and safe products and services	Number of serious quality or product safety incidents	0
			Number of regulatory violations related to quality or product safety	Number of violations resulting in administrative measures: 0
		Profit generation through the DX-driven transformation of operations and value creation for customers and society	Return on DX investment	Fiscal 2030: ¥30 billion
Social	Empowering and engaging a diverse workforce	Human resource management and development	Human capital investment per person (UBE)	Fiscal 2030: ¥300,000
		Development of human resources for DX promotion	Percentage of digital talent leading or advocating DX (within total workforce)	Fiscal 2030: 60%
		Promotion of diversity, equity & inclusion	Percentage of women in the workforce (consolidated basis in Japan)	Fiscal 2030: 25.0%
			Percentage of women in management positions (consolidated basis in Japan)	Fiscal 2030: 10.0%
			Percentage of employees with disabilities (UBE Corporation, Libertas Ube, Ltd., and Ube General Service Co., Ltd.)	Fiscal 2030: 3.2%
		Enhancement of employee engagement	Employee turnover rate (UBE)	Fiscal 2030: 2% or less
			Employee engagement score (UBE)	Fiscal 2030: 67.0
		Creation of a supportive and inclusive work environment	Percentage of annual paid leave taken (consolidated companies in Japan)	Fiscal 2030: 100%
			Total actual annual working hours (UBE)	Fiscal 2030: 1,880 h or less
			Percentage of male employees taking 20 days or more of childcare leave (UBE)	Fiscal 2030: 50%
		Promotion of employee health	Smoking rate (consolidated basis in Japan)	Fiscal 2030: 12.0% or less
			Rating for presenteeism in the WFun questionnaire (UBE)	End of fiscal 2030: A
	Ensuring occupational safety and health, process safety, and disaster prevention	Promotion of occupational safety	Safety score (Lost work time injury frequency rate × 500 + No lost work time injury frequency rate × 100) Rating scale: A: ≤140; B: >140 to ≤280; C: >280 to ≤490; D: >490 to ≤700; E: >700	Fiscal 2030: Safety score 230
		Promotion of process safety and disaster prevention	Number of serious process safety incidents	0
		Promotion of environmental safety	Number of environmental accidents	0
Environment	Addressing global environmental issues	Reduction of GHG emissions to achieve carbon neutrality	GHG emissions reduction (Scope 1 & 2)	Fiscal 2030: 50% (2,370 kt) (compared with fiscal 2013) Fiscal 2050: Carbon neutrality
			Percentage of net sales comprising environmentally friendly products and technologies	Fiscal 2030: 60% or more
		Promotion of a circular economy	Reduction in plastic waste sent to landfill	Fiscal 2030: 50% or more (compared with fiscal 2022)
			Plastic waste recycling rate	Fiscal 2030: 80% or more
			Sales volume of circular economy-contributing products	Fiscal 2030: 50 kt or more
		Contributing to nature positive	Reduction of chemical substance emissions Reduction in emissions of 20 key chemical substances (compared with fiscal 2010)	Fiscal 2030: 70% reduction (compared with fiscal 2010)
			Reduction of waste generation Reduction in industrial waste sent to external landfill (compared with fiscal 2000)	Fiscal 2030: 95% reduction (compared with fiscal 2000)
Governance	Upholding integrity and fairness in corporate governance	Enhancement of compliance	Number of serious compliance violations	0
			E-learning completion rate	100%
		Preventing corruption	Number of serious corruption cases, such as collusion or embezzlement	0
			Bribery cases involving public officials	0
		Promotion of engagement with local communities	Amount invested in social contribution activities	—
		Thorough implementation and enforcement of effective information security measures	Number of information security incidents or accidents affecting external parties	0
			Information security evaluation score using Secure SketCH	End of fiscal 2027: 900 (maintain deviation at 67 or more points) *Deviation is based on comparisons with the security evaluation scores of industry peers.

Value Creation Story

By sensitively capturing changes in the external environment and social issues, we have defined five materialities across the fields of growth, society, environment, and governance. By embedding these into our business model, we will realize our Vision for 2030.



UBE Vision 2030 Transformation

Capital accumulated over time

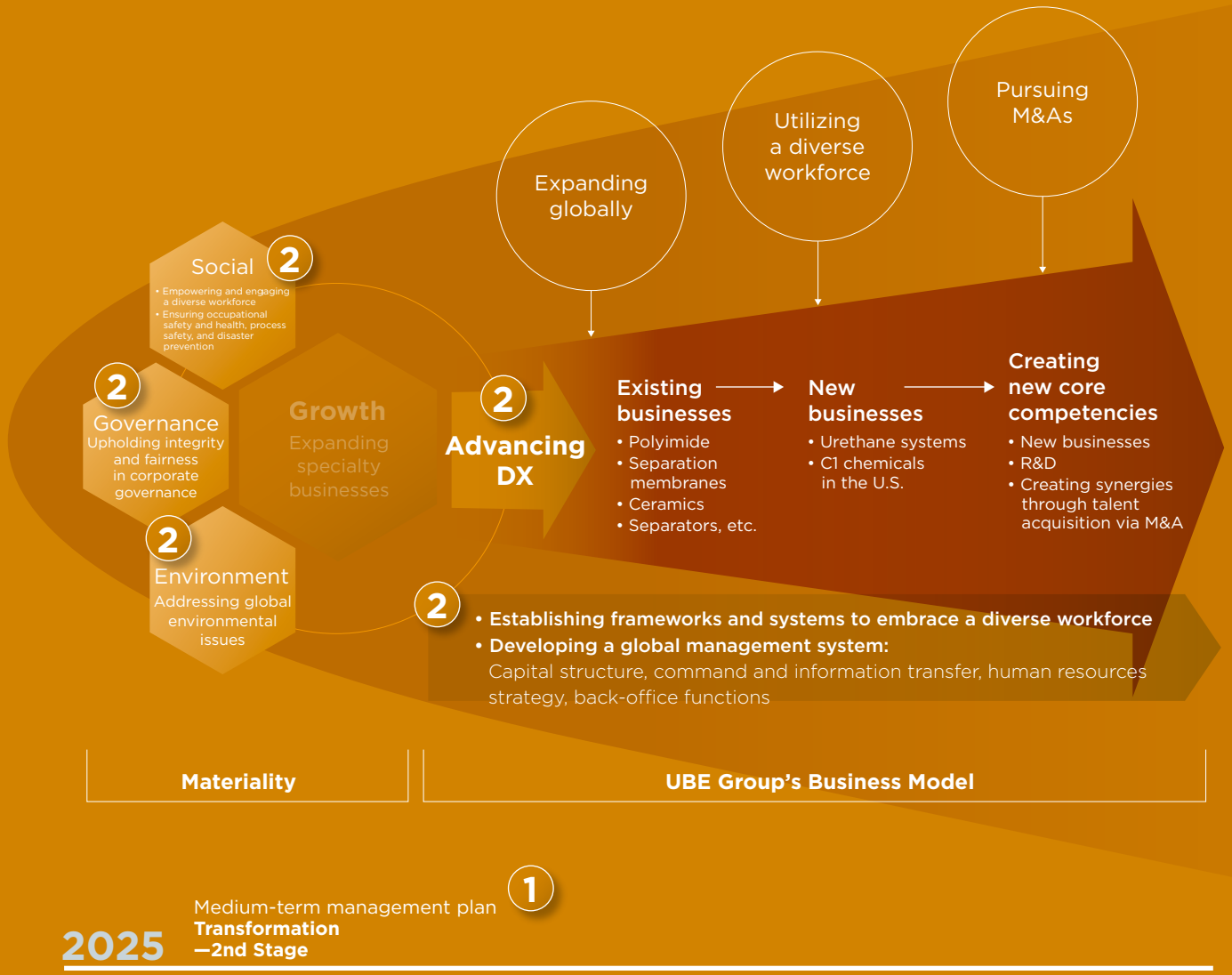
Number of employees
(Consolidated)
(As of end-March 2026)
7,968

Major global operating sites
5 regional sites
(Japan, China, Asia and Oceania, EMEA and South America, and North and Central America)

Number of patents
(As of end-March 2026)
2,986

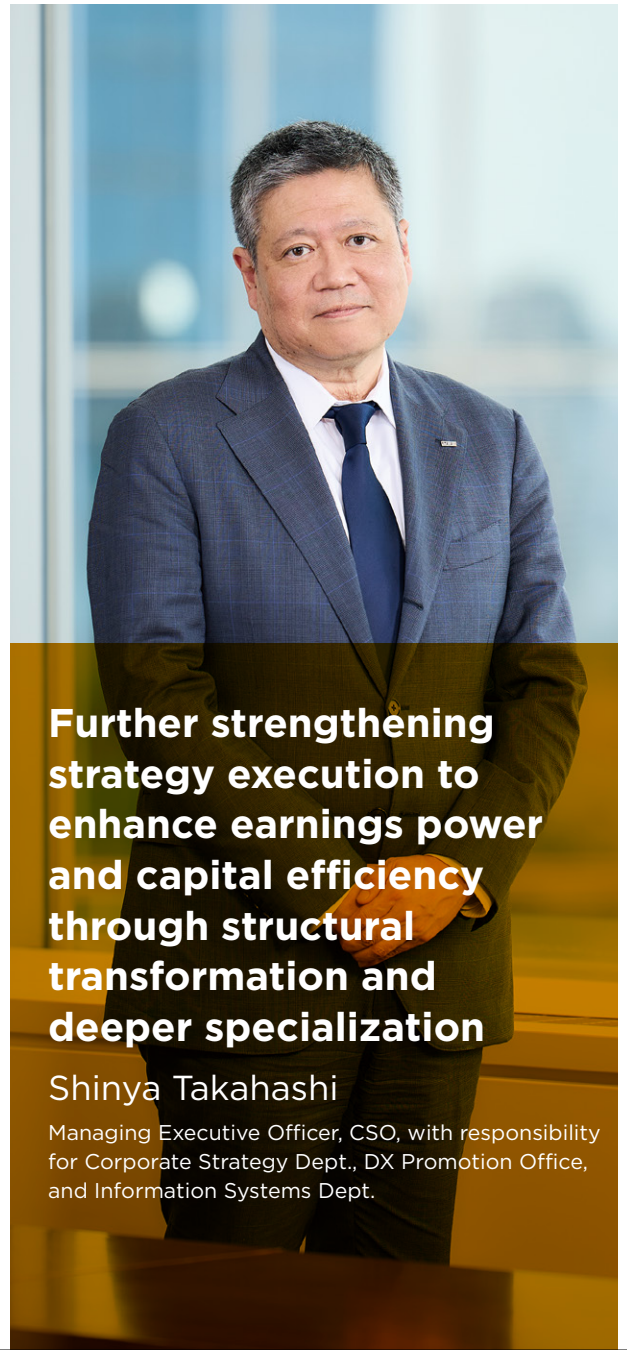
R&D expenditure
(FY2025 results)
¥12.4 billion

This section provides a concise overview of the most important points for investors to understand and key information directly relevant to their investment decisions.



Message from the Officer in Charge

- **Message from the CSO** p.30
- **CEO and Analyst Dialogue** p.32
- **Message from the CTO** p.37
- **Message from the CHRO** p.45
- **Message from the CLO** p.49



Further strengthening strategy execution to enhance earnings power and capital efficiency through structural transformation and deeper specialization

Shinya Takahashi

Managing Executive Officer, CSO, with responsibility for Corporate Strategy Dept., DX Promotion Office, and Information Systems Dept.

Entering a phase of steadily realizing returns on investment

The first year of the medium-term management plan saw steady progress in the structural transformation needed to achieve sustainable growth. The UBE Group laid the foundations for growth in its specialty businesses and clarified a concrete path toward transforming its business portfolio. The Group is now entering a phase in which the key challenge will be to maximize returns on invested capital as quickly as possible and improve capital efficiency.

Against this backdrop, I recognize that I was appointed to the newly established position of Chief Strategy Officer (CSO) to further strengthen the execution of cross-functional strategies aimed at improving capital efficiency. Having previously served as General Manager of the Corporate Planning Department and the Specialty Products Division, I have been involved in both structural reform and growth strategy. Drawing on this experience, I intend not only to formulate strategies but also to be deeply involved in their execution and take responsibility for delivering results.

As the executive responsible for the DX Promotion Office, I will also drive business transformation across the Group, with digital technology as the starting point. These efforts will extend beyond improving operational efficiency through the use of data and AI to strengthening customer proposal capabilities, enhancing decision-making, and transforming business processes, business models, and the mindsets and behaviors of each individual.

By managing corporate strategy, DX, and IT infrastructure in an integrated manner, I will accelerate the Group's evolution into a specialty chemicals company that co-creates value with customers.

Structural transformation and deeper specialization will enhance earnings power and capital efficiency

The UBE Group's value creation can be viewed as a progression from two strategic initiatives—structural transformation and deeper specialization—to improved capital efficiency as their outcome.

In pursuing **structural transformation**, the Group will further sharpen its focus on business areas in which it can demonstrate sustainable competitive advantages. At the same time, strategies will be continuously refined based on implementation progress, leading to the optimal allocation of management resources toward achieving targets. M&A opportunities will also be carefully selected, with an emphasis on their compatibility with existing businesses and technologies, alignment with growth strategies, and potential to generate synergies. M&A will be used as an important means of expanding business scale and profitability. While organic growth will remain the foundation, combining it with strategic M&A will steadily increase both the certainty and scale of growth.

To achieve **deeper specialization**, the Group will focus on the fields, customers, and applications where its unique strengths can be leveraged most effectively, thereby solidifying its competitive advantages. Building on integrated strengths spanning organic synthesis, manufacturing processes, and processing technologies, the Group will place at the core of its strategy an integrated value delivery model that goes beyond the supply of materials. In this way, the Group will establish a business model for co-creating value with customers.

Improved capital efficiency will result from steady progress in structural transformation and deeper specialization. The Group will raise ROIC and ROE through value creation in each business while continuously expanding earnings opportunities by proactively proposing value to customers through DX. These efforts will lead to sustainable growth in corporate value.

By pursuing structural transformation and deeper specialization as twin drivers and translating their results into improved capital efficiency, the Group will achieve sustainable growth in corporate value as a specialty chemicals company. Stakeholders can look forward to the UBE Group further strengthening its strategy execution and delivering sustainable growth in corporate value.

Progress of the Medium-Term Management Plan

Progress in FY2025

In fiscal 2025, the first year of the medium-term management plan, the UBE Group concentrated management resources in the specialty businesses and withdrew from or downsized the restructuring businesses.

In the specialty businesses, the UBE Group completed the acquisition of the urethane systems business from Germany’s LANXESS, significantly expanding its C1 chemicals chain. Capacity expansion investments in key specialty businesses also proceeded as planned. Separation membranes (hollow fibers and modules; +80%) and polyimide films (+20%) commenced commercial operations, while ceramics (+50%) and separators (+30%) are expected to commence operations during fiscal 2026. In the United States, construction of DMC and EMC manufacturing facilities with annual production capacities of 100,000 metric tons and 40,000 metric tons, respectively, progressed as planned toward the commencement of operations in the first quarter of fiscal 2027.

In the restructuring businesses, the UBE Group completed the withdrawal from or downsizing of caprolactam, nylon polymer, and other production operations in Thailand in March 2026, ahead of the original schedule, thereby advancing its business portfolio reform.

Plans and policies for FY2026

Fiscal 2026 represents a critical phase in which the UBE Group will steadily translate the benefits of its growth investments into business earnings and accelerate its transformation into a specialty chemicals company.

In urethane systems, the UBE Group will steadily advance business integration, leverage its global customer base, and create synergies with existing businesses such as C1 chemicals and high-performance coatings, developing urethane systems into a new pillar of growth. In polyimide, separation membranes, ceramics, and separators, the Group will steadily ramp up expanded production capacity while increasing sales of high-value-added products that leverage proprietary technologies and developing new applications and markets based on customer needs. Through these efforts, it will maximize returns on investment and further strengthen its competitive advantages. The Group will also expand separator capacity by an additional 25%. For the DMC and EMC plant in the United States, the Group will establish the business foundation needed for the commencement of operations and steadily capture growth opportunities. At the same time, it will proceed systematically with the discontinuation of ammonia, caprolactam, and nylon polymer production in Japan, accelerating the transition to a business portfolio that is less susceptible to market fluctuations and offers greater earnings stability and capital efficiency. The Group will also strengthen its management foundation worldwide while thoroughly optimizing the allocation of management resources.

The UBE Group will reassess the formula for success and apply the resulting insights to future growth markets. By clearly identifying growth markets, the technologies and capabilities that provide sources of competitive advantage, and the management resources required, while rigorously allocating resources in line with growth opportunities, the Group will strengthen its foundation for growth as a specialty chemicals company and seek to enhance corporate value with an eye beyond 2030.

Specialty business product portfolio

High profitability, high growth	● Polyimide ● Separation membranes ● Ceramics	Strategic expansion	● Separators ● Phenolic resin ● Semiconductor gases ● High-performance coatings ● Urethane systems ● Pharmaceuticals ● C1 chemicals ● High-purity chemicals for semiconductors
Stable earnings, high cash flow	● Elastomers ● Polyethylene films		

Numerical targets and results

(Billions of yen)

Segments	FY2025				FY2026				FY2030	
	Net sales		Operating profit		Net sales		Operating profit		Net sales	Operating profit
	Medium-term plan	Results	Medium-term plan	Results	Medium-term plan	Forecast*	Medium-term plan	Forecast*	Forecast	Forecast
Specialty products	71.0	61.9	13.5	9.8	82.0	89.0	15.5	15.0	112.5	30.0
High-performance urethane	51.0	46.5	2.0	(0.5)	67.0	68.0	3.0	1.0	80.0	6.5
Pharmaceuticals	24.0	21.0	1.0	(1.3)	25.0	21.0	1.0	0.5	34.0	4.5
Polymers & chemicals	257.0	251.2	6.0	8.2	279.0	239.0	10.0	5.0	265.0	21.5
Machinery	76.0	68.4	6.5	6.2	78.5	70.0	6.5	4.5	—	—
Others	35.5	34.5	2.0	1.9	39.0	36.0	2.0	1.5	84.0	5.5
Adjustment	(24.5)	(21.2)	(6.0)	(5.4)	(25.5)	(38.0)	(6.0)	(4.0)	(25.5)	(8.0)
Total	490.0	462.3	25.0	18.9	545.0	485.0	32.0	23.5	550.0	60.0

* Announced on May 13, 2026

A sell-side analyst examines the growth strategy, challenges, and risks set out in the medium-term management plan and assesses the feasibility of achieving its targets.



Hidemitsu Umebayashi

Managing Director, Equity Research Department
Chief Analyst, Chemicals and Textiles Sector
Daiwa Securities Co. Ltd.

Profile: Joined Daiwa Institute of Research Ltd. in 1998. Covered the small- and mid-cap sector, focusing primarily on electronic materials and materials processing. Has covered the chemicals and textiles sector since 2011 and has been with Daiwa Securities since 2012.

Yuki Nishida

President and
Representative
Director
CEO

The medium-term management plan "UBE Vision 2030 Transformation — 2nd Stage," launched in April 2025, is a six-year action plan for realizing the UBE Group's Vision for 2030. To deepen stakeholders' understanding of the plan, we arranged a dialogue between the CEO and an external expert. The CEO responded candidly to the sometimes incisive observations of a sell-side analyst with extensive knowledge of the chemicals industry who has covered UBE for many years, resulting in a highly constructive discussion.

Assessing the validity of the growth strategy set out in the medium-term management plan

Umebayashi: Looking at the UBE Group in recent years, my impression is that management has made careful and steady decisions based on a long-term vision, while moving extremely quickly once those decisions have been made. The speed with which the Group brought forward its withdrawal from restructuring businesses has been particularly striking. Given the long history of these businesses, reaching a consensus both inside and outside the Group must have been difficult, but I understand this to be the culmination of preparations made by successive management teams, including yourself.

Nishida: Yes. In the ammonia business in particular, when I was general manager of the business division in 2019, we had already begun considering a future withdrawal in light of factors such as its high environmental impact and aging facilities. Explaining this possibility to major customers from an early stage enabled us to bring the withdrawal forward.

Umebayashi: Meanwhile, although I understand the public listings of the machinery business and cement-related business as a medium- to long-term strategy, removing both businesses from consolidation will reduce the Group's net sales and profit in the short term. How do you plan to navigate this transition period?

Nishida: The timing of the listings of the two businesses will broadly coincide with the reorganization of the Restructuring Businesses. We plan to navigate the transition by eliminating losses in the restructuring businesses and expanding profit from the specialty businesses.
Umebayashi: That is a rational approach. From an analyst's perspective, even if the scale of profit temporarily contracts, I believe the Group's valuation, including its PER, will improve as it transforms from a conglomerate into a specialty chemicals company. Viewed in that light, both the reorganization of the Restructuring Businesses and the listings of the machinery business and cement-related business are convincing measures for concentrating management resources on the growth of the specialty businesses.

What is the winning formula for unlocking the full potential of the specialty businesses?

Umebayashi: One business attracting particular attention as you expand your specialty businesses is urethane systems. With a large workforce, an extensive overseas footprint, and, above all, a broad customer base, I imagine this is not an easy business to manage. How is the integration progressing?
Nishida: We are currently advancing the post-merger integration (PMI) process, which we expect to complete by the end of March 2027. PMI expenses will temporarily increase during this period, but once the integration is complete those costs will disappear, significantly improving profitability. We are therefore expecting EBITDA to exceed the level originally anticipated.
Umebayashi: I'm also watching the separation membranes business closely. The biomethane market driving its growth is more advanced in Europe and North America than in Japan. How are you preparing your organization to address overseas markets?
Nishida: We have been steadily strengthening our marketing organization in Europe and North America, centered on our base in Germany, with the aim of expanding our market share in EMEA and South America. In the United States, we are strengthening the functions of our regional headquarters, including by promoting local hiring. In Thailand, we have scaled back and withdrawn from businesses targeted for structural reform, but going forward we will assign personnel with a strong understanding of technology there and strengthen our expansion into growth markets such as India. At the same time, we are transforming our marketing approach—from a sales model focused on engineering companies, our direct customers, to demand creation marketing that involves direct engagement with gas producers, the end users.



Umebayashi: That makes sense. Because the separation membranes business depends on whether customers' projects move forward, it has been difficult for us on the outside to judge when earnings will materialize. Even if the medium- to long-term growth potential is attractive, it has been hard to incorporate into investment decisions. From that perspective, your shift to a strategy of proactively creating demand makes sense.
Nishida: Through our dialogue with end users, we now have a much clearer view of downstream markets. We already have a large number of new business opportunities in progress, so I hope you will look forward to their contribution to future earnings.
Umebayashi: On the other hand, one area of concern within the specialty businesses is pharmaceuticals. Quite a few chemical companies have entered the pharmaceutical business, but many have struggled. The business model is fundamentally different from that of the chemicals business. Moreover, as you pursue growth in your specialty businesses, how do you justify focusing on CDMO operations, which could be viewed as a relatively passive business?
Nishida: Our strength has always been our organic synthesis technology and our comprehensive technological capabilities that enable us to extend it into manufacturing process development and processing technology development. Take our polyimide chain, for example—it was made possible by the commercialization of the raw material BPDA through our organic synthesis technology. I believe these same strengths can be fully leveraged in the pharmaceutical business. Drug discovery itself is built on organic synthesis, and the CDMO business is an extension of that capability into manufacturing technology. One example is CDMO services for antibody-drug conjugates (ADCs), a treatment modality attracting significant attention. Our core strength in organic synthesis is indispensable in this field as well.

Umebayashi: So it is precisely because the pharmaceutical business can capitalize on your strength in organic synthesis technology that you position it as one of your specialty businesses.

Steady progress in sustainability management enhances corporate value

Umebayashi: You have also made significant progress in sustainability management over the past several years. In particular, you now expect to achieve your GHG emissions reduction target ahead of schedule as part of your efforts toward carbon neutrality. From an ESG investment perspective, companies with a large environmental footprint tend to be less attractive as investment targets. However, I believe these tangible achievements have broadened the range of investors able to invest in UBE.
Nishida: Until now, we have reduced GHG emissions mainly by scaling back production, including shutting down our ammonia facilities. Going forward, we will work toward achieving our long-term targets through measures including energy conservation, fuel conversion, and emissions trading. We are also making progress on the circular economy and nature positive initiatives. In particular, receiving a Gold Medal from the French sustainability ratings organization EcoVadis in fiscal 2025 has given us considerable confidence.
Umebayashi: Congratulations. I also view positively the growing range of environmentally friendly products, including separation membranes and separators.
Umebayashi: Turning to governance, UBE transitioned to a company with an Audit & Supervisory Committee as early as 2019. How do you assess the composition and effectiveness of the Board of Directors?
Nishida: We have increased the number of directors to 12, comprising six inside directors and six outside directors, of whom three are women. This has led to more active discussion from a diverse range of perspectives, and I believe the effectiveness of the Board has also improved.

Challenges and measures for achieving the medium-term management plan targets

Umebayashi: Recruiting and developing human resources will be critical to achieving the medium-term management plan targets. In that regard, I highly commend the major transformation of your human resource management framework that began this April.
Nishida: We concluded that the conventional approach to human resource management had its limitations if we were to ensure the successful transformation into a specialty chemicals company, and therefore decided to revise our human resource systems. A key focus is career ownership, under which employees consider their own future career plans and acquire the skills they need. Developing human resources inevitably takes time, particularly in research and development. Nevertheless, under the new human resource systems, we aim to create a virtuous cycle in which we develop our people and translate their growth into growth across the organization.
Umebayashi: I assume the newly established CHRO position will oversee the new human resource systems. What will be the key considerations in their implementation?
Nishida: In the past, human resource management tended to be optimized within individual organizations. Going forward, the CHRO will be given the necessary authority to manage human resources in line with our growth strategy from the perspective of optimizing the Group as a whole.
Umebayashi: Another issue is the growing uncertainty, including geopolitical risks, as the implementation of the medium-term management plan accelerates the globalization of your businesses. You will need to respond appropriately to the characteristics and risks of each market. Are you sufficiently prepared to do so?
Nishida: I am personally working to heighten my sensitivity to new information by actively seeking it out, including through opportunities to exchange information with industry peers and government authorities. I also hold regular meetings with the heads of each region regarding overseas developments. Each region is headed by a highly capable local leader, and we have a system that enables us to obtain detailed information on local conditions.
Umebayashi: This dialogue has given me a clearer understanding of the growth strategy set out in the medium-term management plan and enabled me to hear about the measures being taken to address concerns, including those relating to overseas expansion. I look forward to UBE's continued sustainable growth.



Digital transformation strategy

Business transformation with digital

The UBE Group defines DX as "Business Transformation with Digital" and promotes business transformation driven by digital technologies with the aim of transforming all aspects of its corporate activities.

Accelerating our growth as a specialty chemicals company requires integrated R&D encompassing materials, processes, and applications, as well as stronger proposal capabilities that work backward from customer value with applications as the starting point. DX provides the foundation for these efforts.

To this end, we have established 10 DX focus areas covering all corporate activities and are advancing transformation across the value chain. We are also using data and AI to enhance decision-making, maximize profit opportunities, and accelerate the enhancement of corporate value.

Moreover, DX goes beyond accelerating and upgrading business processes to drive transformation extending to business models and the ways employees think and act.

A DX advancement framework integrated with management

Centered on the DX Promotion Office, we have established a cross-functional framework comprising dedicated personnel and employees concurrently assigned from business divisions and plants to drive company-wide transformation across 10 DX focus areas.

An executive officer is assigned to each area, and a portion of their compensation is linked to progress and results, ensuring that DX is steadily advanced as a management priority. Rather than pursuing isolated initiatives, we are transforming business processes, business models, and employee behaviors in an integrated manner and embedding data- and fact-based decision-making to strengthen competitiveness across the Company. By interlinking these initiatives, we are also working to maximize value creation.

Value created through DX

Through DX, we are enhancing corporate value by upgrading the entire value chain, from R&D and the delivery of customer value to manufacturing and supply. In R&D, we use data and AI to accelerate materials exploration and application development, while leveraging knowledge, including technical and intellectual property information, across the value chain to maximize the value of our proprietary technologies and enhance customer value creation. In sales and marketing, we are integrating customer and market data to shift toward a proposal-based sales approach and maximize customer value. In manufacturing, we are using a wide range of data, technical documents, and operating information to improve profitability through higher productivity and quality.

In management, we are enhancing decision-making based on real-time data and facts, thereby advancing data-driven management.

Through these efforts, DX functions not merely as a means of improving operational efficiency, but as a foundation for simultaneously achieving business growth and higher profitability, while also helping establish a sustainable competitive advantage.

Risk management system

We regard addressing the risks associated with DX promotion as an important management priority and are therefore developing and upgrading a company-wide management framework. As digitalization increases the risks of information leaks, cyberattacks, and other threats, we are strengthening our information security governance framework and rigorously maintaining operations that balance security and convenience.

We are also addressing risks arising from the expanding use of generative AI and data through technical measures, usage guidelines, and employee education to ensure appropriate use. To address the shortage of digital talent, we are systematically securing and developing personnel through Digital HR initiatives to strengthen our ability to execute DX initiatives.

Through these efforts, we are conducting risk management in tandem with proactive DX initiatives and strengthening the foundation for sustainable growth and enhanced corporate value.

10 DX focus areas

Smart Factory	Data-driven plant operations using factory information integration systems	**Digital ESG**	Environmental management and information disclosure responding to social demands
Digital Marketing	Creating opportunities for proposing customer value solution by leveraging sales support systems	**Digital Back office**	Upgrading back-office operations by adopting standardized business processes within a total quality management* framework
Velocity R&D	Advancing materials development with materials informatics and exploring new themes using intellectual property analysis systems	**Digital HR**	Systematically expanding and developing key talent by focusing on knowledge, qualities, and career growth
Digital Management	Implementing data-driven management by streamlining budgeting, accounting, and cost calculations	**Branding**	Proactively engaging customers by presenting compelling value creation ideas, rather than waiting for them to come to us
Digital SCM	Enhancing production and sales planning with optimized supply chain planning systems	**Data Analytics & AI**	Leveraging data-driven insights to understand current trends, anticipate future developments, and guide decision-making

* Total Quality Management: Integrating shared quality management goals into the business strategy to align organizational objectives

R&D × Sales DX: Door-knocking value creation

The UBE Group is using DX to promote "doorknocking value creation," in which R&D and sales work as one. Under a corporate culture in which all employees proactively knock on customers' doors, we aim to shift from "waiting" to "proposing" by going beyond responses to explicit needs and creating new business opportunities through proposals that anticipate changes in markets and technologies.

In R&D, under "Velocity R&D," we are digitizing and accumulating research activity data and building a platform that enables technical and intellectual property information to be used across organizational boundaries. We are accelerating the identification of target markets and applications by using generative AI to enhance theme exploration and hypothesis development. In sales and marketing, we visualize customer-contact information and project progress and link them with R&D to clarify the value provided to customers and develop concrete proposal themes based on market-size estimates and assessments of the suitability of technologies and materials.

Putting data-driven management into practice

More sophisticated decision-making and forward-looking management

By introducing SAP S/4HANA® Cloud, we have integrated management data and are advancing more sophisticated, company-wide data-driven management. By centrally visualizing a wide range of data, we can quickly grasp the information needed for decision-making.

We are also using a company-wide data platform to integrate analytics, AI utilization, and information sharing, strengthening information linkage across departments and enhancing the decision-making process. This enables us to move away from decisions based on experience and intuition and shift to management grounded in data and facts. At the same time, we are strengthening the management foundation to improve profitability and capital efficiency, establish competitive advantages, enhance customer value, and reduce risk.

Advancing materials design and creating customer value

UBE is using data to advance materials design. By integrating and analyzing data on past test results, manufacturing conditions, and customer applications, we visualize the relationship between product performance and application requirements, enabling more accurate selection of optimal specifications.

This is transforming a decision-making process that previously depended on experience into a systematic evaluation based on data and facts, improving development efficiency and enabling faster responses to customer needs. We are also strengthening our proposal capabilities in ways that stabilize quality and create customer value through the selection of appropriate specifications.

Developing and strengthening digital talent

Developing talent capable of leading business transformation

We define digital talent as "people capable of using digital technologies to lead business transformation" and position their development as an important management foundation. We are accelerating the development of people who can drive transformation by providing practical opportunities that integrate planning, execution, and verification. We have also introduced a generative AI-powered "sounding-board" AI agent to support employees' thought processes. By improving the quality and speed of hypothesis development and issue identification, it enables more sophisticated, data- and logic-driven decision-making rather than relying on individual experience. By interlinking these initiatives, we aim to establish a foundation for self-sustaining DX and continuous value creation.

A "sounding-board" AI agent that enhances thinking skills

As a practical tool supporting digital talent development, the UBE Group is developing a generative AI-powered talent-development agent. Based on the generative AI technology cultivated through a safety support platform developed in-house in 2024, we are continuously improving the agent to support employees' thought processes.

The tool incorporates "sounding-board" perspectives organized based on the knowledge of internal experts and is designed to deepen thinking through questions. This streamlines issue identification and hypothesis development, enabling employees to produce output of a consistent standard in a short time.

Embedding the purpose and promoting changes in mindsets and behavior

To encourage changes in mindsets beginning with the embedding of our Purpose and translate them into changes in behavior, we have established a consistent pathway combining communications and dialogue led by top management with employee-led practice.

The president continuously communicates his commitment to the Purpose and engages in two-way dialogue through town hall meetings and other forums, deepening understanding and encouraging employees to embrace the Purpose as their own. In addition, the "My Challenge" commitments of officers and employees are displayed and shared through digital signage, making proactive challenges visible and promoting mutual understanding.

We also use the "UBE Brand Compass," which systematizes our Purpose and behavioral guidelines, as a guide for day-to-day decision-making.

Through these initiatives, employees' efforts are becoming more visible and more widely shared, encouraging proactive action and reinforcing lasting behavioral change.

Message from the Chief Technology Officer

We will leverage our technologies and human resources to strengthen our R&D capabilities and create the next generation of core competencies.



Yoichi Yoshida
Executive Officer, CTO
General Manager, Research & Development Div.

Strengthening our R&D capabilities is key to transforming the UBE Group into a specialty chemicals company. As Chief Technology Officer (CTO), a position established in fiscal 2026, my mission is to link management strategy with technology strategy, steadily expand the growth businesses identified in the medium-term management plan, and foster the seeds of new businesses that will support the era beyond.

To this end, we will optimize our R&D portfolio through both forecasting, which looks to the future from the starting point of the strengths of our existing businesses, and backcasting, which works backward from social issues and market changes to identify the technologies that will be needed. We will then concentrate our limited management resources in areas that can serve as sources of competitive advantage.

At the same time, we will continuously evaluate and review our research themes and concentrate resources on those with both future potential and commercial viability, thereby strengthening the R&D foundation that will drive our next phase of growth. Ultimately, people are the single most important factor determining the success of R&D investment. That is why another important role of the CTO is to create an environment in which newly recruited highly specialized talent can fully demonstrate their capabilities, generate synergies among diverse technologies through collaboration with existing personnel, and translate those synergies into greater strength for the organization as a whole.

Each researcher should be able to pursue their theme in depth and also take on the challenge of launching new businesses. I believe that creating such an attractive R&D environment will lead to future competitiveness.

We will also supplement the technologies, knowledge, and speed we cannot obtain on our own through co-creation with universities, start-ups, and other external partners, while using DX to improve the quality and productivity of R&D.

By integrating, under a coherent strategy, the molecular and material design technologies, manufacturing process development capabilities, processing technologies, and diverse talent that UBE has cultivated, and by enhancing our value creation capabilities with commercialization in mind, we will steadily develop the next foundation for earnings and achieve sustained enhancement of corporate value over the medium to long term.

Strengthening the R&D structure

The Research and Development Division is reviewing its organizational structure to support sustainable growth and accelerate the creation of new businesses. We are reorganizing and integrating development functions that were previously dispersed among business divisions and strengthening cooperation between corporate R&D and divisional R&D. This is establishing a framework for the integrated management of research themes, talent, and technologies to optimize them across the Company. We have also established the Production Technology Research Institute to incorporate mass production and manufacturing process considerations from the R&D stage, enabling faster commercialization of development results and strengthening competitiveness through equipment and process innovation. By systematically strengthening cooperation among research, development, and production, we are improving our ability to implement technologies and shortening the lead time to achieving results.

Furthermore, with the Technology Strategy Department at its core, we have established a structure that integrates the formulation of technology strategy, centralized management of R&D themes and resource allocation, promotion of industry-academia collaboration and open innovation, and operational transformation through DX. This structure supports strategic decision-making based on technology and market trends and promotes greater efficiency and sophistication throughout the R&D process.

We are also improving consistency between the direction of our R&D activities and organizational behavior by embedding our MVV (Mission, Vision, and Values), thereby promoting continuous organizational learning and value creation.

The Research and Development Division is increasing the speed and certainty of value creation and advancing initiatives to establish a competitive advantage in future growth fields.

Research strategies and measures

The Research & Development Division promotes strategic research and development based on strengthening the cooperation between corporate R&D and divisional R&D with a mission to “creating core competencies through technology development that will shape the future.”

Corporate R&D

From a medium- to long-term perspective, Corporate R&D is responsible for creating the fundamental technologies that support the Company’s technological competitiveness and establishing next-generation core competencies. Under a technology strategy that anticipates changes in society and markets and emerging technology trends, we allocate R&D themes and resources across business division boundaries to maximize their value across the Company and establish a competitive advantage in future growth fields. Through cooperation with Divisional R&D, we also promote the implementation and broader application of fundamental technologies. By simultaneously advancing existing businesses and exploring new business fields, we are building a technology portfolio that supports sustainable growth.

Divisional R&D

Divisional R&D promotes efficient research and development focused on short- to medium-term issues, in collaboration with business divisions. By setting themes based on needs identified at operating sites and rapidly implementing technologies, Divisional R&D strengthens product competitiveness and increases its contribution to business results through development aligned with customer needs. Through cooperation with Corporate R&D, it also promotes the use and broader application of fundamental technologies, with the aim of raising the Company’s overall technological capabilities and securing a sustainable competitive advantage.

Co-creation and open innovation

We are strengthening collaboration with universities, research institutions, and other external partners and incorporating diverse knowledge and advanced technologies to enhance our R&D themes and explore new fields. We have established a co-creation research institute with Tohoku University to strengthen basic research in advanced materials and processes. From a long-term perspective, this is accelerating the creation of technology seeds and R&D focused on their implementation in society.

We are also seeking to acquire innovative technologies and accelerate commercialization through collaboration with and investment in start-ups. By combining the technology seeds of start-ups with our own technologies, we are creating new themes and advancing existing ones, thereby shortening development periods and diversifying risk. In fiscal 2025, we invested in Immaterial Ltd. of the United Kingdom, which manufactures metal-organic frameworks (MOFs), and CheomdanLab. Inc. of South Korea, which develops and manufactures silicon nitride powder and ceramic balls. Through initiatives such as these, we are exploring new business opportunities and advancing R&D themes by combining these companies’ technologies with our own. This is strengthening our ability to identify technology seeds, broadening our R&D options in highly uncertain fields, and expanding our technology portfolio for future growth markets.

The UBE Group is building a flexible and agile R&D structure that does not rely solely on in-house development, with the aim of creating innovations that both address social issues and drive business growth.

Attracting and developing talent

To achieve sustainable growth and strengthen competitiveness in the specialty chemicals field, the Research and Development Division positions the attraction and development of talent as a key management priority. Responding to increasingly advanced and complex technology fields and diversifying customer needs requires developing talent with not only expertise, but also a business perspective, the ability to identify issues, and a commitment to value creation.

Accordingly, we provide researchers and engineers with systematic opportunities to deepen their technological expertise while acquiring knowledge of marketing, Management of Technology (MOT), and business development. We are also creating an environment in which employees can develop practical capabilities while incorporating external knowledge through collaboration and talent exchanges with universities, research institutions, and start-ups. In addition, by proactively recruiting talent from diverse backgrounds and promoting talent exchanges among our global sites, we will broaden the horizons of the organization as a whole and enhance its capacity to create innovation.

Through these initiatives, we will strengthen the talent base responsible for creating new value in the specialty chemicals field.

DX initiatives

We are actively deploying DX measures to contribute to operational transformation in the R&D domain to realize an environment that allows researchers to concentrate on creative work.

To date, we have built a data utilization infrastructure by introducing electronic laboratory notebooks and have developed a generative AI tool that structures information and supports the validation of technology and market hypotheses. Going forward, we will build an environment for searching and using internal knowledge, make more sophisticated use of experimental data, and improve the efficiency of R&D processes, deploying these initiatives in stages while verifying their effectiveness through trials. At the same time, we will establish a systematic framework for improving the digital skills of R&D personnel, with the aim of further enhancing the quality and speed of R&D.

Basic policy and structure

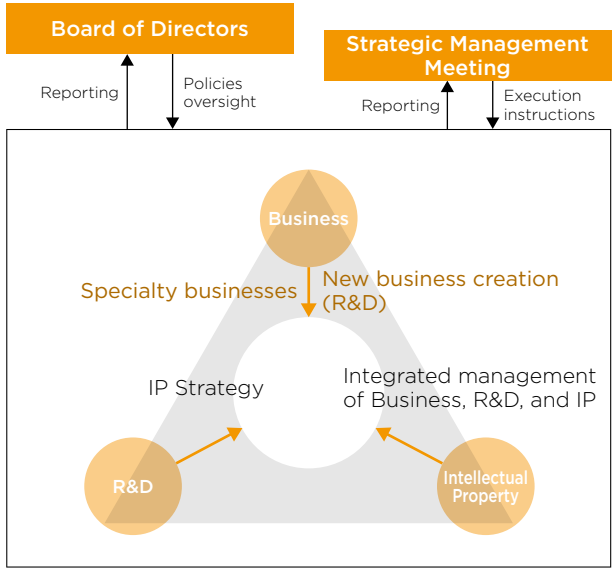
Basic policy

We will gain a sustainable competitive edge in our specialty chemicals by having our business, R&D, and intellectual property (IP) departments collaborate closely in IP initiatives.

Structure

To realize the UBE Group's vision for its specialty businesses, we hold IP strategy meetings to deliberate on IP acquisition and review the status of IP investments.

Regular reports on overall IP activities go to the Strategic Management Meeting and the Board of Directors. They issue instructions on and oversee policies and execution approaches for IP efforts.



Medium-term management plan and intellectual property

IP initiatives under the medium-term management plan

The UBE Group will promote a range of intellectual property initiatives to realize its medium-term management plan, "UBE Vision 2030 Transformation — 2nd Stage."

Expanding specialty businesses

1. Business

We build an intellectual property portfolio (PF) tailored to the characteristics of existing specialty businesses, including polyimides, separation membranes, ceramics, and high performance urethanes. We draw on IP information through patent maps*1 and IP landscapes*2 to identify new issues for resolution, new applications, and prospects for alliances with other companies. For new inventions, we assess the essence of the invention and its patentability, and determine the scope of rights in view of the supply chain and future implementation approaches. We also decide appropriately on whether to keep information open or closed. In this way, we seek to sufficiently safeguard our technical achievements, establish high barriers to entry through IP, and build a sustainable competitive edge for our businesses.

*1 A patent map is a visual representation from collecting, analyzing, processing, and organizing patent information into charts, graphs, and other visual information.

*2 An IP landscape is an analysis of management and business information incorporating IP information in formulating management and business strategies and sharing results (including overviews of current situations and prospects) with management and business leaders.

2. Corporate R&D

At each stage from theme exploration to commercialization, we research and analyze IP information and provide insights to the Research & Development Division about technological trends and competitor activities.

We contribute to creating core competencies by tapping IP information from early R&D stages, helping develop themes, exploring new businesses, and building collaborative partnerships.

Empowering and engaging a diverse workforce

1. IP experts

We assess the specialized skills our existing talent currently possesses and create training plans that match the characteristics of each individual to increase their expertise. We also recruit diverse talent, including mid-career and new graduate recruitment. In addition, we send employees to the Global Business Leader Program conducted by the Human Resources Department and provide support for obtaining external IP-related certifications.

2. Increasing IP literacy across the UBE Group

We have undertaken a range of IP education initiatives to foster a culture that values and respects IP. In fiscal 2025, we expanded the rollout of our IP e-learning program to include overseas Group companies and actively promoted internal awareness of patent valuation methodologies.

Upholding integrity and fairness in corporate governance

1. Intellectual property clearance

We respect the IP rights of other companies as we do our own. Accordingly, we do our utmost to conduct intellectual property clearance searches and minimize business and investment risks in our existing businesses and at the commercialization stage of R&D.

2. Establishment of the infrastructure for intellectual property procedures

We review the intellectual property management system and workflows and update procedural documentation. This will further enhance our internal control systems.

Enhancing corporate value through our IP strategy

Intellectual property activities in specialty businesses

The UBE Group is working to maintain and advance IP activities that contribute to the expansion of specialty businesses. In the Specialty Products segment, invention creation activities led to steady patent filings. From a cost-effectiveness perspective, we also built patent portfolios through overseas patent filing and prosecution activities, helping establish competitive advantages in priority fields and strengthen our business foundations.

In the High Performance Urethane segment, we are advancing IP transfers and establishing a global IP framework to position urethane systems as a future pillar of our specialty chemicals business. This is also enabling us to make more sophisticated use of IP across the Group.

Through IP due diligence, we are also involved in investments in startups and technology out-licensing activities. For investments, we assessed the value of patents held by target companies to identify potential synergies with UBE Group technologies. For out-licensing activities, we investigated third-party patents and took other necessary measures to enable the licensing of technologies.

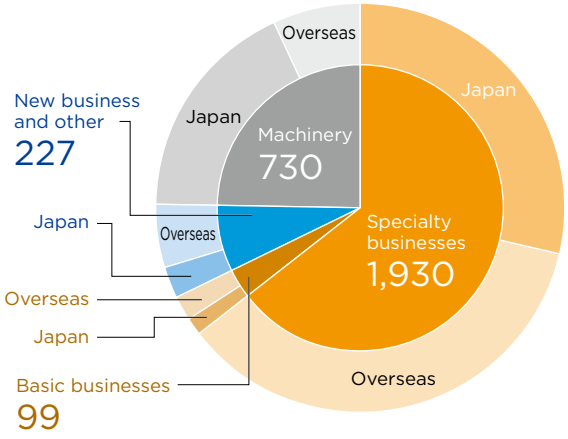
In addition, using patent valuation tools, we assess the quality and quantity of our own and competitors' patents and review our patent holdings as we build future patent portfolios. These initiatives also help secure technological advantages over the medium to long term.

Through these efforts, we provide an environment in which customers can use the UBE Group's patent-backed technologies, products, and services with confidence to solve their challenges. At the same time, we will contribute to sustainable growth and enhanced corporate value through initiatives that create value from IP.

Status of patents held

We focused on securing patents for inventions. As a result, the total number of patents held increased from the previous fiscal year. In particular, the number of patents held related to specialty businesses increased. The proportion of patents in specialty businesses was also higher.

Number of registered patents by portfolio (As of March 31, 2026)



Note: Patents held by UBE and some Group companies

Inventor incentives

The UBE Group provides monetary awards to inventors when patent applications are filed, when patents are granted, and when registered inventions are put into practice. Also, at the UBE Group R&D presentation meetings, we honor inventors of patents that have contributed significantly to our business. Going forward, we will also consider reviewing our reward criteria to further incentivize inventors. These awards encourage inventors to innovate and inspire further inventions.

In fiscal 2025, we recognized inventors for patents related to polyimides, separation membranes, and pharmaceuticals.



Inventor awards. Seven inventors from three businesses were recognized for outstanding inventions.

IP DX initiatives

As well as the tools mentioned earlier, UBE will further enhance patent visualization, generate new insights, and improve operational efficiency by introducing patent analytics software and AI-powered patent search tools. This will also improve our accuracy in assessing technology trends and analyzing the competitive landscape.

IP operations have reached a significant turning point due to advances in generative AI in recent years. We will actively introduce generative AI technology to promote operational transformation, concentrate resources on tasks that are uniquely human, and further enhance the functions of our IP operations.

In addition, we will use our IP management system to visualize IP statistics and contribute to more sophisticated management and business operations. These efforts will also support faster decision-making and more sophisticated strategy formulation.



Sustainability

Approach to sustainability

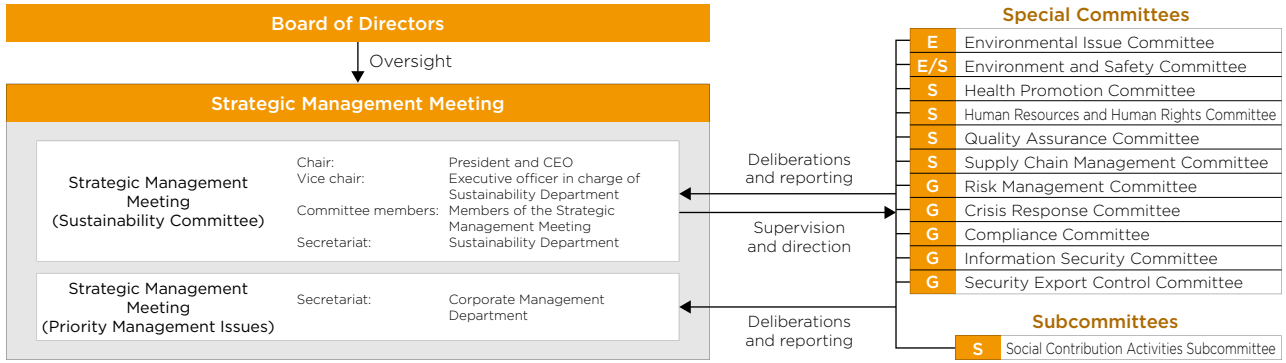
The UBE Group places sustainability at the core of its management. As a specialty chemicals company, we seek to achieve sustainable growth by providing value to society through our business activities in pursuit of our corporate purpose, “Breaking Through with the Chemistry of Hope.”

We also position sustainability initiatives as a foundation of our corporate activities, identify materialities (key issues) in the areas of growth, society, the environment, and governance, and work to address each of these issues. These initiatives are managed across the Group through the formulation and implementation of plans and the monitoring of progress.

Sustainability promotion structure

At the UBE Group, the Board of Directors oversees sustainability policies and the status of related initiatives. Under the Board, we have established a Strategic Management Meeting (“Sustainability Committee”), chaired by the President and CEO, with the executive officer in charge of the Sustainability Department serving as vice chair. The Sustainability Committee oversees sustainability initiatives across the Group.

The Sustainability Committee regularly reviews policies, targets and plans, and the status of initiatives aimed at addressing materialities. These matters are reported to the Board of Directors and reflected in initiatives across the Group.



For individual key sustainability issues, we have established specialized committees for such areas as the environment, safety, quality, compliance, and human rights to consider and implement specific measures. The status of initiatives and issues identified by each specialized committee are reported to the Sustainability Committee.

The secretariat of each specialized committee is managed by the internal control division responsible for the relevant area. In collaboration with committee members from related business divisions and Group companies, the secretariat administers the committee to address individual key issues.

In fiscal 2025, the Sustainability Committee met twice.

EcoVadis Gold Medal Awarded

In recognition of its efforts to advance sustainability management, UBE received an EcoVadis Gold medal for the first time, placing it among the top 5% of companies assessed for sustainability performance. UBE received scores based on international standards that were well above the industry average in all four areas—Environment, Labor & Human Rights, Ethics, and Sustainable Procurement—demonstrating the strength of its global sustainability initiatives.

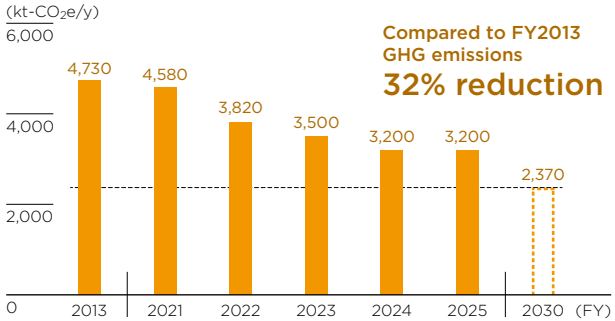


Addressing carbon neutrality

Initiatives to reduce GHG emissions

UBE Group GHG Emissions Reduction Targets (Scopes 1 and 2)
- Fiscal 2030: 50% reduction in GHG emissions from fiscal 2013 levels
- Fiscal 2035: 70% reduction in GHG emissions from fiscal 2013 levels

Progress toward GHG emissions reduction targets



Notes: 1 Excludes cement-related businesses transferred to the Mitsubishi UBE Cement Group.
2 Please note that fiscal 2025 figures are subject to change following third-party verification.
3 Please see the UBE Group's sustainability website for information on Scope 1, 2, and 3 emissions.

Roadmap for carbon neutrality

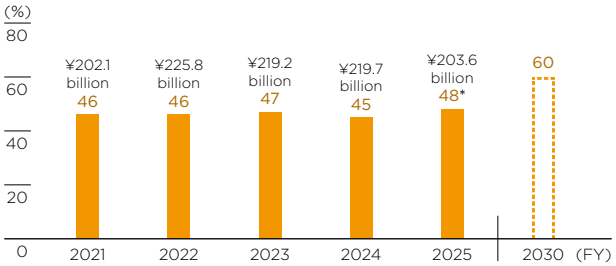
GHG emissions reduction targets

We will continuously promote energy conservation and improve processes in our production activities, and promote the maximization of the use of renewable energy and the minimization of the use of fossil resources. Furthermore, since innovative technological development is essential to achieve carbon neutrality by 2050, we will work on research and development and practical application of non-fossilization of raw materials and CO_2 utilization technologies, including collaboration with other companies, from a medium- to long-term perspective.

Environmentally friendly products and technologies

By promoting the development of environmentally friendly products and technologies, expanding their sales, and providing them to more customers, we aim to contribute to carbon neutrality for both the UBE Group and society as a whole.

Percentage of environmentally friendly products and technologies in consolidated net sales



Note: Excluding cement-related business transferred to Mitsubishi UBE Cement Group
* Provisional figure, as data for Urethane Systems is still being compiled

Reforming business structure

The UBE Group is withdrawing from or scaling back production in Japan and Thailand of ammonia, caprolactam, and nylon polymers, businesses whose profitability has declined and whose performance is unlikely to recover over the long term, as part of its shift toward specialty businesses. This will transform our business structure into one that is less susceptible to market conditions while also reducing GHG emissions. At our site in Thailand, we ceased production of caprolactam and downsized production of nylon polymers in March 2026. In Japan, production of caprolactam (the remaining production line) and nylon polymers will cease in March 2027, and production of ammonia will cease in March 2028.

The production processes for ammonia and caprolactam in particular produce significant GHG emissions. As a result, through the implementation of these business structure reforms, we expect to achieve our fiscal 2030 target of reducing GHG emissions by 50% in fiscal 2028.

Main initiatives

Preparing for compliance with the GX-ETS

UBE will be subject to the emissions trading system (GX-ETS) scheduled to begin in fiscal 2026.

We appropriately assess and manage the impact of this system on our businesses while promoting a shift toward specialty chemicals, rigorous energy conservation, and the expanded adoption of renewable energy. Through these initiatives, we will both address the GX-ETS and strengthen our competitiveness, thereby achieving sustainable growth.

Disclosure based on TCFD recommendations

Please see the Addressing Global Climate Change (Carbon Neutrality) section of the UBE Group website for details on disclosures based on the TCFD recommendations.

https://www.ube.com/ube/en/sustainability/environment/climate/carbon-neutral/

U-BE-INFINITY®, our environmentally friendly products brand

In April 2024, the UBE Group launched the environmentally friendly product brand, U-BE-INFINITY®. By assigning this brand to environmentally friendly products and technologies developed by the UBE Group that demonstrate particularly outstanding environmental contributions, we enhance the added value of the certified products and technologies.

The brand name reflects our aspiration to achieve infinite (INFINITY) social development together with our stakeholders. The multi-colored logo expresses our determination to continuously change

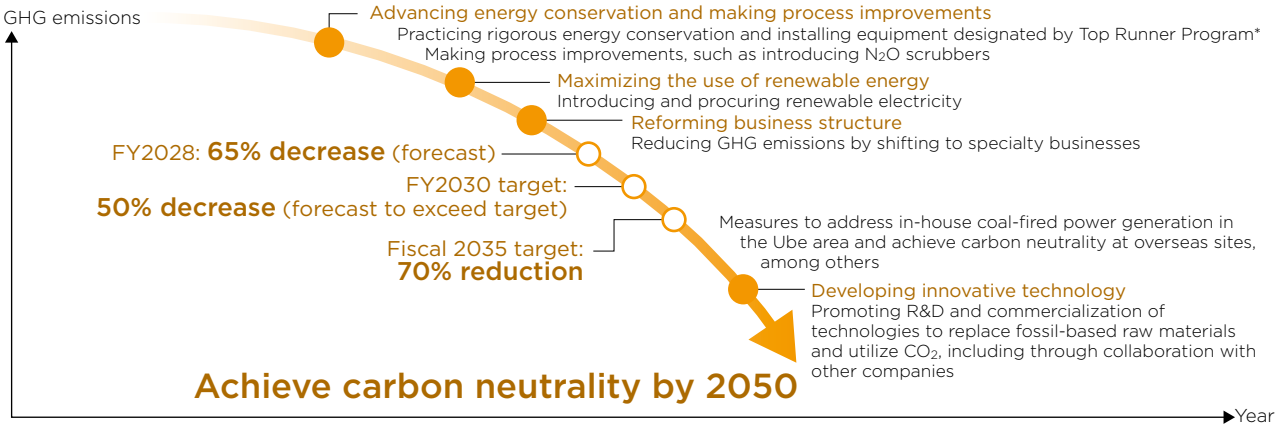
U-BE-INFINITY
Blooming a sustainable future
Registered Trademark
No. 6884758

and adapt, never settling for the status quo, in order to help solve global environmental issues. The U-BE-INFINITY® brand encompasses products and technologies that contribute to carbon neutrality by reducing GHG emissions, conserve resources through the use of recycled and biomass materials, and facilitate recycling.

Please see the U-BE-INFINITY® Environmentally Friendly Product Brand section of the UBE Group website for more details.

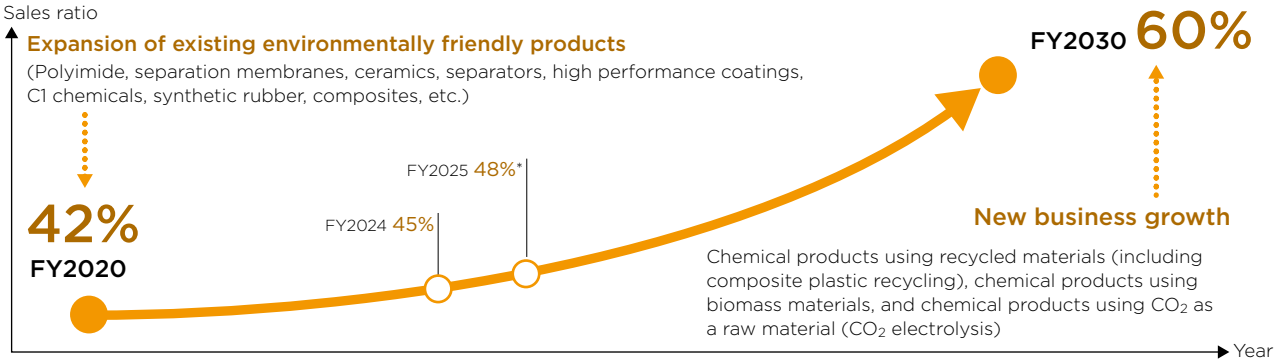
https://www.ube.com/ube/en/sustainability/environment/u-be-infinity/#sector_3

Roadmap for carbon neutrality



* Under the Energy Conservation Act, Japan deployed the Top Runner Program designating equipment and facilities that deliver outstanding energy efficiency

Timeline for generating more than 60% of consolidated net sales from environmentally friendly products and technologies by fiscal 2030



* Provisional figure, as data for Urethane Systems is still being compiled

Contributing to a circular economy

Indicator	Results		Targets
	FY2024	FY2025	FY2030
Rate of reduction in plastic waste sent to landfill (compared with FY2022 levels)	47%	39%	50% or higher
Plastic waste recycling rate*1	77%	76%	80% or higher
Sales volume of circular economy-contributing products*2	9,000 t	22,000 t	50,000 t or higher

*1 This is the UBE Group's target based on the Act on the Promotion of Resource Circulation for Plastics, etc. Recycling includes material and chemical recycling, and excludes thermal recovery.
*2 The definition of circular economy-contributing products is based on the Proposal for the Realization of a Circular Economy by Japan Business Federation (Keidanren, February 14, 2023), among other sources, and includes the following four product types.
(1) Products that use recycled materials, including plastic
(2) Products that use biomass
(3) Products that are more durable
(4) Products that use CO_2 to replace fossil raw materials

Contributing to nature positive

Indicator	Results		Targets
	FY2024	FY2025	FY2030
Reduction of chemical substance emissions Reduction in emissions of 20 key chemical substances (compared with fiscal 2010)	38%	47%	70%
Reduction of waste generation Reduction in industrial waste sent to external landfill (compared with fiscal 2000)	92%	98%	95%

Note: Actual results and target values cover UBE's domestic plants and research laboratories and major domestic consolidated subsidiaries with production plants

Addressing disclosure based on TNFD recommendations

The UBE Group understands the importance of biodiversity and the natural environment. We will assess dependencies and impacts on nature in our business activities and practice corporate management that contributes to solving global environmental issues. In promoting the initiatives and developing the system to achieve these goals, we are utilizing the framework provided by the Task Force on Nature-related Financial Disclosures (TNFD) to structure our initiatives and analysis results.

In fiscal 2024, based on the LEAP approach provided by the TNFD, we investigated and assessed dependencies and impacts on nature at all UBE Group plant sites in Japan. Based on the results of analysis and consideration using matrix mapping, we identified key issues and directions for action in material priority locations.

In fiscal 2025, following this assessment, we collected data from sites in material priority locations and established the KPIs and targets shown below. Going forward, we will monitor and improve our initiatives to achieve these KPIs and targets and steadily advance effective measures.

We will also gradually extend these efforts to overseas sites and upstream portions of the value chain and continue to promote disclosure in accordance with the TNFD framework.

Please see the Contributing to the Conservation and Restoration of the Natural Environment (Nature Positive) section of the UBE Group's website for more details about the analysis.

https://www.ube.com/ube/en/sustainability/environment/climate/nature/

Material Priority Locations, Key Issues, KPIs, and Targets for the UBE Group's Operations in Japan

Material priority location	Plants	Key issues	Direction of responses	KPIs	Target	Target year
Ube City, Yamaguchi Prefecture Coast of the Suo Sea	UBE Corporation -Ube Chemical Factory East and West Area -Ube Chemical Factory Fujimagari Area	• Water pollution in surrounding catchment area • Discharge of harmful chemical substances into catchment area • Improvement of disaster resilience • Tightening of environment-related laws and regulations • Local reputation risk	• Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure • BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage • Communication and cooperation with local governments and the environmental protection community in the surrounding area	Compliance with statutory effluent standards	Zero instances of exceeding voluntary control limits	Continuous monitoring
				Prevention of hazardous substance releases	Enhanced monitoring of wastewater treatment facilities Enhancement of equipment to prevent abnormal wastewater discharges into public waters (storage tanks, etc.)	FY2030
				Responsible Care initiatives	One Responsible Care regional dialogue meeting per year	Annually
Yoshitomi Town, Fukuoka Prefecture Coast of the Buzen Sea	-Yoshitomi Factory	• Water pollution in surrounding catchment area • Discharge of harmful chemical substances into catchment area • Improvement of disaster resilience • Strengthening of environment-related laws and regulations • Local reputation risk	• Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure • BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage • Communication and cooperation with local governments and the environmental protection community in the surrounding area	Compliance with statutory effluent standards	Zero instances of exceeding voluntary control limits	Continuous monitoring
				Prevention of hazardous substance releases	Zero releases of plastics and other hazardous substances into public waters	Continuous monitoring
Sakai City, Osaka Prefecture	-Sakai Factory	• Discharge of harmful chemical substances into catchment area • Improvement of disaster resilience • Use, disposal, and treatment of plastic • Strengthening of environment-related laws and regulations	• BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage • Ascertaining and responding to the enforcement and review status of laws and regulations of countries and local governments related to the value chain	Compliance with statutory effluent standards	Zero instances of exceeding voluntary control limits	Continuous monitoring
				Prevention of hazardous substance releases	Enhancement of equipment to prevent abnormal wastewater discharges into public waters (storage tanks, etc.)	FY2027
Ichihara City, Chiba Prefecture	UBE Elastomer Co. Ltd. -Chiba Factory	• Water pollution in surrounding catchment area • Discharge of harmful chemical substances into catchment area • Improvement of disaster resilience • Use, disposal, and treatment of plastic • Strengthening of environment-related laws and regulations	• Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure • BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage • Ascertaining and responding to the enforcement and review status of laws and regulations of countries and local governments related to the value chain	Compliance with statutory effluent standards	Zero instances of exceeding voluntary control limits	Continuous monitoring
				Prevention of hazardous substance releases	Assessment of hazardous substance release risks Enhancement of equipment to prevent abnormal wastewater discharges into public waters (storage tanks, etc.)	FY2027

Message from the Chief Human Resources Officer

Developing talent to support the transformation into a specialty chemicals company



Ryo Kawamura

Director, Managing Executive Officer
CHRO, CCO; With responsibility for Human Resources Dept., Talent Strategy Dept., General Affairs Dept., Legal Dept., and Intellectual Property Dept.

To ensure that the UBE Group's transformation into a specialty chemicals company is executed effectively from a human capital perspective, we established the position of Chief Human Resources Officer (CHRO) in fiscal 2026. The CHRO's mission is to align the Group's growth strategy with its talent strategy and support the improvements in profitability and capital efficiency set out in the medium-term management plan from a human capital perspective.

Under the current medium-term management plan, expanding specialty businesses and transforming into an R&D-driven company are the main pillars of growth. Achieving this requires talent with both expertise and autonomy to create value in the roles and areas where they can contribute most effectively.

The new personnel system introduced in April 2026 replaces the traditional framework and accelerates the shift of talent to growth fields through timely evaluation and compensation based on roles, skills, and performance, regardless of educational background or seniority.

At the same time, we have made "career ownership," under which each employee takes the initiative in shaping their own career, a central element of the system. By expanding internal job postings and facilitating transfers, we will strategically reallocate our existing workforce—an important form of capital—to growth areas such as R&D and global businesses. We view the personnel reassignments associated with the structural reforms of the ammonia, caprolactam, and nylon polymer businesses not simply as an optimization measure, but as an opportunity for transformation that will create new value.

At the same time, further expansion of specialty businesses requires specialized expertise from outside the Group. By expanding mid-career recruitment and actively hiring specialists responsible for R&D and commercialization, we will combine their expertise with that of our existing workforce to enhance the organization's overall capacity for value creation.

The UBE Group regards talent not as a "cost," but as an "investment in growth," and has established "improving engagement" and "maintaining an employee turnover rate of 2% or less" as key KPIs. As CHRO, I will uphold the belief that "people are the foundation of a company," enhance the capabilities of our talent, and contribute to the sustainable enhancement of corporate value by placing the right talent in the right roles.

Basic talent strategy approach to drive growth in specialty chemicals

Aligning talent and business strategies

To further strengthen the alignment between its management and talent strategies, the UBE Group is promoting career ownership, introducing a new personnel system, expanding its internal job posting system, and acquiring and developing specialist talent as priority initiatives.

Career ownership among talent supporting the growth of specialty chemicals

As the business environment changes and the level of expertise required continues to rise, it is more important than ever for each employee to practice "career ownership" by proactively considering their own career, choosing a path for growth, and taking on new challenges. Career ownership cannot be left entirely to individuals. It becomes effective only when the Company deliberately creates an environment and opportunities that make it easier for employees to take on challenges.

UBE has positioned career ownership as a key pillar of its talent strategy and is developing various mechanisms that enable employees to pursue opportunities in growth areas based on their own aspirations and expertise. To this end, we have established "Talent Models" that define the types of talent the Company seeks. The Talent Models provide a common language that helps each employee consider the roles they aspire to and the direction of their growth. Rather than fitting employees into uniform categories, they serve as a guide presenting a range of career options. By selecting a Talent Model, employees are encouraged to consider their careers while remaining mindful of their own aspirations and strengths.

We are also expanding our internal job posting system as a mechanism for translating this awareness into concrete action. Internal job postings give employees opportunities to volunteer for new roles or business fields and are an important initiative for

gaining practical experience aligned with the career paths they have envisioned. This ensures that career ownership goes beyond a change in mindset and leads to concrete action and growth.

We are also implementing selective development programs to cultivate the talent who will drive future business growth. By providing employees with strong growth aspirations and expertise with opportunities for more advanced experience and learning, we will expand the pool of core talent capable of leading our businesses.

Through these initiatives, we will create a virtuous cycle in which individual career autonomy and business growth reinforce each other, contributing to the sustainable growth of our specialty chemicals business and the enhancement of corporate value over the medium to long term.

New personnel system that unlocks growth aspirations and expertise

We designed and developed a new personnel system to heighten employees' aspirations for growth and encourage them to take on more advanced roles while developing greater expertise, and introduced it in April 2026. The new system revises the grading structure and eliminates the distinction between career-track and kikanshoku employees, enabling promotion regardless of educational background or years of service and supporting employees' autonomous growth and willingness to take on challenges. It also incorporates a mechanism for appropriately evaluating the scope of each employee's responsibilities, the capabilities demonstrated in fulfilling those responsibilities, and the results achieved, helping enhance motivation. In addition, we have established a "Specialist Course" that appropriately recognizes talent who continuously create value through advanced expertise. This accommodates diverse career aspirations while fostering innovation and strengthening business competitiveness.

We have also raised the mandatory retirement age to 65 and converted rehired senior employees to regular employee status, enabling the knowledge and experience they have accumulated to continue supporting our business activities. By creating an environment in which employees of all generations can contribute on an equal footing, we are maintaining and strengthening organizational capabilities and supporting sustainable growth.

Recruitment

We formulate recruitment plans based on the talent portfolio required for future growth. Even as competition for talent intensifies, we are actively diversifying recruitment methods and advancing DX to secure the talent needed to execute our business strategies.

We are also strengthening mid-career recruitment to acquire experienced professionals with the advanced expertise required by our business strategies. In fiscal 2025, we focused particularly on R&D, strengthening our technology foundation by actively recruiting talent with advanced specialist knowledge and technical skills.

Hiring breakdown (UBE)

		Number of people (Number of women in parentheses)				
(FY)		2021	2022	2023	2024	2025
New graduate hires	Career-track employees	33 (9)	15 (8)	33 (12)	21 (6)	39 (12)
	*Kikanshoku** employees	36 (7)	32 (0)	38 (9)	24 (4)	35 (11)
Mid-career hires	Career-track employees	2 (2)	10 (4)	9 (2)	23 (7)	61 (12)
	*Kikanshoku** employees	11 (1)	22 (3)	14 (0)	28 (2)	33 (10)
Non-Japanese national hires	Career-track employees	2 (1)	0 (0)	2 (1)	4 (3)	7 (3)
	*Kikanshoku** employees	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

* Technical employees and administrative employees

Human resources development

We are increasing per-employee investment in talent to cultivate the people who will drive our transformation into a specialty chemicals company. By appropriately combining online and in-person training according to the program content and target employee level, we seek to maximize learning effectiveness and stimulate internal communication. We also use e-learning for level-specific training and voluntary self-development support, fostering a culture of career autonomy in which each employee chooses to continue learning and growing.

Given the high proportion of overseas sales in our business structure, we are also focusing on developing global talent to support sustainable growth. In fiscal 2025, we held a workshop attended by business division general managers to discuss the requirements for the global talent UBE needs. Based on these discussions, from fiscal 2026 onward we will strengthen global leadership training that includes multinational talent at overseas sites while expanding trainee assignments, MBA sponsorships, and other development programs to cultivate talent capable of succeeding globally.

	UBE			
(FY)	2022	2023	2024	2025
Investment in off-the-job training per person (OFF-JT)*1	¥120,000	¥150,000	¥205,000	¥216,000
Training hours per person*2	17 hours	19 hours	15 hours*3	20 hours

*1 Calculation methodology: (Total education and training expenses + Labor costs for department overseeing training) / Number of employees on non-consolidated basis (as of fiscal year-end)
*2 Calculation methodology: (Total hours of group training + Total hours of e-learning)/Number of employees on non-consolidated basis (as of fiscal year-end)
*3 Impact due to integration of API Corporation

Promoting the advancement of women

The UBE Group has positioned the advancement of women as a key talent strategy and aims to establish a framework that draws on diverse perspectives at every level of decision-making through proactive appointment and development.

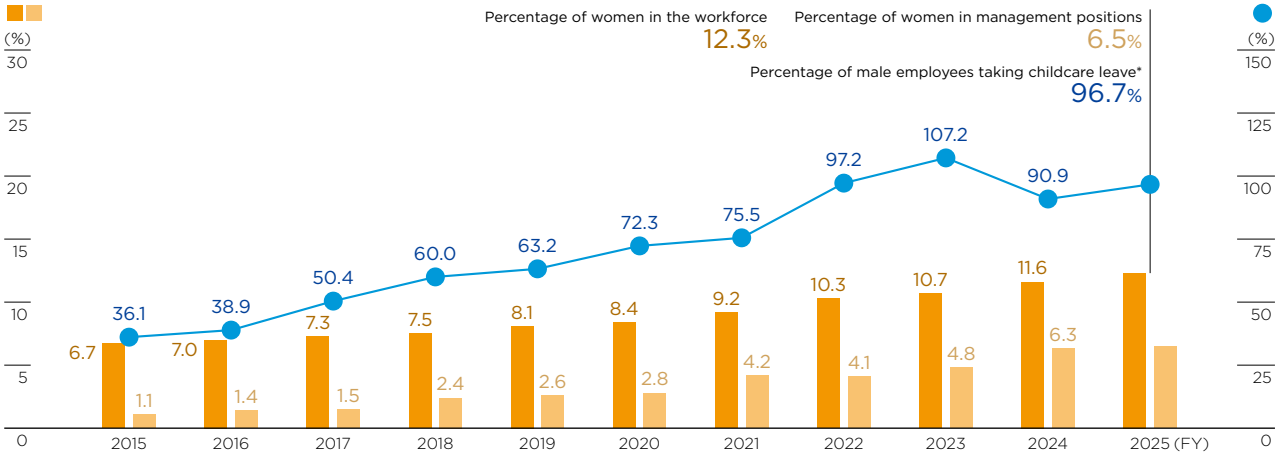
Based on this approach, we have set targets for women to account for 25% of the workforce and 10% of management positions by fiscal 2030 and are advancing consistent initiatives spanning recruitment, development, and appointment.

In fiscal 2025, we held an event to promote the advancement of women, with the aim of increasing the visibility of female leadership role models and facilitating interaction among younger employees. Through lectures and group work, the event gave participants an opportunity to consider their own careers and fostered their motivation to become future female leaders.

To expand the representation of women in technical positions, we are also addressing the social challenge of increasing women's participation in STEM (science, technology, engineering, and mathematics) fields and promoting initiatives to develop talent and broaden the pipeline in collaboration with academic and educational institutions. In addition, we are working with R&D and business divisions to strengthen the pipeline of female talent by recruiting experienced mid-career women who can make an immediate contribution.

As part of our efforts to create an environment in which employees can continue working with confidence, we have also introduced "Support Member Assistance," which provides an allowance of up to ¥30,000 per month to employees who cover the duties of colleagues taking childcare leave. This supports employees in balancing childcare and work while fostering a workplace culture in which colleagues support one another.

Benchmarks for providing greater opportunities for women (UBE)



* The percentage of male employees taking childcare leave is calculated by dividing the number of male employees who newly took childcare leave during the fiscal year (b) by the number of male employees whose children were born during that fiscal year and who were eligible for childcare leave (a) (b/a). Because (b) includes male employees whose children were born before the fiscal year but who first took childcare leave during the fiscal year, the percentage may exceed 100%.

Health management initiatives

Recognizing that the physical and mental health of each employee is a foundation for higher productivity and sustainable growth, the UBE Group has positioned health and productivity management as a key initiative under its human capital strategy and is promoting it across the Group.

The Health Promotion Committee and various specialist committees form the core of the framework for systematically and continuously implementing these initiatives. In fiscal 2025, a total of 13 companies—UBE and its consolidated subsidiaries in Japan—were recognized as Certified Health & Productivity Management Outstanding Organizations. UBE was recognized under the White 500 program; Ube Logistic Service, Ltd. and Fukushima Ltd. under the Bright 500 program; and Ube MAXELL CO., LTD., UBE Elastomer Co. Ltd., and T&U Electronics Co., Ltd. under the Next Bright 1000 program, demonstrating steady recognition of initiatives across the Group.

As a priority initiative, we have identified reducing the smoking rate as a key issue and are promoting smoking prevention measures across the Group under the leadership of senior management. At UBE, we support employees' voluntary efforts to quit or reduce smoking by eliminating designated smoking areas, offering smoking cessation programs in collaboration with the Health Insurance Society, and providing smoking cessation assistance.

To understand and reduce the impact of employees' health conditions on their work, we also measure presenteeism using WFun* and identify and address the symptoms that have the greatest impact on work.

* WFun: A questionnaire that measures the extent to which health problems impair functioning at work



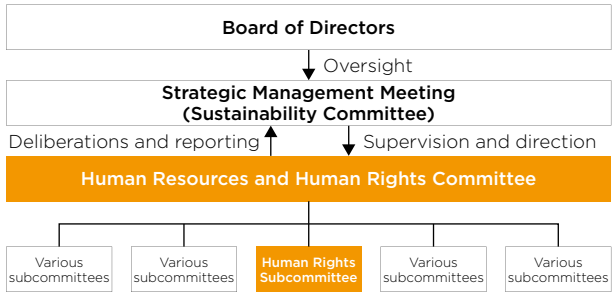
Respect for human rights

The UBE Group considers respect for human rights to be one of its most important management priorities and has positioned the UBE Group Human Rights Guidelines as a foundation for its corporate activities. We identify and assess risks that could have adverse human rights impacts in the UBE Group's business activities and supply chain. Focusing on material human rights issues such as forced labor, child labor, discrimination, and occupational health and safety, we take measures to prevent and mitigate risks and provide remediation.

To strengthen efforts to respect human rights throughout the UBE Group, the Human Resources and Human Rights Committee, chaired by the CHRO, formulates medium- to long-term targets and regularly confirms and reports whether forced labor or child labor is occurring within the Group. To advance these efforts, we have established the cross-Group Human Rights Subcommittee under the Committee and continuously conduct assessments, implement remediation, and manage and track progress in cooperation with the relevant departments and sites.

* The Supply Chain Management Committee and the Human Resources and Human Rights Committee work together to address human rights risks in the supply chain.

Management Structure for Promoting Respect for Human Rights



Please see the Respect for Human Rights section of the UBE Group's website for details on the UBE Group Human Rights Guidelines.

https://www.ube.com/ube/en/sustainability/society/humanrights/

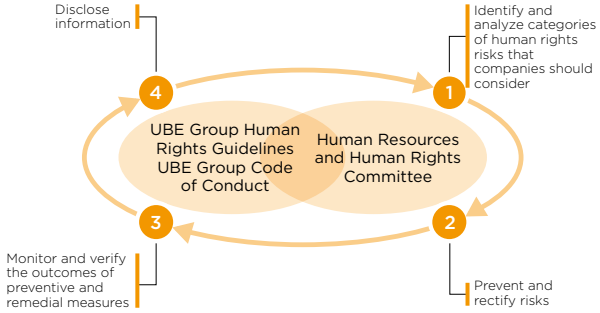
In addition, the UBE Group Code of Conduct sets forth the principles that serve as the basis for decision-making and the standards of conduct for everyone engaged in the Group's business activities. Within this Code, the section on Respect for Human Rights is intended to foster respect for individuality and diversity and to build safe, healthy, and inclusive workplaces. It also affirms our commitment to respecting the human rights of all stakeholders associated with our business and to avoiding direct or indirect involvement in human rights abuses.

Please see the UBE Group's website for details on the UBE Group Code of Conduct.
https://www.ube.com/ube/en/sustainability/pdf/governance/compliance/code_of_conduct.pdf

As part of its external activities, UBE is a signatory to the United Nations Global Compact and participates in working groups of the Global Compact Network Japan. Drawing on insights gained through these external activities, we will strengthen Group-wide human rights due diligence efforts, including assessment, remediation, and training.

In the Ube area, UBE serves as a standing executive member company of the Ube and Sanyo-Onoda Area Corporate Human Rights Education Liaison Council and works with neighboring companies in the area on human rights awareness activities. Focusing on three themes—the mandatory provision of reasonable accommodations for persons with disabilities, greater understanding of LGBTQ people, and the prevention of disadvantageous treatment due to caregiving responsibilities—we are advancing respect for human rights not only within UBE but throughout the area.

Human rights due diligence process



Human rights training

Based on the UBE Group Human Rights Guidelines, the UBE Group provides ongoing human rights education for all officers and employees. In fiscal 2025, we provided repeated opportunities for employees to consider human rights in their daily work through initiatives such as a message from the President during Human Rights Month, an update to our "My Jinken Declaration" (Declaration of Human Rights), and the display of awareness-raising posters, thereby helping to instill a deeper understanding of human rights. We are also enhancing opportunities for dialogue and training in each workplace to raise awareness among individual employees and encourage them to put that awareness into practice.

To make our respect for human rights more effective, we conducted human rights training via e-learning to promote understanding of harassment prevention and reasonable accommodations in the employment of persons with disabilities. We also conducted a survey to assess the extent to which awareness of respect for human rights has taken root and are using the results to improve future training content.

Human rights due diligence initiatives

We are reviewing our human rights due diligence processes and practices in accordance with the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct (RBC).

In fiscal 2025, we conducted a fresh identification of human rights risks and assessed the priority of the issues requiring action.

Message from the Chief Logistics Officer

The UBE Group's SCM Strategy for Navigating an Era of Uncertainty



Kenji Hoshino

Executive Officer, CLO
With responsibility for Environment & Safety Department,
Quality Assurance Dept., and Purchasing & Logistics Dept.

In fiscal 2026, the Group appointed a Chief Logistics Officer (CLO) to centrally manage its logistics strategy and accelerate optimization across the entire supply chain. As heightened geopolitical tensions and fluctuations in supply and demand become the norm, the supply chain is no longer merely a matter of cost and efficiency; it is management itself and directly affects corporate value. In particular, amid ongoing changes in the international situation, uncertainty is directly affecting the stable procurement of raw materials and fuel and the functioning of logistics. The UBE Group's supply chain management directly addresses the challenge of aligning sustainability initiatives with its growth strategy and will support the expansion of specialty businesses and the realization of business structure reforms through both procurement and logistics.

Our defensive strategy is to strengthen our ability to anticipate risks and ensure thorough risk management. Focusing on critical raw materials and fuel, as well as key suppliers, we will visualize not only supply constraints, price fluctuations, and natural disasters but also human rights and environmental risks, while steadily pursuing multiple sourcing, appropriate inventory levels, and the development of business continuity plans (BCPs). In Japan, requirements for compliance with the SME Transactions Act and the Logistics Efficiency Act are becoming more stringent. By strengthening controls that integrate contracts, business processes, and on-site operations, we will ensure fair and highly transparent transactions.

Our offensive strategy is to build supply capabilities that support growth. We will become involved in supply chain design from the launch stage of new businesses and products and promote optimization that incorporates quality, cost, and delivery while also reducing environmental impact and ensuring traceability. We will supplement insufficient talent and data through development, collaboration with external partners, and the use of digital technologies, thereby improving the quality and speed of decision-making.

Through collaboration with diverse stakeholders, including business partners, logistics providers, and local communities, we will pursue continuous improvement based on shared standards and values, build a resilient supply chain capable of earning external trust and recognition, and contribute to enhancing corporate value.

Ensuring purchasing activities in line with procurement guidelines

We have established various rules and regulations, including the UBE Group Basic Policy for Sustainable Procurement, and, through the Supply Chain Management Committee, promote Group-wide adherence to procurement rules and proper purchasing activities.

The UBE Group also promotes initiatives aimed at coexistence and mutual prosperity with its business partners based on its Declaration on Partnership Building. In fiscal 2025, we revised the declaration to reflect initiatives related to health management that include partners entering our premises to perform construction and other work, as well as the January 2026 amendment of the SME Transactions Act.

Risk management and business partner surveys

The UBE Group recognizes geopolitical risks, including the situation in the Middle East, and their impact on raw material procurement as material management risks. To ensure stable procurement, we are strengthening risk management.

We plan to conduct a survey of business partners regarding sustainability in fiscal 2026. We will work with our business partners to strengthen initiatives throughout the supply chain.

Policy on conflict minerals

From the perspective of responsible raw material procurement, we continue to address conflict minerals. We have expanded the scope from the substances previously covered and are working to reduce human rights risks through surveys and verification covering 10 substances.

Please see the Sustainable Procurement section of the UBE Group website for details on purchasing activities.

https://www.ube.com/ube/en/sustainability/society/procurement/

Environmental safety management

Environmental and safety organization

Policies and measures relating to environmental safety, including occupational safety and health, process safety and disaster prevention, and environmental preservation, are positioned as one of the UBE Group's key management issues. The Group Environment and Safety Committee formulates these policies and measures. The president and CEO chairs the Strategic Management Meeting (Sustainability Committee), which deliberates and decides on them.

The Sustainability Committee also serves as the Safety Task Force and other bodies prescribed under the High Pressure Gas Safety Act and deliberates and decides on important matters relating to safety management at certified high-pressure gas sites.

The Board of Directors oversees these environmental and safety activities.

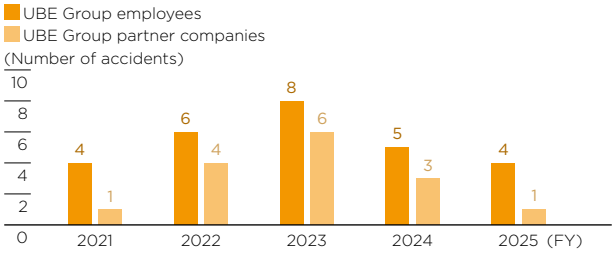
Structure of environment and safety meetings



Occupational safety and health / Process safety and disaster prevention

Occupational safety and health

UBE Group (Japan) number of lost work time accidents



Note: Aggregated data not including former construction materials company.

Process safety and disaster prevention

The UBE Group promotes process safety activities to ensure safe and secure facilities and stable operations, with the aim of eliminating process safety accidents.

In fiscal 2025, we promoted the sharing of accident information and the Group-wide rollout of recurrence prevention measures, focusing particularly on measures to prevent leakage incidents, and maintained zero serious process safety accidents.

Number of serious process safety accidents*1 (UBE Group in Japan*2)

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of accidents	0	0	0	0	0

*1 Criteria established based on international standards (CCPS) and trends in Japan (including those of the Japan Petrochemical Industry Association)
*2 UBE Corporation and its consolidated Group companies in Japan

Please see the UBE Group website for details on occupational safety and health and process safety and disaster prevention initiatives.
https://www.ube.com/ube/en/sustainability/society/

Quality assurance and product safety

Quality assurance

The UBE Group is united in its commitment to quality-focused activities. To prevent past cases of improper quality inspection practices from being forgotten, we are implementing a range of measures and promoting education in both knowledge and awareness to ensure that all employees take quality assurance activities seriously. We conduct a quality awareness survey among employees every other year. The survey results show that efforts to change attitudes toward quality have become more active in each workplace, and that the percentage of employees who prioritize quality in their actions is steadily increasing. We will work toward new value creation and increased customer satisfaction, with the aim of making quality-focused management one of UBE's strengths.

Product safety

The UBE Group promotes chemical substance management with due consideration for health, safety, and the environment by complying with domestic and international laws and regulations governing chemical substance management, ensuring thorough chemical substance management throughout the supply chain, rebuilding our in-house-developed comprehensive chemical information management database, and disclosing SDS* for key products on our website. In fiscal 2026, we will establish product safety and chemical substance management systems for the Urethane Systems and other global businesses. We will also work with sites in the United States, Europe, and Asia to improve the reliability and effectiveness of compliance with laws and regulations in each country.

* Safety Data Sheet (SDS): Documentation containing hazard and toxicity information about chemical substances that manufacturers disclose when supplying chemical substances and products incorporating them

Please see the UBE Group website for details on quality assurance and product safety initiatives.
https://www.ube.com/ube/en/sustainability/society/

Building relationships of coexistence and mutual prosperity with local communities based on trust

Based on its founding principle of Coexistence and Mutual Prosperity, the UBE Group promotes a wide range of community and social contribution activities as a good corporate citizen in the international community. Leveraging the expertise, technologies, and human resources cultivated through its business activities, the Group has continued to undertake social contribution initiatives that support the development of local communities at its sites in Japan and overseas, while respecting the diversity of local cultures and customs.

Through the steady accumulation of these initiatives, the UBE Group is putting coexistence and mutual prosperity with local communities into practice while building relationships of trust with a diverse range of stakeholders.

As part of these efforts, the Group continues to hold the UBE Fureai Summer Festival for residents living in the Ube area. Planned and organized primarily by employees, the festival expresses the Group's appreciation for the local community while providing an established venue for people of all generations to come together.

Social contribution investment and value creation

The UBE Group promotes social contribution activities in four priority areas: the global environment, local communities, academia and research, and education and culture. We position these initiatives as social contribution investments because they help earn the understanding and trust of local communities, stabilize our business foundations, and create an environment that supports the technologies and human resources of the future.

In the environmental field, we regard the maintenance and conservation of our operating foundations, including the water resources essential to our business activities, as an important management issue. Through hands-on forest conservation activities to protect water resources, we appropriately manage forests in the catchment areas that supply industrial water, helping to maintain and enhance their water-source conservation functions. These initiatives deepen understanding of the relationship between water and forests while helping ensure stable operations over the long term and secure the understanding and trust of local communities.



Employees participating in a forest conservation activity to protect water resources in Yamaguchi Prefecture

In Louisiana, United States, where construction of a new DMC and EMC plant is underway, the UBE Group is building relationships with the local community through exchanges centered on Japanese culture. By maintaining communication through food and everyday culture, we are deepening understanding of our business activities and building relationships that enable us to be accepted as a member of the local community.

At our site in Spain, we are collaborating with local educational institutions to develop human resources who will support the chemical industry of the future. We provide specialized training to students at vocational schools. We also continue to provide research and learning opportunities by working with a local university to offer courses on sustainable plastics.



Groundbreaking ceremony for the DMC and EMC plant held in February 2025. The attendance of numerous government and local community representatives helped deepen mutual understanding and strengthen ties with the local community.

The UBE Group regards the relationships of trust with local communities built through these activities as an important element of its business foundations.

Framework for promoting social contribution activities

Under the oversight of the Board of Directors, social contribution activities are promoted systematically based on a Group-wide management framework. In fiscal 2025, the Social Contribution Activities Subcommittee was established to oversee and promote social contribution activities throughout the Group. The Subcommittee also coordinates activities in each region, clarifies overall policies and priority areas, and promotes social contribution activities optimized for the Group as a whole.



Training for students provided by the Group's site in Spain, offering ongoing opportunities for practical, work-oriented learning.

Social Contribution Activities Subcommittee structure

Board of Directors

↓ Oversight

Strategic Management Meeting (Sustainability Committee)

Deliberations and reporting ↑ ↓ Supervision and direction

Social Contribution Activities Subcommittee

Structure

Chairperson	General Manager of Sustainability Department
Members	UBE Corporation and consolidated UBE Group companies * Managers and personnel responsible for social contribution activities and sustainability promotion
Secretariat	Planning and Risk Management Group, Sustainability Department

Directors (as of July 1, 2026)



1 | Masato Izumihara
Chairman of the Board of Directors

2 | Yuki Nishida
President and Representative Director

3 | Hirotaka Ishikawa
Representative Director

4 | Ryo Kawamura
Director

5 | Shino Nakada
Director

6 | Takefumi Fukumizu
Outside Director

7 | Tsugio Mitsuoka
Outside Director

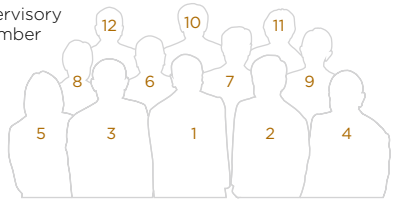
8 | Yuki Kanzaki
Outside Director

9 | Masayuki Fujii
Director, Audit and Supervisory Committee Member

10 | Tamesaburo Yamamoto
Outside Director, Audit and Supervisory Committee Member

11 | Satoko Suzuki
Outside Director, Audit and Supervisory Committee Member

12 | Tatsuya Tanaka
Outside Director, Audit and Supervisory Committee Member



Executive officers
(as of July 1, 2026)

President & Chief Executive Officer

Yuki Nishida

Senior Managing Executive Officers

Hisaaki Yokoo

Yoichi Funayama

Managing Executive Officers

Futoshi Takase

Hirofumi Nonaka

Hirotaka Ishikawa

Shinya Takahashi

Ryo Kawamura

Executive officers

Kenji Hoshino

José Ignacio Iglesias

Yoichi Yoshida

Anusara Suthikulavet

Mitsuru Haramoto

Takaaki Nishimori

Koji Sagaoka

Seijiro Kamezawa

Shino Nakada

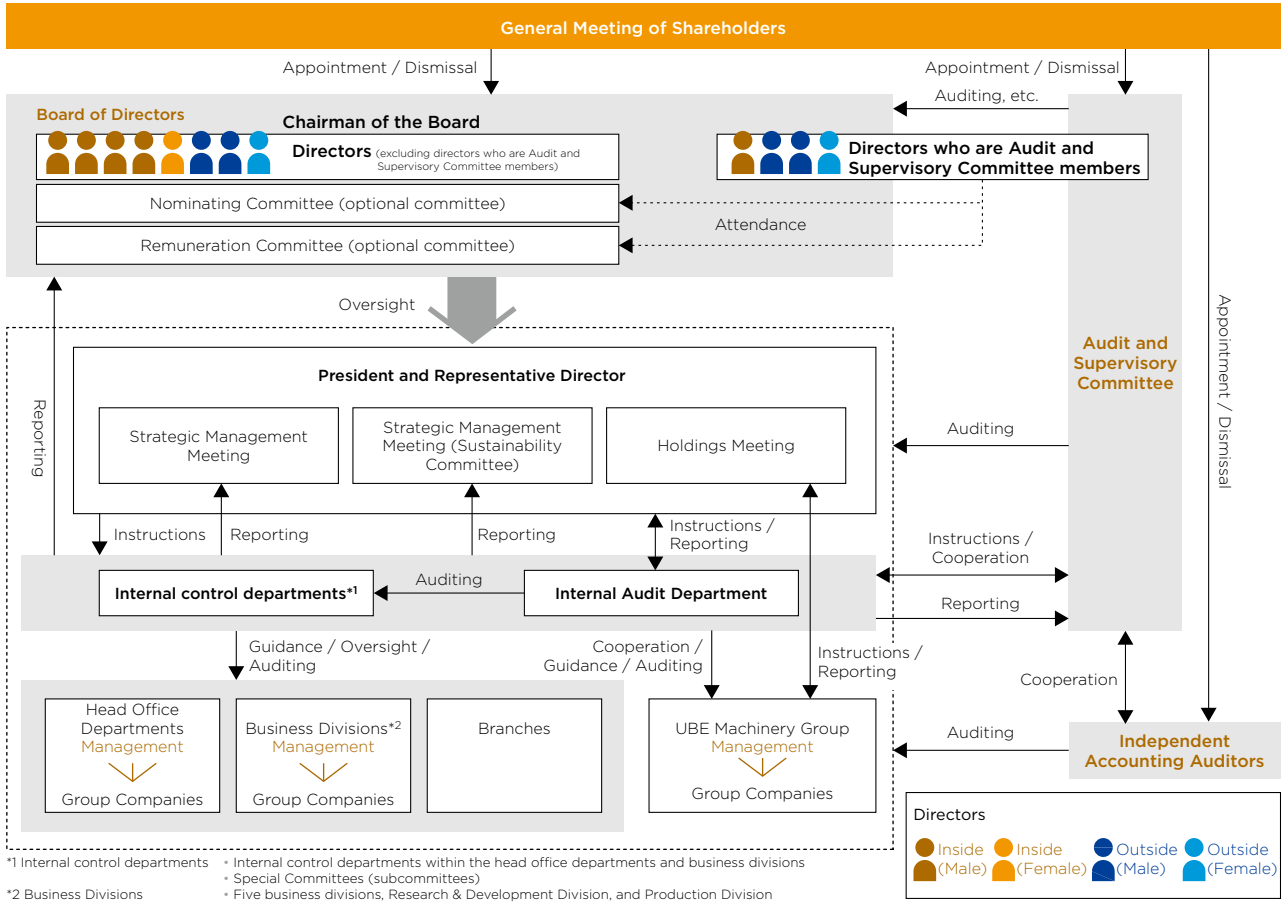
Kazuhito Soga

Yoshihiro Ushigoe

Basic approach to corporate governance

The UBE Group regards achieving sustainable growth for the Group as a whole and enhancing corporate value over the medium to long term as its fundamental mission. As a company with an Audit and Supervisory Committee, UBE has established a framework in which directors who serve as Audit and Supervisory Committee members, holding audit authority and the right to state opinions, also possess voting rights in the Board of Directors. This approach strengthens the Board of Directors' oversight of business execution. At the same time, by delegating part of the important business execution decisions to the President and Representative Director, the Company accelerates decision-making and promotes swifter execution. Through these measures, UBE is establishing effective corporate governance that ensures proper and sustainable business operations, fulfills its responsibilities to all stakeholders—including shareholders, customers, business partners, employees, and local communities—and secures their trust.

Corporate governance framework



*1 Internal control departments
- Internal control departments within the head office departments and business divisions
- Special Committees (subcommittees)

*2 Business Divisions
- Five business divisions, Research & Development Division, and Production Division

Board of Directors

In principle, a director who does not concurrently serve as an executive officer serves as the chair of the Board of Directors. In accordance with laws, regulations, and the Articles of Incorporation, the Board stipulates, as set forth in the Regulations of the Board of Directors, the important management matters to be decided by the Board, such as the Company's basic policies and matters of significance in terms of amount or risk, and makes decisions on these matters. The Board also oversees the appropriateness and efficiency of the execution of duties by each director and executive officer. As a Company with Audit and Supervisory Committee, we are accelerating operational execution by delegating a part of decision-making on important operations to the President and Representative Director while consistently reinforcing oversight.

Outside Directors

Since June 2005, UBE has appointed outside directors to incorporate independent third-party perspectives into decision-making and management oversight, thereby ensuring management efficiency, transparency, and objectivity. Furthermore, as advisory bodies to the Board of Directors, UBE has established voluntary Nominating Committee and Remuneration Committee.

Executive officers

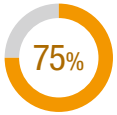
UBE has been using an executive officer system to separate supervision and business execution since June 2001. The President and Representative Director delegates authority to executive officers, who perform their duties based on management policies decided by the Board of Directors.

Audit and Supervisory Committee

In accordance with laws, regulations, and the Rules of the Audit and Supervisory Committee, the Audit and Supervisory Committee monitors and verifies the establishment and operation of the internal control system and supervises directors and other executive officers in their execution of duties. To this end, the Committee coordinates with the Internal Audit Department and the accounting auditors, engages in discussions with the President and Representative Director, and conducts audits of key directors in charge of business execution, executive officers, and various departments, expressing opinions as necessary. In addition, to ensure the appropriateness of the processes for the appointment, dismissal, and determination of remuneration of directors (excluding those who are Audit and Supervisory Committee members), outside directors serving as Audit and Supervisory Committee members attend meetings of the Nominating Committee and Remuneration Committee to confirm the content and procedures, and provide oversight as well as opinions as necessary.

Chairman	Tamesaburo Yamamoto	Outside director/ Independent director
Members	Satoko Suzuki	Outside director/ Independent director
	Tatsuya Tanaka	Outside director/ Independent director
	Masayuki Fujii	Non-executive inside director

Percentage of outside directors

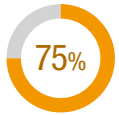


Nominating Committee

This entity deliberates on director and executive officer selections and dismissals and succession plans. It provides independent, objective, and effective advice to the Board of Directors. The majority of committee members are independent outside directors, with one of those individuals chairing this body, for independence and objectivity.

Chairman	Takefumi Fukumizu	Outside director/ Independent director
Members	Tsugio Mitsuoka	Outside director/ Independent director
	Yuki Kanzaki	Outside director/ Independent director
	Masato Izumihara	Chairman of the Board, Non-Executive Inside Director

Percentage of outside directors

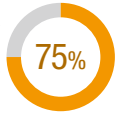


Remuneration Committee

This body deliberates on the compensation of directors and executive officers, as well as several compensation-related programs. It provides independent, objective, and effective advice to the Board of Directors. As with the Nominating Committee, the majority of committee members are independent outside directors, with one of those individuals chairing this body, for independence and objectivity.

Chairman	Tsugio Mitsuoka	Outside director/ Independent director
Members	Takefumi Fukumizu	Outside director/ Independent director
	Yuki Kanzaki	Outside director/ Independent director
	Masato Izumihara	Chairman of the Board, Non-Executive Inside Director

Percentage of outside directors



Succession plan for the president and CEO

Each year, the CEO compiles a list of potential successor candidates and reports it to the Nominating Committee, which deliberates on and evaluates the candidates, including future development plans (such as expanded job responsibilities and tough assignments).

For these candidates, opportunities are intentionally increased to assess their abilities, for example, by having them present business reports at Board of Directors' meetings, so that they can be evaluated and selected appropriately. Through this process, both the Nominating Committee and the Board of Directors are actively involved in the selection and development of CEO successors. Ultimately, the final successor candidate proposals are deliberated by the Nominating Committee and then submitted to and decided by the Board of Directors.

Succession plan for executive officers

At UBE, every year all executive officers are asked to recommend individuals, regardless of whether they are direct subordinates, who meet the "Executive Officer Talent Criteria" and are considered suitable as their own successors. Based on these recommendations, an executive officer candidate list is compiled. This list is then reviewed and screened in meetings attended by the President, the officer in charge of HR, the CFO, and others, resulting in the creation of a shortlist of candidates categorized as short-term (immediately appointable), near-term (in around three years), or medium-term (in five years or more). In principle, the next executive officers are selected from among the short-term candidates, with the President preparing a nomination proposal that is deliberated by the Nominating Committee before being submitted to and approved by the Board of Directors. For near- and medium-term candidates, development plans are formulated to further strengthen their capabilities, including assigning them to gain work experience.

Effectiveness assessment of the board of directors

UBE convenes an annual Evaluation Meeting for the Effectiveness of the Board of Directors, composed of all directors, to deliberate on the effectiveness of the Board based on self-assessments by directors (through questionnaires, etc.). The Board of Directors conducts an evaluation of its effectiveness based on these deliberations.

At the Board of Directors meeting held in May 2026, it was concluded that the Board in fiscal 2025 maintained appropriate composition and operations, and that active discussions, proper deliberations, and effective oversight were conducted. Accordingly, the Board was evaluated as having ensured its effectiveness as a body focusing on the oversight function of management.

Director and executive officer remuneration

For inside directors, remuneration is designed to strengthen the linkage with performance and to reflect not only single-year results but also the achievement of medium- to long-term targets. In addition to cash remuneration, stock-based remuneration is also granted to reinforce the focus on enhancing corporate and shareholder value over the medium to long term.

ESG-related objectives aligned with each director's responsibilities are incorporated into their medium- to long-term individual performance goals. These objectives are used in goal-setting, performance evaluation, and remuneration calculation, thereby strengthening incentives for achievement.

Please see the "Governance" section of the UBE Group website for details regarding director and executive officer remuneration.

https://www.ube.com/ube/en/sustainability/governance/

Director and executive officer remuneration system and method of calculation

Fixed remuneration/ Performance linked remuneration	Structure of remuneration	Name of remuneration	Form of remuneration	Method of calculation
Fixed remuneration	Base remuneration	Fixed remuneration for each position	Cash remuneration	Fixed remuneration for each position
Performance linked remuneration	Annual incentives	Company performance-linked remuneration		Consolidated ordinary profit in the previous fiscal year × Coefficient for each position
		Remuneration based on evaluation of achievement of annual individual performance targets		Level of achievement of annual targets for each officer
	Long-term incentives	Remuneration based on evaluation of achievement of medium- to long-term individual performance targets		Level of achievement of 3–5 year medium- to long-term targets for each officer
		Restricted stock remuneration	Stock-based remuneration (Non-cash remuneration)	Ordinary year: Base amount for each position / Average share price during the previous fiscal year + Number of shares carried over from the previous fiscal year Adjusted year: Base amount for each position / Average share price during the previous fiscal year ×adjustment factor (80%–130%)* + Number of shares carried over from the previous fiscal year (*Adjusted in a range from 80% to 130% depending on the level of achievement of the management indicators)

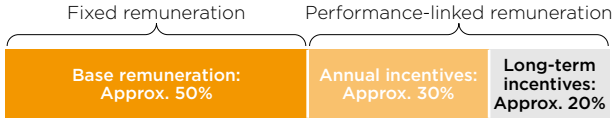
Note: Directors who are Audit and Supervisory Committee members and outside directors receive base remuneration only, at a fixed amount.

Total amounts of remuneration, etc., for each category of officer

Officers	No. of Officers	Fixed remuneration	Performance-linked remuneration			Other	Total remuneration
		Base remuneration	Annual incentives	Long-term incentives	Of which, restricted stock remuneration		
Directors (excluding directors who are Audit and Supervisory Committee members) (of which, outside directors)	7 (2)	143 million yen (24 million yen)	58 million yen (—)	45 million yen (—)	20 million yen (—)	10 million yen (0 million yen)	257 million yen (24 million yen)
Directors who are Audit and Supervisory Committee members (of which, outside directors)	4 (3)	82 million yen (43 million yen)	— (—)	— (—)	— (—)	1 million yen (0 million yen)	83 million yen (43 million yen)
Total (of which, outside directors)	11 (5)	224 million yen (67 million yen)	58 million yen (—)	45 million yen (—)	20 million yen (—)	11 million yen (0 million yen)	338 million yen (67 million yen)

Notes: 1 No directors concurrently serve as employees.
2 Directors who are Audit and Supervisory Committee members receive base compensation only, at a fixed amount.
3 Stock-based remuneration (restricted stock remuneration) is stated as the amount recorded as an expense for the fiscal year in accordance with accounting standards. Accordingly, this does not represent remuneration guaranteed to be paid in cash.
4 "Other" includes subsidies for company housing rent and per diem allowances paid in amounts equivalent to actual expenses incurred during business travel.

Ratios of base remuneration and annual and long-term incentives of directors (Excluding members of the Audit and Supervisory Committee and outside directors) and executive officer remuneration



Note: The ratios of annual incentives for the President and the Chairman are higher, and base remuneration lower, compared to the ratio.

Cross-shareholdings

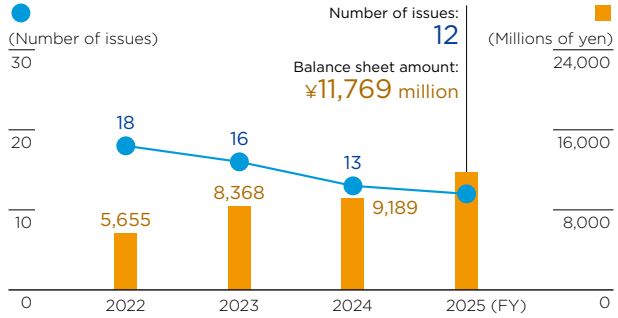
UBE may hold listed or unlisted shares as cross-shareholdings when deemed necessary to maintain and strengthen business alliances or transactional relationships and to facilitate the smooth promotion of UBE's business activities.

The Board of Directors conducts an annual review of individual holdings, taking into account UBE's cost of capital, and makes a determination on the appropriateness of continued ownership. Shares for which the significance of holding is insufficient are promptly sold, taking into consideration trends in the stock market and other relevant factors.

Please see the "Governance" section of the UBE Group website for details regarding cross-shareholdings.

https://www.ube.com/ube/en/sustainability/governance/

Listed cross-shareholdings



General Meeting of Shareholders and exercise of voting rights

UBE issues its Notice of Convocation around three weeks before the General Meeting of Shareholders. It ensures that shareholders receive information earlier by also posting the notice on the UBE Group website and that of the Tokyo Stock Exchange around four weeks before the meeting. UBE also uses an electronic voting platform to provide institutional investors with an environment in which they can easily exercise their voting rights.

At the 120th General Meeting of Shareholders held on June 25, 2026, a total of 31,992 (24,223) shareholders exercised their voting rights (including 31,869 (24,090) shareholders who exercised voting rights in writing and via the internet), representing 73.8% (72.9%) of total voting rights.

Note: Figures in parentheses indicate the results for the 119th meeting.

Compliance, prevention of corruption, and information security

The UBE Group has established the "UBE C-Line," an internal reporting hotline for compliance issues such as harassment, misconduct, and illegal acts. In fiscal 2025, 36 reports were filed. The Group also sets out provisions on the prevention of corruption in the UBE Group Code of Conduct and other rules and regularly monitors compliance. In fiscal 2025, there were no disciplinary actions related to corrupt practices and no payment of fines or charges.

With regard to information security, the UBE Group has appointed a chief information security officer—the executive officer with responsibility for the Information Systems Department—and established the Information Security Committee to support and advise the CISO. In an external cybersecurity assessment, the Group received a deviation score of 66.2 points in fiscal 2025.

Please see the "Governance" section of the UBE Group website for further details.

https://www.ube.com/ube/en/sustainability/governance/

Directors' attendance at board and committee meetings (April 1, 2025 – March 31, 2026)

Position	Name	Board of Directors		Audit and Supervisory Committee		Nominating Committee		Remuneration Committee	
		Meetings	Attendance	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
Directors	Yuzuru Yamamoto*1	3/3	100%						
	Masato Izumihara	13/13	100%			3/3	100%	4/4	100%
	Yuki Nishida	13/13	100%						
	Hirotaka Ishikawa	13/13	100%						
	Ryo Kawamura*2	10/10	100%						
Outside Directors	Takefumi Fukumizu	13/13	100%			3/3	100%	4/4	100%
	Tsugio Mitsuoka	13/13	100%			3/3	100%	4/4	100%
Director, Audit and Supervisory Committee Member	Masayuki Fujii	13/13	100%	17/17	100%				
Outside Directors, Audit and Supervisory Committee Members	Tamesaburo Yamamoto	13/13	100%	17/17	100%				
	Satoko Suzuki	13/13	100%	17/17	100%				
	Tatsuya Tanaka	13/13	100%	17/17	100%				

*1 Retired as of June 26, 2025 *2 Appointed as of June 26, 2025

Skills matrix for directors

Position	Name	Areas of expertise expected of directors							
		Corporate Management / Management Strategy	Finance / Accounting	Sales / Marketing	Manufacturing / Technology / R&D / IT / DX	Compliance / Risk Management	Sustainability (Environment and Society)	Human Resource Management	Internationality
Directors	Masato Izumihara	●	●	●			●		
	Yuki Nishida	●		●	●		●		●
	Hirotaka Ishikawa		●				●	●	
	Ryo Kawamura					●		●	●
	Shino Nakada		●			●	●		
Outside Directors	Takefumi Fukumizu	●			●			●	
	Tsugio Mitsuoka	●			●	●	●		
	Yuki Kanzaki	●			●	●		●	
Director, Audit and Supervisory Committee Member	Masayuki Fujii		●	●		●			●
Outside Directors, Audit and Supervisory Committee Members	Tamesaburo Yamamoto					●	●	●	
	Satoko Suzuki		●			●	●		
	Tatsuya Tanaka	●		●	●				●

Risk management framework

Based on the UBE Group Basic Policy for Risk Management, the UBE Group has established the Risk Management Regulations and put in place a Group-wide risk management system covering all UBE Group companies. To enable prompt and appropriate responses to risks, the Group is also working to establish cross-organizational information-sharing arrangements and standardized management processes.

In addition, to oversee and promote risk management activities, the President appoints a director or executive officer to serve as the Chief Risk Officer (CRO).

The UBE Group's risk management activities are conducted under the oversight of the Board of Directors. For management risks that may affect the entire Group, deliberations are first held by the Risk Management Committee and then submitted to the Strategic Management Meeting (Sustainability Committee) for further discussion regarding risk identification, management policies, and the effectiveness of countermeasures. Management risks are categorized into strategic risks and operational risks. Risk themes include global environmental issues such as climate change, human capital and human rights, information security, and supply chains. Individual officers are appointed to oversee each risk theme. Under this system, each responsible officer evaluates risk and countermeasures, and then provides guidance and instruction to relevant departments for the implementation of risk management measures in the following fiscal year.

The UBE Group comprehensively identifies risks that could have a significant impact on management and maintains a framework that enables management to understand those risks and make appropriate decisions concerning instructions, resource allocation, and other matters. In this way, the Group seeks to achieve sustainable growth and enhance corporate value. The Group also continuously reviews the framework to further strengthen its risk response capabilities.

Risk management system and operations

Since its introduction in FY2018, the UBE Group's risk management system has been continuously improved.

In fiscal 2024, we enhanced our framework by introducing a two-tier risk management structure (see diagram below). This system combines top-down risk management led by executives through the UBE Risk Management System for key management risks, with bottom-up autonomous risk management carried out by department heads through the Departmental Risk Management System. The aim is to improve the quality of enterprise risk management (ERM).

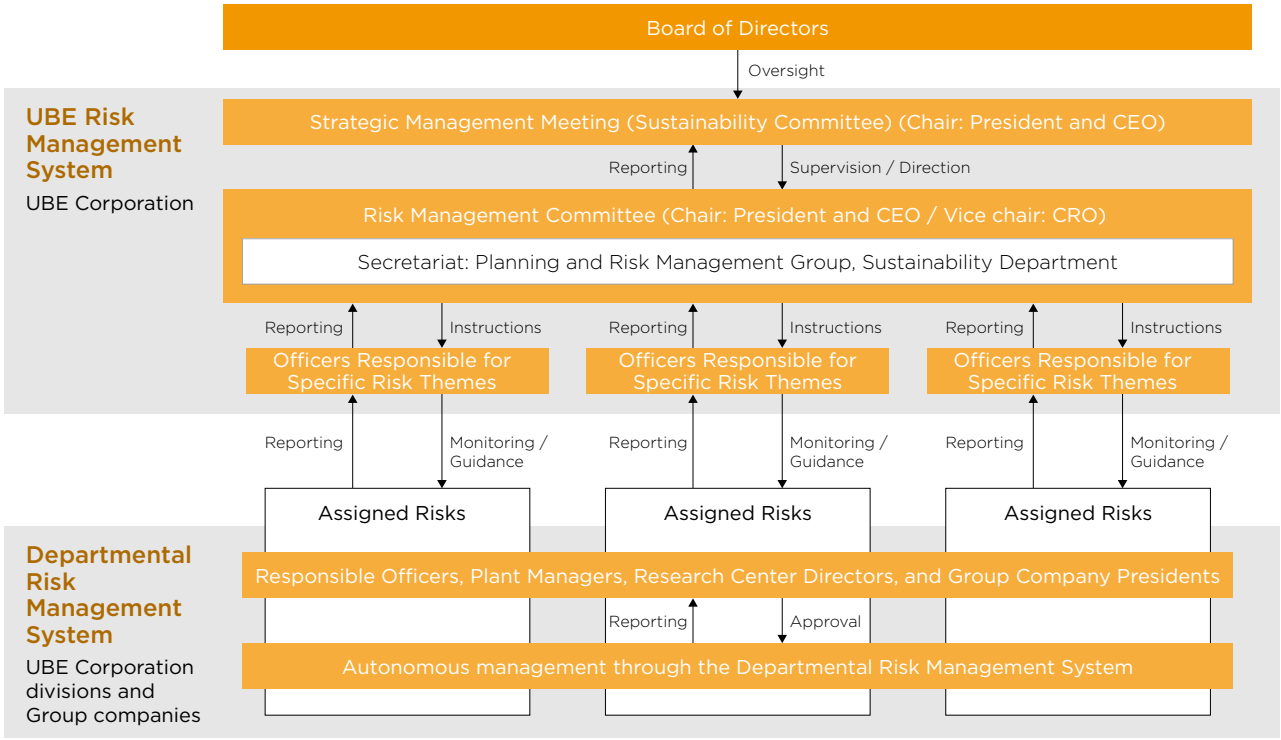
In fiscal 2025, in addition to reviewing risk themes in response to changes in the internal and external business environment, we continued to improve ERM.

Through this two-tier management framework, which links top-down and bottom-up PDCA risk management cycles across the UBE Group, we are building and promoting a comprehensive risk management system that enables us to appropriately manage risks across the entire Group.

Please see the "Risk Management" section of the UBE Group website for details regarding risk management.

https://www.ube.com/ube/en/sustainability/governance/risk/

UBE Group risk management framework





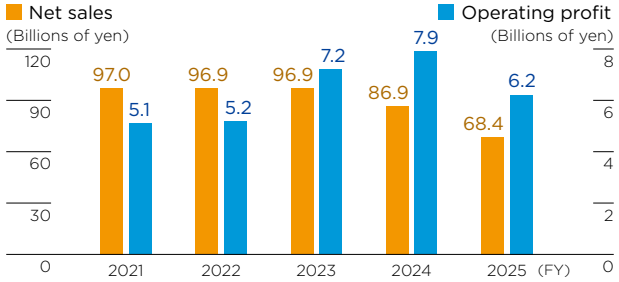
Air Floating Conveyor (Industrial Machinery Business)

Company overview

UBE Machinery traces its origins to 1914, when Ube Shinkawa Ironworks was established as a silent partnership to manufacture and repair machinery used to mine coal in Ube, Yamaguchi Prefecture. Since then, it has expanded its operations as the machinery business of the UBE Group.

Founded	**January 15, 1914**
Established	**September 10, 1999**
Paid-in Capital	**¥6.7 billion** (as of March 31, 2026)
Head Office Locations	**Ube City, Yamaguchi Prefecture 16 in Japan and 15 overseas**
Number of employees (consolidated)	**1,683** (as of April 1, 2026)

Performance trends of the machinery segment



Strength 1 of the UBE Machinery Group

Two businesses that create large-scale products

The UBE Machinery Group keeps abreast of evolving trends and develops technologies, including fundamental technologies, to meet changing customer needs.

Molding Machinery Business

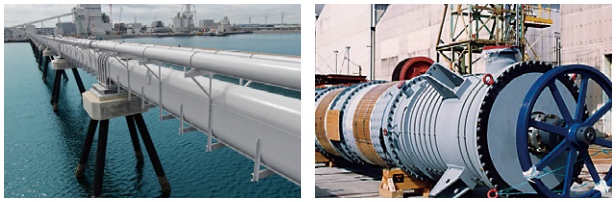
The Group meets diverse needs with advanced technologies, offering products such as die casting machines used to form metal components, including automotive engine parts, and injection molding machines used to form large industrial plastic products, including automotive interior and exterior parts and containers.



High-end em Series 2-platen electric injection molding machine

Industrial Machinery Business

The Group manufactures and sells a wide range of equipment used in customers' manufacturing plants across diverse industries, including power generation, cement, and chemicals.



Environment-friendly Air Floating Conveyor (left) and Thin Film Evaporator for continuous processing of high-viscosity liquids (right)

Strength 2 of the UBE Machinery Group

After-sales services that contribute to stable earnings

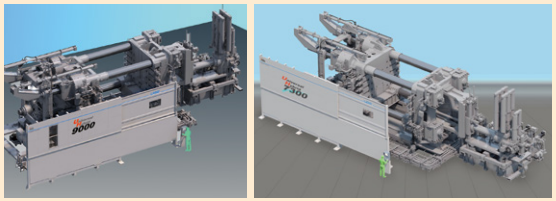
UBE Machinery comprehensively addresses customer needs through RCU, comprising Repair Service, which restores equipment to its original performance; Consulting Service, which maximizes equipment performance; and Upgrade Service, which further expands equipment capabilities.

RCU: Three pillars of after-sales service

TOPICS

Ultra-large die casting machines for giga casting that help reduce vehicle manufacturing costs and weight in the EV era

This ultra-large die casting machine, with a clamping force of 4,000 metric tons or more, can integrally mold an automotive body component, such as an underbody that would conventionally consist of multiple parts, as a single component. It helps reduce vehicle manufacturing costs and supports the shift to xEVs by enabling lighter vehicle bodies through die casting.



UH Series 2-Platen Hybrid Clamp Die Casting Machine

Financial Data

	FY2016	FY2017	FY2018*1	FY2019	FY2020	FY2021*2	FY2022	FY2023	FY2024	**FY2025**
Results of Operations (Millions of yen)										
Net sales	616,563	695,574	730,157	667,892	613,889	655,265	494,738	468,237	486,802	**462,343**
Breakdown of net sales by reportable segment*3,4,5										
Chemicals	258,364	305,432	314,984	286,041	259,380	341,493	—	—	—	**—**
Specialty Products	—	—	—	—	—	—	62,158	63,750	66,157	**61,900**
High-performance urethane	—	—	—	—	—	—	—	—	15,616	**46,549**
Pharmaceuticals	10,975	10,213	10,129	—	—	—	—	—	31,490	**21,004**
Polymers & Chemicals	—	—	—	—	—	—	293,388	257,175	273,558	**251,237**
Construction Materials	227,236	238,854	250,250	303,037	282,855	221,476	—	—	—	**—**
Machinery	71,668	90,140	97,264	90,799	78,727	96,987	96,921	96,886	86,876	**68,414**
Energy & Environment	59,782	71,361	75,853	—	—	—	—	—	—	**—**
Other	12,520	4,797	4,935	4,576	3,117	3,411	73,110	80,491	39,204	**34,483**
Adjustment	(23,982)	(25,223)	(23,258)	(16,561)	(10,190)	(8,102)	(30,839)	(30,065)	(26,099)	**(21,244)**
Operating profit	34,960	50,250	44,551	34,033	25,902	44,038	16,210	22,456	18,042	**18,941**
Ordinary profit (loss)	33,348	50,728	47,853	35,724	23,293	41,549	(8,745)	36,333	22,369	**37,506**
Profit (loss) before income taxes	32,933	45,000	44,678	30,364	22,433	36,794	(2,652)	35,068	(10,893)	**30,731**
Profit (loss) attributable to owners of parent	24,185	31,680	32,499	22,976	22,936	24,500	(7,034)	28,981	(4,816)	**23,872**
Financial Position (Millions of yen)										
Total assets	709,379	742,445	740,286	727,269	769,710	837,954	732,681	789,034	866,180	**946,313**
Current assets	295,041	316,876	315,699	303,956	331,727	394,689	283,116	295,678	358,377	**308,292**
Non-current assets	414,226	425,413	424,424	423,145	437,810	443,132	449,416	493,201	507,579	**637,826**
Deferred assets	112	156	163	168	173	133	149	155	224	**195**
Total liabilities	398,978	405,584	385,734	372,822	389,075	443,919	351,050	359,679	453,888	**491,379**
Current liabilities	245,828	253,098	226,063	199,336	200,440	249,174	172,232	198,221	197,719	**203,908**
Non-current liabilities	153,150	152,486	159,671	173,486	188,635	194,745	178,818	161,458	256,169	**287,471**
Total net assets	310,401	336,861	354,552	354,447	380,635	394,035	381,631	429,355	412,292	**454,934**
Other										
Net income (loss) per share (Yen)*6	22.85	301.65	312.36	227.33	226.79	249.31	(72.54)	298.59	(49.60)	**245.76**
Dividend per share (Yen)*6	6.00	75.00	80.00	90.00	90.00	95.00	95.00	105.00	110.00	**110.00**
Shareholders' equity per share (Yen)*6	270.76	3,002.86	3,261.23	3,287.73	3,549.52	3,813.16	3,726.39	4,210.11	4,067.90	**4,500.48**
Return on sales (ROS) (%)	5.7	7.2	6.1	5.1	4.2	6.7	3.3	4.8	3.7	**4.1**
Return on assets (ROA) (%)*7	5.5	7.6	6.9	5.2	3.7	5.4	(0.7)	5.1	3.3	**3.9**
Return on equity (ROE) (%)*8	8.7	10.5	10.1	6.9	6.6	6.7	(1.9)	7.5	(1.2)	**5.7**
Shares of common stock issued (Thousands)*6,9	1,058,495	105,017	101,042	101,102	101,144	96,807	97,041	97,073	97,121	**97,145**
Number of consolidated subsidiaries	70	70	71	69	66	65	36	36	34	**46**

*1 We have adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) since April 1, 2018. The respective figures from fiscal 2017 onward indicate the amounts after the aforementioned accounting standard has been applied.

*2 We have adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) since fiscal 2021. The respective figures from fiscal 2021 onward indicate the amounts after the aforementioned accounting standard has been applied.

*3 From fiscal 2019, the Pharmaceuticals segment was integrated into the Chemicals segment, and the Energy & Environment segment was integrated into the Construction Materials segment, resulting in four segments: Chemicals, Construction Materials, Machinery, and Others.
As the cement-related business became an equity-method affiliate in fiscal 2022, our reportable segments were changed to four new segments: Specialty Products, Polymers & Chemicals, Machinery, and Others. The Pharmaceutical business, which was previously included in the Chemicals segment, has been integrated into the Others segment.

*4 Effective from fiscal 2025, the reportable segments were changed from four categories—Specialty Products, Polymers & Chemicals, Machinery, and Others—to six categories—Specialty Products, High Performance Urethane, Pharmaceuticals, Polymers & Chemicals, Machinery, and Others. Figures for the fiscal year ended March 31, 2025 have been restated based on the revised segment classification.

*5 In fiscal 2025, the provisional accounting treatment for the business combination involving a material-recycling resin manufacturer was finalized. Figures for fiscal 2024 reflect the finalization of this provisional accounting treatment.

*6 On October 1, 2017, we conducted a reverse stock split at a ratio of 10 shares of common stock to 1 share. Net income per share and net assets per share for fiscal 2017 are calculated on the assumption that this reverse stock split was conducted at the beginning of the fiscal year.

*7 ROA = (Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method) / Average total assets

*8 ROE = Profit attributable to owners of parent / Average shareholders' equity

*9 Shares of common stock issued excluded treasury stock

Non-financial Data

			FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**	**Unit:**
Environment[*1]										
GHG emissions (Scope 1)[*2]		UBE Group (Consolidated)	3,710	3,280	4,060	3,400	3,140	2,780	**2,800**	kt-CO_2e/y
GHG emissions (Scope 2)[*2]			590	510	520	420	370	420	**400**	kt-CO_2e/y
Energy input			22,140	20,920	10,644	7,841	7,486	7,340	**7,670**	Thousands of MWh
Industrial waste	Industrial waste generated	UBE Group in Japan	561,591	476,127	522,644	285,780	277,386	218,789	**208,945**	t
	Waste for external final disposal		6,463	6,347	5,895	5,159	4,887	2,946	**592**	t
	Industrial waste recycling ratio		69	72	73	75	72	73	**68**	%
Social										
Number of employees		UBE Group (Consolidated)	10,890	10,897	9,849	8,028	7,882	7,563	**7,968**	Number of people
Percentage of women in the workforce		UBE Group in Japan	—	12.9	14.5	15.0	15.0	16.0	**17.3**	%
Percentage of women in management positions			—	2.6	3.3	4.1	4.6	5.8	**5.5**	%
Percentage of mid-career hires (Career-track employees)			—	—	31.6	37.3	36.1	51.3	**59.3**	%
Non-Japanese national hires			—	—	3	0	7	5	**7**	Number of people
Percentage of annual paid leave taken			—	—	71.0	74.0	81.0	81.3	**82.3**	%
Percentage of male employees taking childcare leave[*3]		UBE	63.2	72.3	75.5	97.2	107.2	90.9	**96.7**	%
New graduate hires			103	127	69	47	71	45	**74**	Number of people
Number of newly registered patents[*2,4]		UBE Group (Consolidated)	354	271	236	177	178	205	**176**	Number of cases
Number of patents held[*2,4]			4,192	4,026	3,225	2,899	2,789	2,937	**2,986**	Number of cases
Lost work time injury frequency rate[*2]			0.19	0.38	0.38	0.60	0.69	0.45	**0.39**	
Governance										
Number of directors		UBE	9	9	9	10	10	10	**10**	Number of people
Of which, number of outside directors			4	4	4	5	5	5	**5**	Number of people
(Percentage of outside directors)			44.4	44.4	44.4	50.0	50.0	50.0	**50.0**	%
Of which, number of female directors			0	0	0	1	1	1	**1**	Number of people
(Percentage of female directors)			0.0	0.0	0.0	10.0	10.0	10.0	**10.0**	%

*1 Data for FY2025 include figures that are scheduled to receive assurance through third-party verification. Figures may change as a result of third party verification.
*2 Excluding cement-related business transferred to Mitsubishi UBE Cement Group
*3 The percentage of male employees taking childcare leave is calculated as (b/a), where (a) represents the number of male employees whose children were born during the relevant fiscal year and who were eligible for childcare leave, and (b) represents the number of male employees who newly took childcare leave during that year.
Since (b) also includes male employees whose children were born in a previous fiscal year but who did not take leave until the fiscal year of calculation, the percentage may exceed 100%.
*4 Patents held by UBE and some Group companies

Corporate data

(As of March 31, 2026)

Founded	June 1897
Established	March 1942
Consolidated Companies	63 (46 consolidated subsidiaries and 17 equity-method affiliates)
Fiscal Year	April 1 to March 31
Common Stock	Outstanding: 97,145,192 shares (excluding treasury stock of 9,054,915 shares)
Paid-in Capital	¥58.4 billion
Annual General Shareholders' Meeting	June
Stock Exchange Listing	Prime Market of Tokyo Stock Exchange (Code: 4208)
Transfer Agent and Share Registrar	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan
Independent Auditors	Ernst & Young ShinNihon LLC

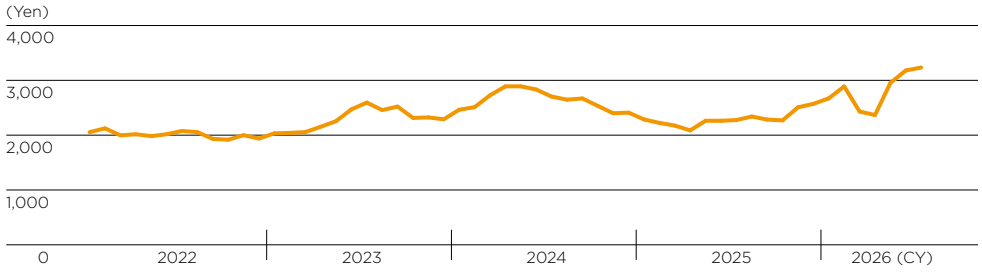
Major shareholders

(As of March 31, 2026)

	Shareholder	Number of shares held	Percentage of voting rights
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	18,196,900	18.73%
2	Custody Bank of Japan, Ltd. (Trust Account)	5,306,650	5.46%
3	SUMITOMO LIFE INSURANCE COMPANY	2,000,000	2.06%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,813,600	1.87%
5	Nippon Life Insurance Company	1,600,009	1.65%
6	THE YAMAGUCHI BANK, Ltd.	1,535,664	1.58%
7	STATE STREET BANK AND TRUST COMPANY 505001	1,502,438	1.55%
8	JP MORGAN CHASE BANK 385781	1,367,745	1.41%
9	BNYM AS AGT/CLTS 10 PERCENT	1,309,965	1.35%
10	The Norinchukin Bank	1,237,409	1.27%

Note: As UBE holds 9,054,915 shares of treasury stock, UBE is excluded from the major shareholders stated above. Percentages of voting rights are calculated by subtracting the number of shares of treasury stock.

Stock price



UBE's inclusion in ESG investment benchmarks (As of July 2026)

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

2026 Sompo Sustainability Index

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Morningstar Japan ex-REIT Gender Diversity Tilt Index(GenDi J)

Note: The inclusion of UBE Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of UBE Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Executive officer declaration

Thank you for taking the time to read the UBE Group Integrated Report 2026. To demonstrate the feasibility of the initiatives aimed at achieving the medium-term management plan, this report focuses on explaining the competitive advantages and growth strategies of the specialty businesses, centering on a feature on Urethane Systems, one of the Group's future growth drivers. The report also enhances the quality of disclosure on sustainability initiatives, including the human resource strategies that support the growth of the specialty businesses.

In preparing this report, we held discussions with several institutional investors regarding the Integrated Report and edited it to address the feedback received and the issues identified. Throughout the production process, we worked with the relevant departments to collect up-to-date and appropriate information and produced the report in line with its editorial objectives.

I hereby declare that the preparation process and the content presented in this report are appropriate and prepared in good faith. I hope that this report will help readers better understand the UBE Group's efforts to enhance its corporate value over the medium to long term.

Hirotaka Ishikawa

Representative Director, Managing Executive Officer, CFO, CRO, with responsibility for Sustainability Dept., Corporate Communications Dept., Corporate Management Dept., Accounting Dept., and Finance Dept.

UBE Corporation

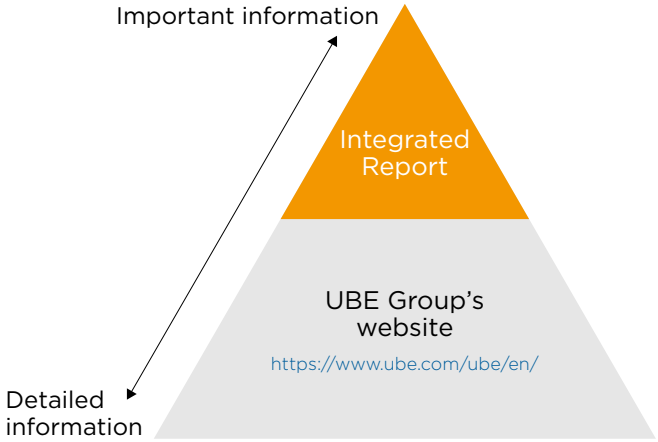


Editorial policy

Reference Guidelines	International Integrated Reporting Framework of the IFRS Foundation Ministry of Economy, Trade and Industry (METI) Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
Reporting Period	This report covers fiscal 2025, ended March 31, 2026, and also includes activities and information before and after that term.
Scope of Coverage	UBE Corporation and its Group companies in Japan and overseas
Fiscal Year-End of the Company	March 31 The fiscal year ended March 31, 2026, is fiscal 2025.
Forward-Looking Statements	This report contains forward-looking statements regarding UBE's plans, outlook, strategies, and results for the future. All forward-looking statements are based on judgments derived from information available to the Company at the time of publication. Certain risks and uncertainties could cause the UBE Group's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business, competition, product development, exchange rates, and revision of related laws and regulations.

Information disclosure framework

The UBE Group publishes information for its stakeholders through a variety of media.



- Integrated Report covers basic and important information for our stakeholders.
- Please refer to the UBE Group's website for detailed information on specific areas.

Investor relations

The site includes management policies, financial and operating results, stock information, IR materials, and other disclosures.

https://www.ube.com/ube/en/ir/

Sustainability

This section provides information on sustainability, including various sustainability initiatives, ESG data, and external evaluations.

https://www.ube.com/ube/en/sustainability/

UBE Corporation

Corporate Communications Dept.

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September 2026