UBE Corporation

UBE Vision 2030 Transformation —1st Stage

Management Overview Briefing

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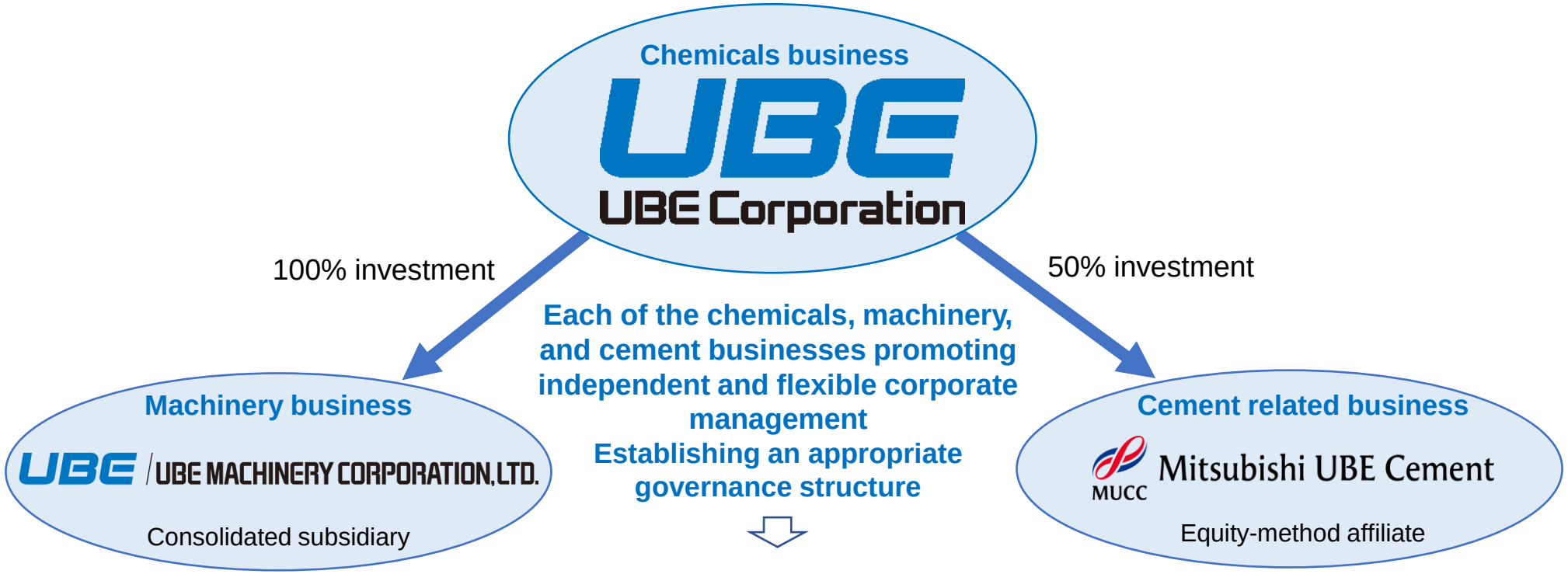
FY2022 Business Summary: Start of the UBE Group's New Structure

- **Under the new Medium-Term Management Plan, UBE Vision 2030 Transformation — 1st Stage, the new structure of the UBE Group has commenced.**
- **UBE Corporation is pursuing specialization as a chemicals company, and ensuring proper governance of the machinery and cement companies under its umbrella.**
- **The Ube Industries, Ltd., which was a multi-business conglomerate, is now UBE Corporation, a chemicals business company holding stocks of companies engaged in machinery business and cement-related business.**



FY2022 Business Summary: Performance and Measures Taken

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(Billion yen)

		FY2021	FY2022	Difference
Key Figures	Operating profit	44.0	16.3	(27.7)
	Ordinary profit	41.5	(8.7)	(50.2)
Key Indicators	Return on sales (ROS)	6.7%	3.3%	(3.4)%
	Return on equity (ROE)	6.7%	(1.9)%	–

■ FY2022 Performance — Compared to the Previous Fiscal Year

- Net sales decreased due to the transfer of the cement-related businesses to an equity-method affiliate, despite efforts to correct the sales prices of products in response to soaring raw material and fuel prices caused by the situation in Ukraine, and steady sales in the Specialty Products segment.
- Operating profit decreased due to raw material and fuel cost surges and lower sales volumes in the Polymers & Chemicals segment resulting from declining demand, in addition to regular maintenance at the ammonia plant.
- Ordinary profit and profit attributable to owners of parent were in the red due to the significant impact of coal price hikes and extraordinary losses related to the business restructuring in the cement-related business, in addition to the decrease in operating profit.

■ Measures Taken in FY2022

- Business expansion and capacity increase
  - ✓ Started expanding the high-purity nitric acid plant (+50%) in Japan
  - ✓ Started expanding the PCD manufacturing facilities (+4,000 tonnes) in Thailand
  - ✓ Commenced construction of a new specialty compounding facility in Thailand.
  - ✓ Started expanding separation membrane manufacturing facilities (+80%) in Japan
- Alliances, mergers, acquisitions, and business restructuring
  - ✓ Mitsubishi UBE Cement Corporation (MUCC) began operations
  - ✓ Absorbed Meiwa Plastic Industries, Ltd.
  - ✓ Acquired API Corporation
  - ✓ Established a new management company in the U.S. and reorganized group companies.

FY2023 Earnings Forecast: Key Figures

UBE / UBE Corporation

- **Expecting increased revenues and profits due to the recovery of demand, and a certain decline in raw material and fuel prices, primarily in the Polymers and Chemicals segment. A significant improvement in equity method gain/loss is anticipated with improved performance of Mitsubishi UBE Cement Corporation.**

(Billion yen)

Item	FY2022	FY2023	Difference
Net sales	494.7	545.0	50.3
Operating profit	16.3	30.0	13.7
Ordinary profit	(8.7)	38.5	47.2
Profit attributable to owners of parent	(7.0)	27.5	34.5
Interest-bearing liabilities	218.1	248.0	29.9
Shareholders' equity	361.6	378.0	16.4
Return on equity (ROE)	(1.9)%	7.4%	9.3%
D/E ratio	0.60 times	0.66 times	0.06 times

✓ FY2023 assumptions (business factors):
Exchange rate at ¥130.0/USD Naphtha at US$740.0/tonne (CIF) Australian coal at US$224.0/tonne (CIF)

Reference

Equity method investment profit in the Mitsubishi UBE Cement Group	(24.6)	8.0	32.6

FY2023 Earnings Forecast: Net Sales and Operating Profit by Segment

UBE / UBE Corporation

- **Expecting increased profits in the Specialty Products segment and the Polymers and Chemicals segment, with the former continuing its strong performance, especially in separation membranes, and the latter due to demand recovery and a certain decline in raw material and fuel prices**

(Billion yen)

Segment	Net sales			Operating profit		
	FY2022	FY2023	Difference	FY2022	FY2023	Difference
Specialty Products	62.2	71.5	9.3	10.5	12.5	2.0
Polymers & Chemicals	293.4	313.0	19.6	2.4	12.0	9.6
Machinery	96.9	108.5	11.6	5.2	6.0	0.8
Others	73.1	88.5	15.4	2.6	3.5	0.9
Adjustment*	(30.8)	(36.5)	(5.7)	(4.5)	(4.0)	0.5
Total	494.7	545.0	50.3	16.3	30.0	13.7

*Adjustment includes elimination of inter-segment transactions.

II

Long-Term Vision:
UBE Vision 2030 Transformation (Re-posted)

Corporate Philosophy and Vision

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Founding Principles

“Coexistence and mutual prosperity,” “From finite mining to infinite industry”

UBE Corporate Philosophy

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

Purpose

Leveraging the manufacturing technologies the UBE Group has cultivated throughout its long history, create the value required by society, in the safe and environmentally friendly manner demanded by society, and deliver that value to the people. And by doing so, help to solve global environmental issues, which have become a common issue for all humankind, and contribute to people’s lives and health, and an enriched future society

UBE Management Principles

Ethics, Safety and Security, Quality, and People

Vision for 2030 (Long-Term Vision)

A corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society

A Corporate Group Centered on Specialty Chemicals

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■ UBE Group's new business model

Digital Transformation

- Improve productivity and efficiency through the use of digital technology and data
- Create new value

Growth in Specialty Chemicals

Create added value based on strengths

Low energy burden

Resistant to swings in market conditions

Highly profitable

Contribution to Global Environment

Policy for Achieving Carbon Neutrality by 2050

- Fiscal 2030 GHG emission reduction target: 50% reduction compared to fiscal 2013
- Fiscal 2030 target percentage of consolidated net sales comprising environmentally friendly products and technologies: 60% or more

Environment

Business foundation

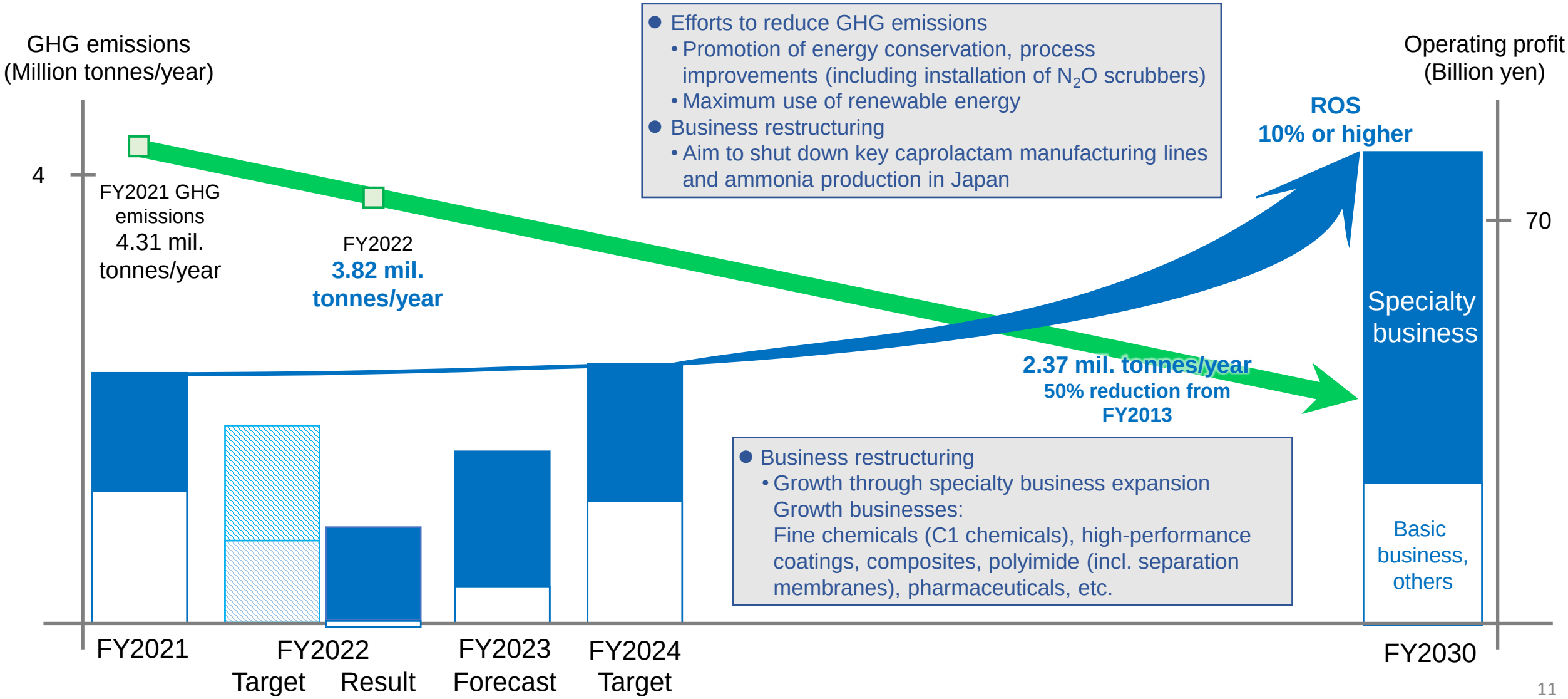
Social: Enhancing human capital, diversity, equity, and inclusion

Governance: Effective group governance

Sustainable society

UBE / UBE Corporation

■ **Transform its business structure through aggressive investment in specialty chemicals to achieve both GHG emission reductions and business growth.**



- Efforts to reduce GHG emissions
  - Promotion of energy conservation, process improvements (including installation of N_2O scrubbers)
  - Maximum use of renewable energy
- Business restructuring
  - Aim to shut down key caprolactam manufacturing lines and ammonia production in Japan

- Business restructuring
  - Growth through specialty business expansion
    Growth businesses:
    Fine chemicals (C1 chemicals), high-performance coatings, composites, polyimide (incl. separation membranes), pharmaceuticals, etc.

III

Progress of Medium-Term Management Plan: UBE Vision 2030 Transformation — 1st Stage

Medium-Term Management Plan: Progress of Numerical Targets

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- **Aiming to achieve our FY2024 plan by growing specialty businesses such as polyimide and separation membranes, and improving the profitability of basic businesses, despite the current challenging economic environment**

Key Figures

(Billion yen)

Item	FY2022		FY2023		FY2024
	Targets	Results	Targets	Forecast	Targets
Net sales	510.0	494.7	520.0	545.0	520.0
Operating profit	34.5	16.3	41.0	30.0	40.0
Ordinary profit	31.0	(8.7)	45.0	38.5	47.0
Profit attributable to owners of parent	21.0	(7.0)	32.0	27.5	33.0

Key Indicators

Return on sales（ROS）	6.8%	3.3%	7.9%	5.5%	8%
Return on equity（ROE）	5.6%	(1.9)%	8.2%	7.4%	8%

Net Sales and Operating Profit: Progress by Segment

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(Billion yen)

Segment	Net sales					Operating profit				
	FY2022		FY2023		FY2024	FY2022		FY2023		FY2024
	Targets	Results	Targets	Forecast	Targets	Targets	Results	Targets	Forecast	Targets
Specialty Products	69.0	62.2	70.0	71.5	75.0	13.0	10.5	12.5	12.5	13.0
Polymers & Chemicals	302.0	293.4	320.0	313.0	316.0	18.5	2.4	24.0	12.0	22.0
Machinery	106.0	96.9	98.0	108.5	100.0	5.0	5.2	5.5	6.0	6.0
Others	60.0	73.1	57.0	88.5	54.0	2.5	2.6	3.5	3.5	4.0
Adjustment *	(27.0)	(30.8)	(25.0)	(36.5)	(25.0)	(4.5)	(4.5)	(4.5)	(4.0)	(5.0)
Total	510.0	494.7	520.0	545.0	520.0	34.5	16.3	41.0	30.0	40.0

*Adjustment includes elimination of inter-segment transactions.

Net Sales and Operating Profit: Progress by Portfolio Segmentation

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■ **Steady growth in specialty businesses such as polyimide and separation membranes; basic businesses underperformed significantly in FY2022 and are expected to deviate from targets in FY2023**

(Billion yen)

Business portfolio	Net sales					Operating profit				
	FY2022		FY2023		FY2024	FY2022		FY2023		FY2024
	Targets *1	Results	Targets *1	Forecast	Targets *1	Targets *1	Results	Targets *1	Forecast	Targets *1
Specialty	143.5	138.2	149.0	165.0	162.0	23.5	18.3	24.5	20.0	24.0
Basic	238.5	236.9	252.0	252.0	240.0	11.0	(3.2)	16.5	7.0	15.5
Machinery	106.0	96.9	98.0	108.5	100.0	5.0	5.2	5.5	6.0	6.0
Others *2 (incl. adjustment)	22.0	22.8	21.0	19.5	18.0	(5.0)	(4.0)	(5.5)	(3.0)	(5.5)
Total	510.0	494.7	520.0	545.0	520.0	34.5	16.3	41.0	30.0	40.0

*1 The targets announced in May 2022 have been reset by allocating adjustments for internal transactions to each portfolio.
*2 Adjustment includes elimination of inter-segment transactions.

Reference: Business Portfolio

Business Portfolio Segmentation	Businesses
Specialty business Aim for further growth and expansion in **business that can create added value and achieve high profitability based on the Group's core technologies and strengths in the value chain**	Polyimide, separation membranes, ceramics, semiconductor gases, separators, composites, fine chemicals (C1 chemicals), high-performance coatings, pharmaceuticals, phenolic resin
Basic business Aim to steadily improve and add to profits	Nylon polymers, caprolactam, ammonium sulfate, industrial chemicals, elastomers, polyethylene films, processed resin products

Others: Sales companies outside Japan, logistics and analytical services, real estate business, machinery, etc.

Ⅳ Capital Policy (Cash Allocation)

Capital Allocation

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■ Allocate cash generated to growth investments, R&D, and shareholder returns

(Billion yen)

3-year cumulative cash-in

Operating cash flow[*1]	(182.0)[*2]	145.0
Sale of assets, etc.	(15.0)	15.0
Debt financing	(0.0)	55.0

Total available for distribution
¥250.0 billion
(¥232.0 billion)

(Billion yen)

3-year cumulative cash-out

Investments	(130.0)	160.0
R&D	(32.0)	32.0
Debt repayment	(12.0)	0.0
Shareholder returns / Total returns	(29.0)	29.0

Cash on March 31, 2022

Cash	(35.0)	35.0[*3]

Cash on March 31, 2025

Cash	(29.0)	29.0

[*1] Operating cash flow before R&D investment
[*2] The figures in parentheses are the initial targets in the medium-term management plan.
[*3] Excludes the cash and deposits transferred to Mitsubishi UBE Cement Corporation as of April 1, 2022.

Business Resources Allocation Plan by Portfolio Segmentation and Progress

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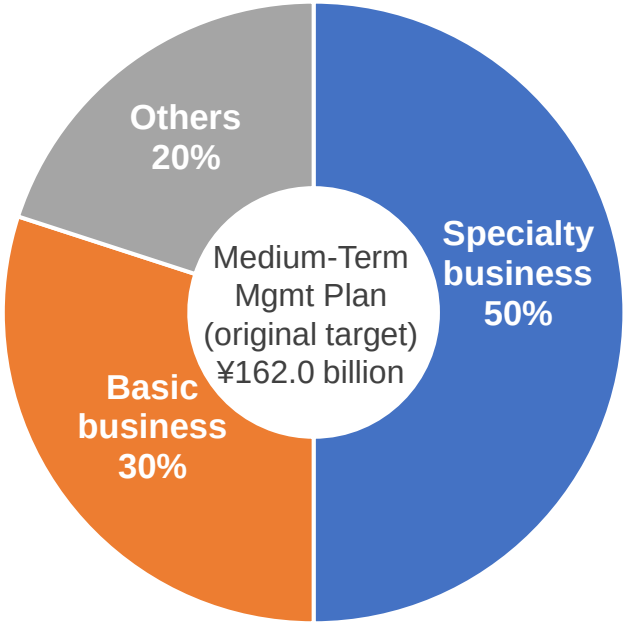
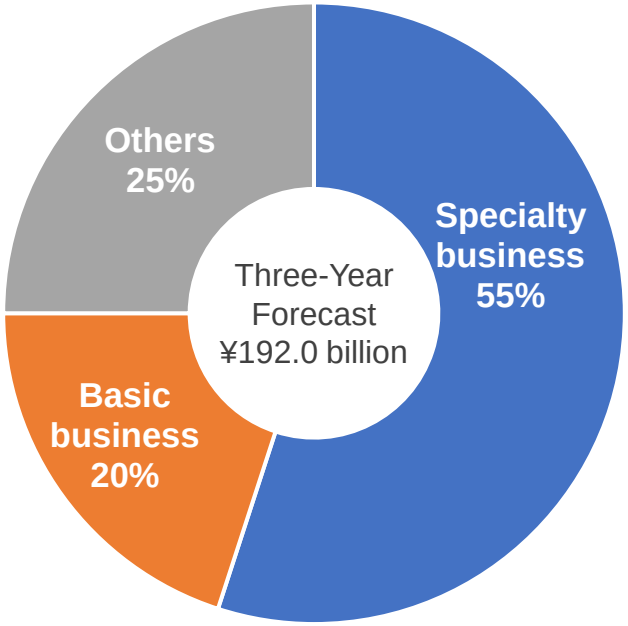
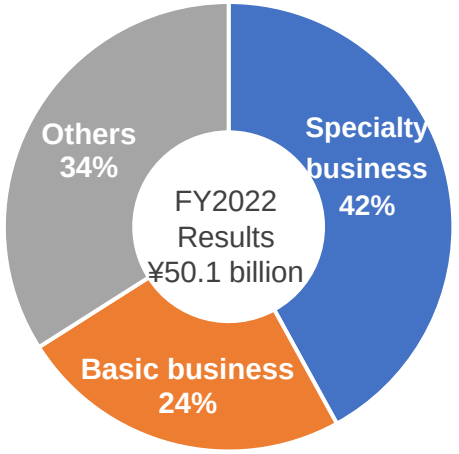
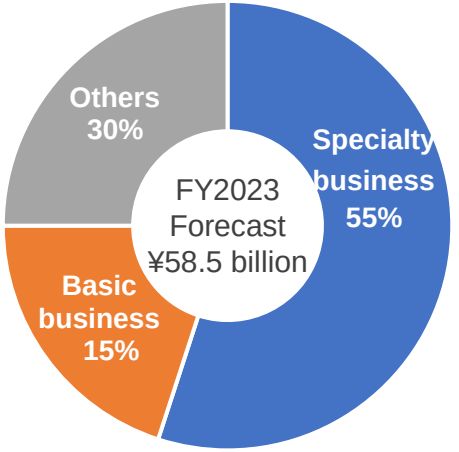
- Intensively allocate management resources in specialty businesses
- The ratio of “Others” to increase due to accelerated investment in DX, etc.









(Billion yen)

	Medium-Term Mgmt Plan (original target)	Three-Year Forecast	FY2022 Results	FY2023 Forecast
Capital investment	110.0	140.0	29.3	47.5
Other investment (incl. M&A)	20.0	20.0	10.4	0.0
Research and development	32.0	32.0	10.4	11.0
Total	162.0	192.0	50.1	58.5

UBE / UBE Corporation

- **Strengthen the competitiveness of the specialty chemicals and create new businesses by creating even stronger technologies through the integration of external technologies with UBE's core technologies**
- **Establish a strong intellectual property network to help strengthen and expand specialty chemicals**

New R&D areas

- Promote specialization and contribution to the global environment

R&D for expanding the specialty business

- Promote development by thoroughly leveraging strong technologies

Carbon-circulating society Nature conservation and restoration

- **Sustainability**
  Circular economy:
  Waste carpet melt-kneading, hydrothermal reaction
  Carbon neutrality:
  CO_2 electrolysis, bio-based polymers, silk proteins
  Nature positive:
  Aquaculture feed additives, feed using insects, moisture absorbent for extracting water from the atmosphere

Advanced medical care Regenerative medicine

- **Life science**
  Biopharmaceuticals and regenerative medicine
  Utilization of cell propagation technology

xEV/FCV mobility innovation High-speed, high-capacity information transmission

- **Energy management**
  Heat-dissipating composite materials
  New bonding material

Global warming countermeasures Clean energy

- **Biogas**: Separation membranes (decarbonation)
- **Solar cells**: Polyimide
- **Wind power**: Ceramics (bearings)
- **Electrified vehicles (xEVs):**
  Separators, DMC for electrolytes (lithium-ion batteries), ceramics (substrates, bearings)
- **Fuel cell vehicles (FCVs):**
  Composites (hydrogen tanks), separation membranes (dehumidifying and humidifying)
- **Weight-reducing materials:**
  Composites, Tyranno Fiber

Healthcare Food safety

- **Pharmaceuticals**: Drug discovery, contract development and manufacturing organization (CDMO) (APIs and intermediates)
- **Organic solvent reduction**: High-performance coatings
- **Food packaging**: Nylon copolymer

Prosperous future Digitalization

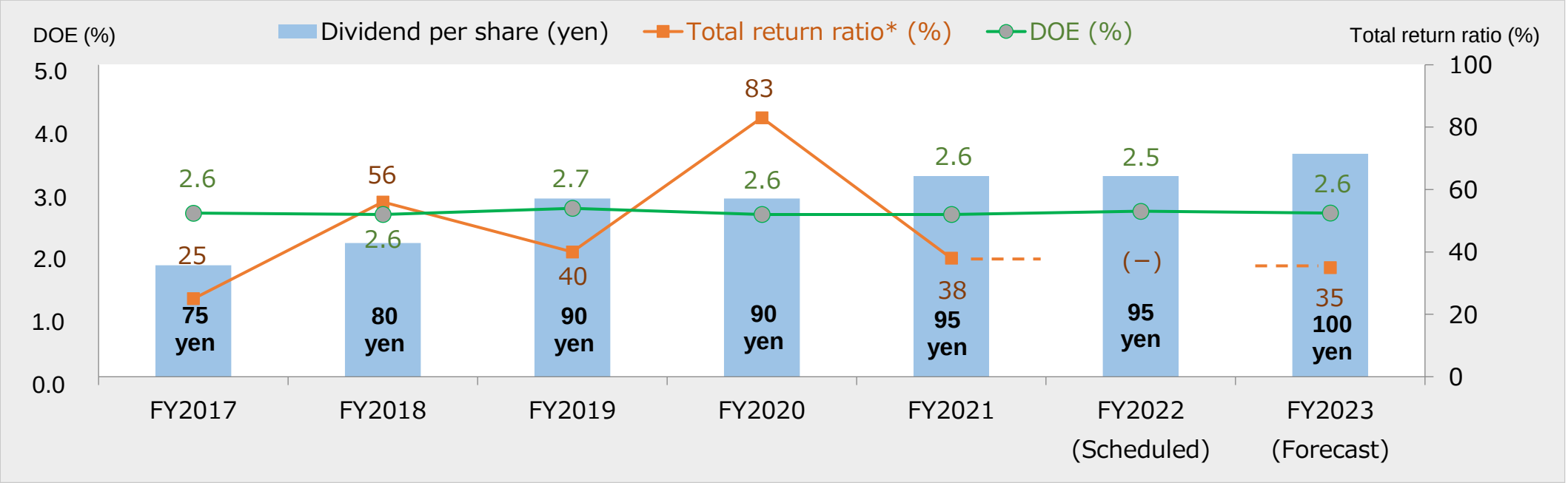
- **Displays, circuit substrates:** Polyimide
- **Semiconductors:** Resins for encapsulation materials

Organic and inorganic synthesis technology, functional evaluation technology, molecular and material design technology

Shareholder Returns

- **Aiming to further enhance growth investment and shareholder returns in the future, while upholding a basic policy of continuing to pay consistent dividends**

Dividend on equity (DOE)	**2.5% or above**
Consolidated total return ratio	**30% or higher (average over three years)**



*Total return ratio: Includes share repurchases (¥10 billion in FY2018 and ¥10 billion in FY2020, (implemented in FY2021)).

V

Growth Strategy in Specialty Chemicals

Polyimide Chain (Polyimide and Separation Membranes), Composites and Fine Chemicals (C1 Chemicals)

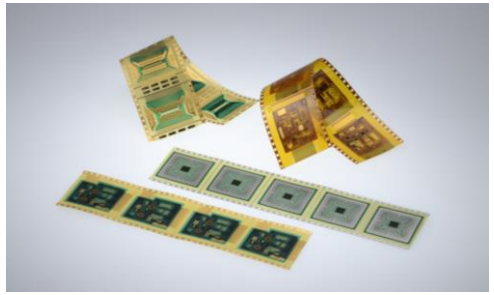
Polyimide (1)

Demand for polyimide will continue to grow despite the current adjustment phase

Product Characteristics and Strengths

- Polyimide is a high-strength, heat-resistant, and dimensionally stable plastic.
- UBE is the only manufacturer in the world with integrated production from raw material BPDA to varnishes, films, and powders.
- UBE provides distinctive products, differentiated by its own raw materials and proprietary production methods.

Polyimide varnish



COF*

Leveraging its characteristics, UBE's polyimide is used for the substrate of flexible OLEDs and COF for large displays.

*Chip-On-Film: Mounting driver ICs on polyimide film wiring circuit boards

Business Conditions

Current situation

- The display market is in a long-term production adjustment phase by panel manufacturers.
- The ratio of flexible OLEDs in smartphones is increasing.

2030

- Expecting continued growth in demand for displays.
- Expanding demand for new applications (5G compatible FPC, automotive motor, etc.).

Aim

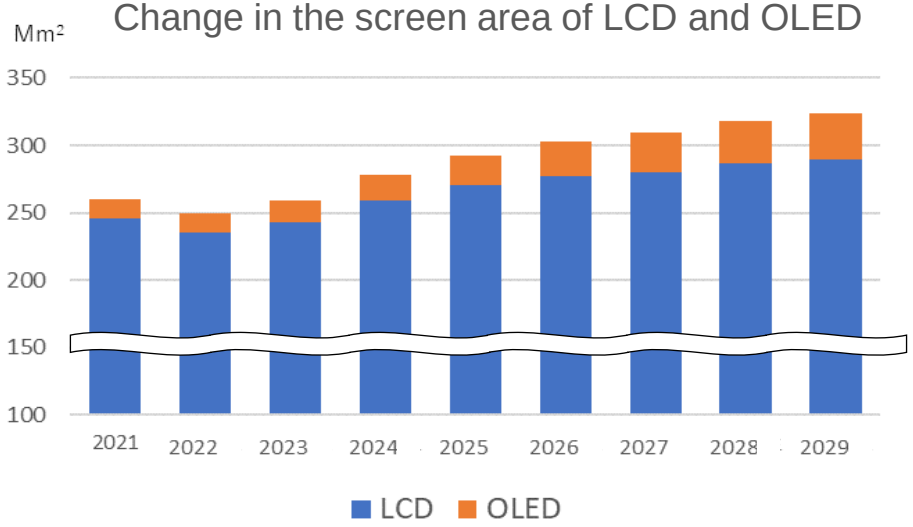
Current situation

- Maintaining a high share in COF films for large displays, where UBE's film characteristics are highly rated, and expanding sales of varnishes for flexible OLED substrates.

2030

- Leveraging the strengths of BPDA, films, and varnishes to maintain and expand a high share in niche markets.

Change in the screen area of LCD and OLED



Note: Estimates by UBE based on various data

Polyimide (2)

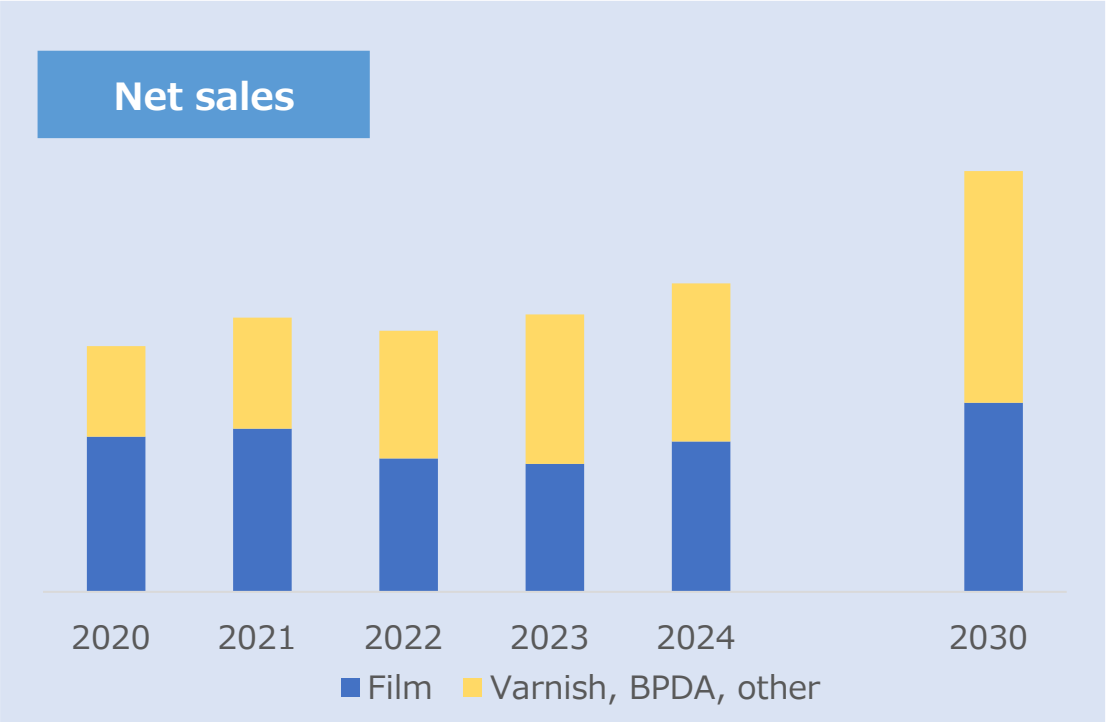
■ **Leveraging the strengths of BPDA, films, and varnishes to maintain and expand a high share in niche markets.**

FY2022 Results

- Maintained a high share in COF films for large displays.
- Maintained the de facto standard in varnishes for flexible OLED substrates.
- Increased sales of powders used in semiconductor manufacturing and testing equipment.
- Prepared for volume expansion of BPDA for automotive motor applications.

FY2023 Strategy (toward 2030)

- Promptly startup new equipment for BPDA and films.
- Expand sales in non-circuit board fields with powders and new varnishes.
- Expand sales of environmentally friendly products such as films for flexible PV and water-based varnishes.



Separation Membranes (1)

■ Responding to surging demand for CO_2 separation membranes for biomethane production

Product Characteristics and Strengths

- Efficient separation of specific gases from mixed gases
- Wide range of uses such as CO_2 separation, nitrogen enrichment, dehumidification, H_2 separation, alcohol dehydration, etc.
- Excellent durability, gas permeation, and separation due to unique polyimide technology

Business Conditions

Current situation

- In Europe and North America, there is a surge in consideration and production of biofuels to secure non-fossil energy.
- Demand for biomethane is 3.2 billion m^3 in Europe and 1.8 billion m^3 in North America.

2030

- Demand for diversified renewable energy and chemical applications is increasing for carbon neutrality.
- Biomethane demand will grow to 35 billion m^3 in Europe and 18-39 billion m^3 in North America.

Aim

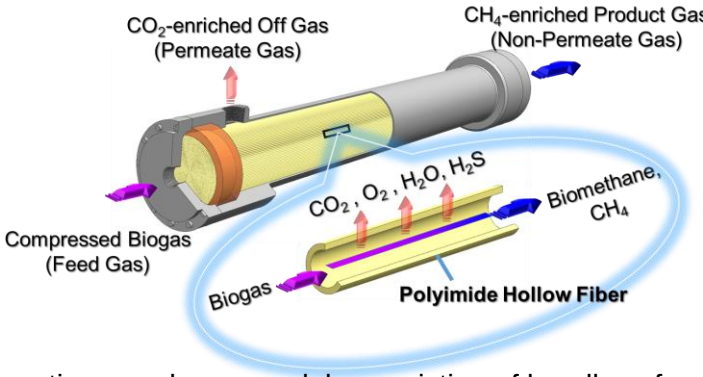
Current situation

- CO_2 separation membranes for biomethane production: 2.5 times the performance of FY2021 in FY2022, and planning for 3.5 times in FY2023

2030

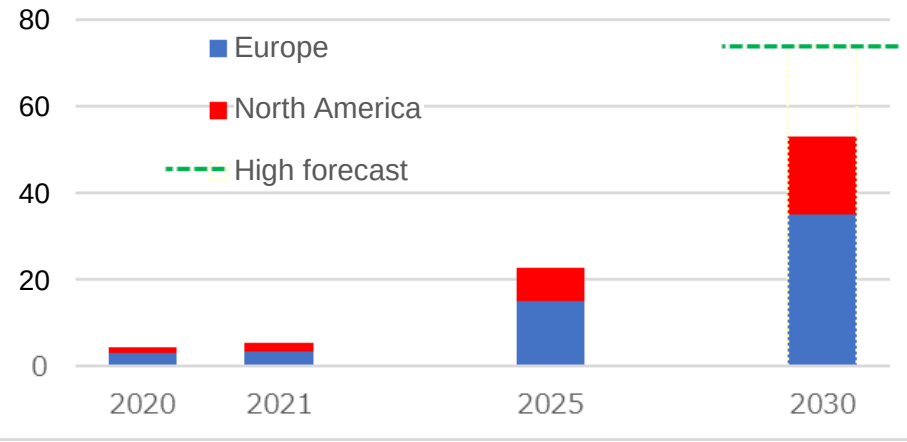
- Raise ratio of environmentally friendly products such as CO_2 separation, H_2 separation, and alcohol dehydration to 70%.
- Facilities that can cope with a surge in demand

Biomethane separation membrane



A separation membrane module consisting of bundles of polyimide hollow fiber membranes. Biomethane separation membranes concentrate methane by separating and removing CO_2 in biogas. The concentrated biomethane is used as renewable energy.

Biomethane production (billion m^3)



Note: Estimates by UBE based on various data

Separation Membranes (2)

■ **Expanding business and strengthening product competitiveness centering on the environment and energy field**

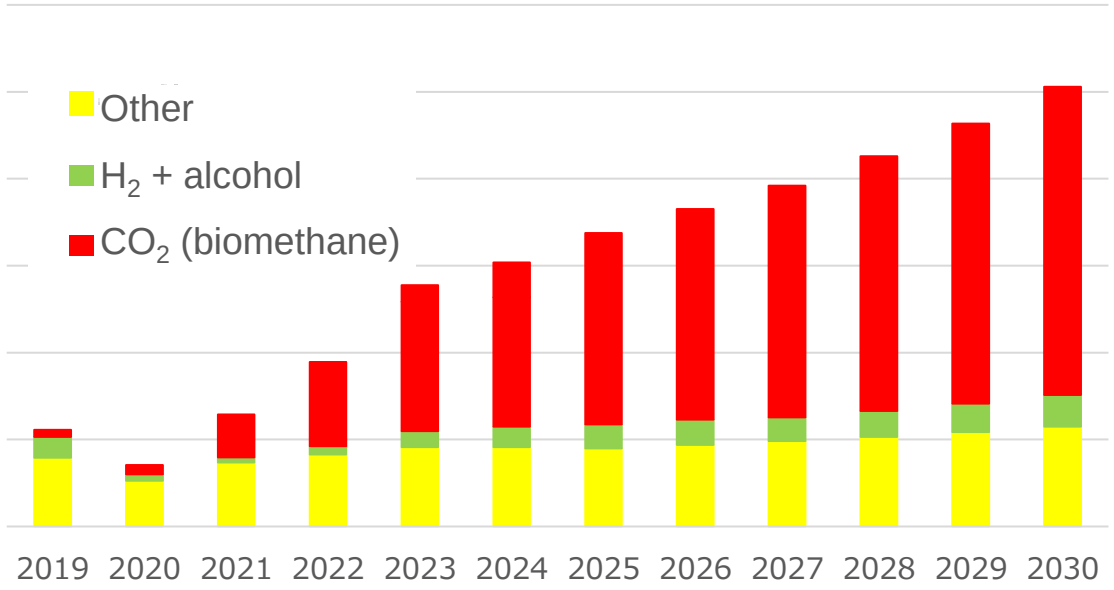
FY2022 Results

- Increased orders, far exceeding the medium-term management plan.
- Demand for CO_2 separation membranes for biomethane production in particular surged.
- Decided to bring forward expansion of production facilities for polyimide hollow fiber membranes for gas separation (Ube, Yamaguchi Prefecture) and separation membrane modules (Sakai, Osaka Prefecture), and started the process. Expected to be operational in the first half of FY2025.

FY2023 Strategy (toward 2030)

- Secure the growing demand for biomethane in South America and Asia, in addition to Europe and North America.
- Increase production capacity by addressing bottlenecks.
- Increase sales targets for hydrogen separation membranes and alcohol dehydration membranes for renewable energy and chemical production applications.

Sales volume



Composites (1)

■ Aiming to become a solution provider with a global presence as a composite materials manufacturer using various engineering plastics

Product Characteristics and Strengths

- High reliability demonstrated by adoption in many key safety components of automobiles.
- Material design and development capabilities aligned with customer needs.
- Long-term transactions with Japanese OEMs and major parts suppliers (Tier).

Business Conditions

Current situation

- Automobile production cutbacks caused by shortages of parts such as semiconductors has temporarily reduced demand for engineering plastics.
- Global automobile production is expected to recover to a certain degree in FY2023, but will not return to pre-COVID-19 levels.

2030

- Demand for engineering plastics will continue to grow along with the increase in global automobile production.
- The market for vehicles without internal combustion engines, such as battery electric vehicles (BEVs) and fuel cell vehicles (FCVs), will expand. The lineup and required characteristics of components will diversify.

Aim

Current situation

- Non-nylon resins currently account for about 5% of total sales on a revenue basis.
- Current production capacity is approx. 50,000 tonnes/year, with sales of approx. ¥40 billion.

2030

- Become a solution provider with a global presence as a manufacturer of engineering plastic composites, including non-nylon resins.
- Aim to increase production capacity to more than 80,000 tonnes/year and achieve sales of more than ¥60 billion by 2030.

Spain
- ✓ Current capacity: 20,000 tonnes/year
- ✓ Acquired a plastic compounding company in FY2018. Acquired PP and PBT compounding technology and recycling technology. Focusing on product development for the electric and electronic field and market development for environmentally friendly products.

Japan
- ✓ Current capacity: 9,000 tonnes/year
- ✓ Consolidated development functions in Osaka, making it a global hub for new technology and product development.

Thailand
- ✓ Current capacity: 16,000 tonnes/year
- ✓ Expand manufacturing facilities as demand grows in Chinese and Asian markets. Renewed facilities for glass-reinforced grades. New facilities for special compound grades are scheduled to start operation in FY2024.

United States
- ✓ Current capacity: 8,000 tonnes/year
- ✓ Acquired a plastic compounding company in FY2020. As a U.S. manufacturing base, promoting market development and customer acquisition, focusing on Japanese auto parts manufacturers.

Global expansion of composites business

Composites (2)

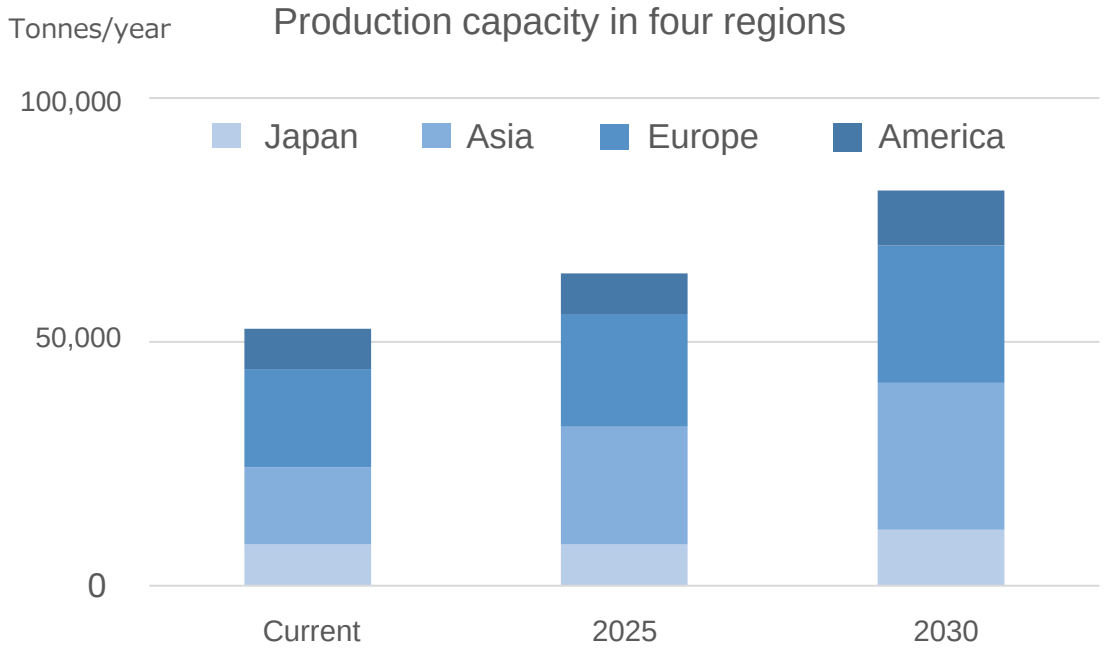
■ Steadily expand global compounding capabilities

FY2022 Results

- Started composite capacity expansion in Thailand and new production facilities for unreinforced specialty grades such as hydrogen tank liner application grades and flame-retardant grades as planned.
- Sales of unreinforced value-added products are in full swing at UECI* in North America. Currently launching not only nylon 6 products but also nylon 12 products.
- Development of tank liner grades suitable for the blow molding process, which can easily accommodate larger hydrogen tanks, is in progress, following the injection molding process. Currently under evaluation by customers.

FY2023 Strategy (toward 2030)

- Expand existing specialty business and develop globally.
- Develop and launch environmentally friendly products.
- Plan to increase capacity in Europe and the U.S., following Thailand, to meet growing demand for automotive components.
- Consider business expansion through M&As and alliances (horizontal and downstream development) as an option.



* UBE Engineered Composites, Inc.: A group company engaged in the composites business

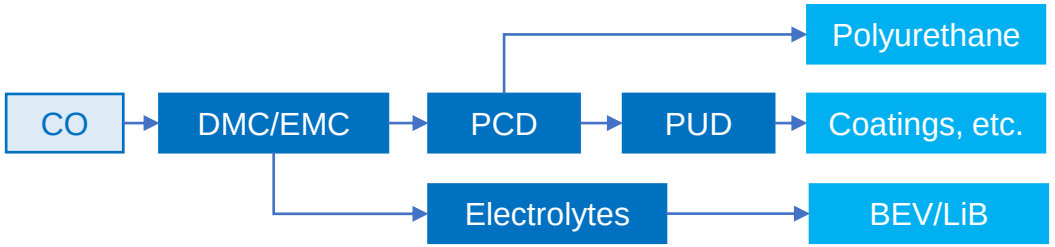
Fine Chemicals (C1 Chemicals) and High-Performance Coatings (1)

UBE / UBE Corporation

■ C1 Chemical Chain: Active expansion of DMC/EMC in the U.S. and Europe and of the high-performance coating business

Product Characteristics and Strengths

- DMC: No by-products thanks to UBE's proprietary manufacturing method.
  Greater freedom in factory location compared to other companies' production methods.
- PCD: No. 1 in global market share, provides a variety of product grades.
- PUD: Capable of product design that traces back to the main raw material, PCD, and advanced formulation engineering.
  System for developing environmentally friendly products utilizing global bases.



A range of products in the C1 chemical chain developed based on the UBE's proprietary nitrite technology. Major products are DMC/EMC for LiB electrolyte solvents, PCD used as a key ingredient in high-grade polyurethane resins (which are used as raw materials for synthetic leather, etc.), and PUD used as a raw material for water-based coatings.

Business Conditions

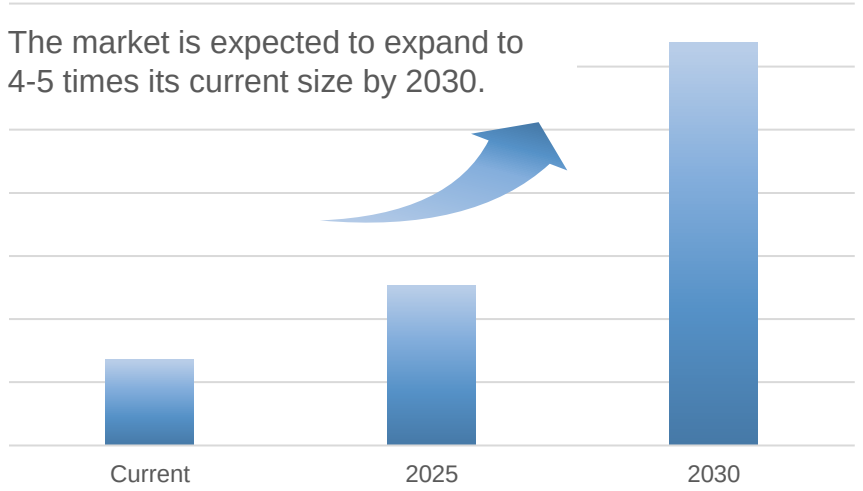
Current situation

- DMC: Despite the shortage of semiconductors, BEV production is growing.
- PCD: The markets in Europe and Japan are mature, while growth continues in Asia, particularly in China.
- PUD: The demand for environmentally friendly products (such as solvent-free products) is expanding, especially in China.

2030

- DMC: The LiB market is expected to expand to 4-5 times its current size by 2030.
- PCD: High-end, environmentally friendly urethanes will become popular in North America and Asia.
- PUD: With the tightening of environmental regulations, solvent-free coatings will become mainstream.

LiB global market (forecast)



Note: Estimates by UBE based on various data

Aim

Current situation

- C1 chemical chain products have sales of ¥13 billion, and UBE is the only DMC manufacturer in Japan.

2030

- Expand DMC/EMC production bases in the U.S. and Europe in line with the expansion of the BEV market.
- Sales of ¥60-80 billion and an operating profit margin of 20-25% for C1 chemical chain products.

Fine Chemicals (C1 Chemicals) and High-Performance Coatings (2)

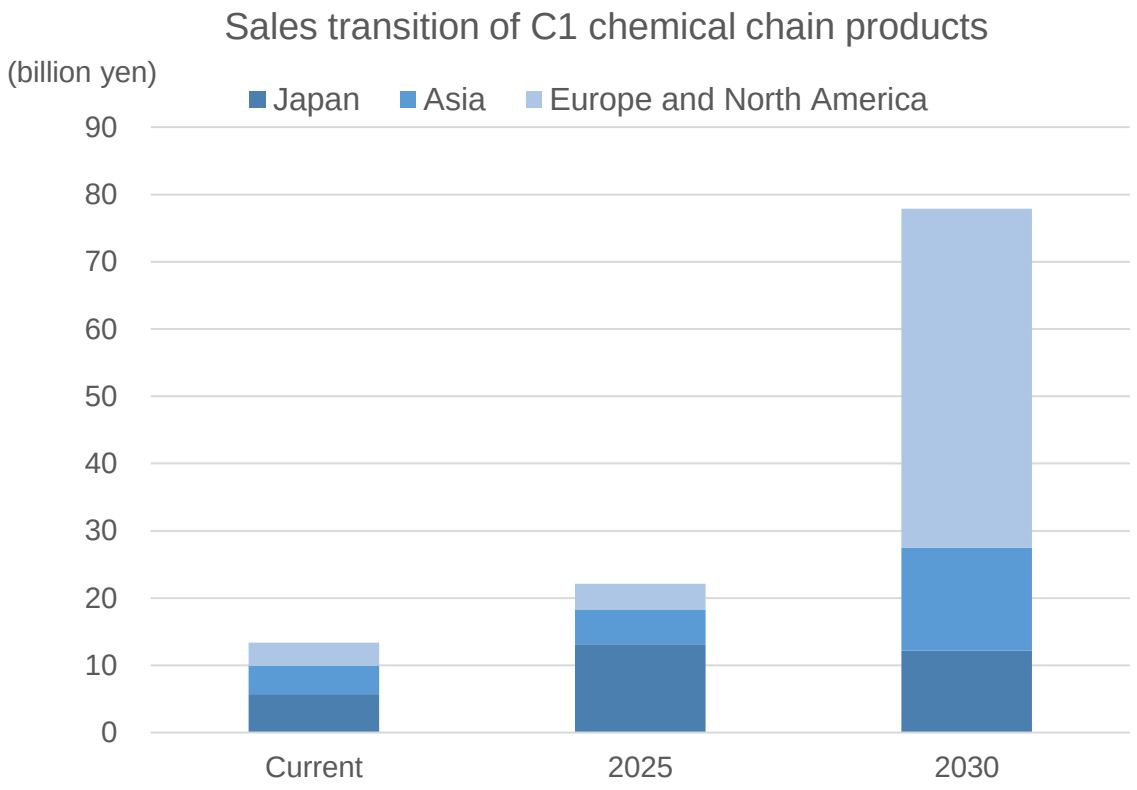
■ Accelerating overseas expansion of the C1 chemical chain

FY2022 Results

- Sales of DMC for LiB electrolyte progressed largely as planned.
- Steady expansion of DMC licensing projects in China.
- Started construction of PCD third facilities in Thailand.
- Solvent-free grade equipment for PUD started operating at Ube Chemical Factory.
- Set up and started operating a PUD lab in China to expand sales channels in the Chinese market.

FY2023 Strategy (toward 2030)

- Discuss specific plans to build new DMC/EMC plants in North America and Europe.
- Start operation of PCD third facilities in Thailand.
- Plan to set up PUD facility in Thailand (to start operating in 2025).



VI ESG and DX Initiatives

Be Part of the Solution for Global Environmental Issues

UBE / UBE Corporation

■ Set guidelines in three priority areas in response to changes in the external environment and steadily implement strategies

Three priority areas: Guidelines and initiatives

1. Addressing climate change (carbon neutrality)

Guideline: Aim to be carbon neutral by FY2050 by reforming business structure, maximizing the use of renewable energy, and implementing innovative technology development

Started working toward obtaining SBT* certification

Submitted a commitment letter to the certification body at the end of March 2023. Aim to obtain certification by the end of FY2023.

* Science Based Targets: GHG emission reduction targets set by companies that are aligned with the levels required by the Paris Agreement. Reduction targets are evaluated by the SBT Initiative, which is the certification body.

Announced participation in GX-ETS* in April 2023

* Emission Trading Scheme: Voluntary emissions trading in the GX League established by the Ministry of Economy, Trade and Industry (METI)

Systematized calculation of GHG emissions data by product to be provided to customers

Considering the phase out of on-site power generation (coal-fired power) and the introduction of renewable energy

2. Contributing to a circular society (circular economy) – Including the issue of marine plastic waste

Guideline: Reduce and make effective use of plastic and other waste generated by our operations, and develop products and recycling technologies that use recycled materials/biomass

Two UBE Group companies obtained ISCC* PLUS certification

UBE Corporation Europe (Spain) and UBE Elastomer (Chiba Factory) obtained certification, allowing them to manufacture and sell ISCC PLUS certified products using circular and biomass raw material allocated by the mass-balance method.

* International Sustainability and Carbon Certification: An international certification to realize and ensure sustainable supply chains

Commercialize compound resin products made with raw materials obtained from material recycling

Develop recycling technology for composite plastic

3. Contribute to nature conservation and restoration (Nature Positive) – Including biodiversity conservation and water resource conservation

Guideline: Understand dependence/impact on nature, strengthen management of risks (environmental impact) and opportunities (environmental contribution)

Reduce emissions of chemical substances and external landfill disposal

Set KPIs for environmental risks and opportunities for each business site

Eradicate designated invasive species at business sites

Install equipment to prevent wastewater runoff and enhance wastewater monitoring equipment

Numerical Targets

GHG emissions (compared to FY2013) : FY2030 target: 50% reduction FY2022 results: 19% reduction

Percentage of net sales comprising environmentally friendly products and technologies : FY2030 target: 60% or more FY2022 results: 46%

Enhancing Human Capital for Sustainable Growth

■ Enhancing Human Capital for Sustainable Growth

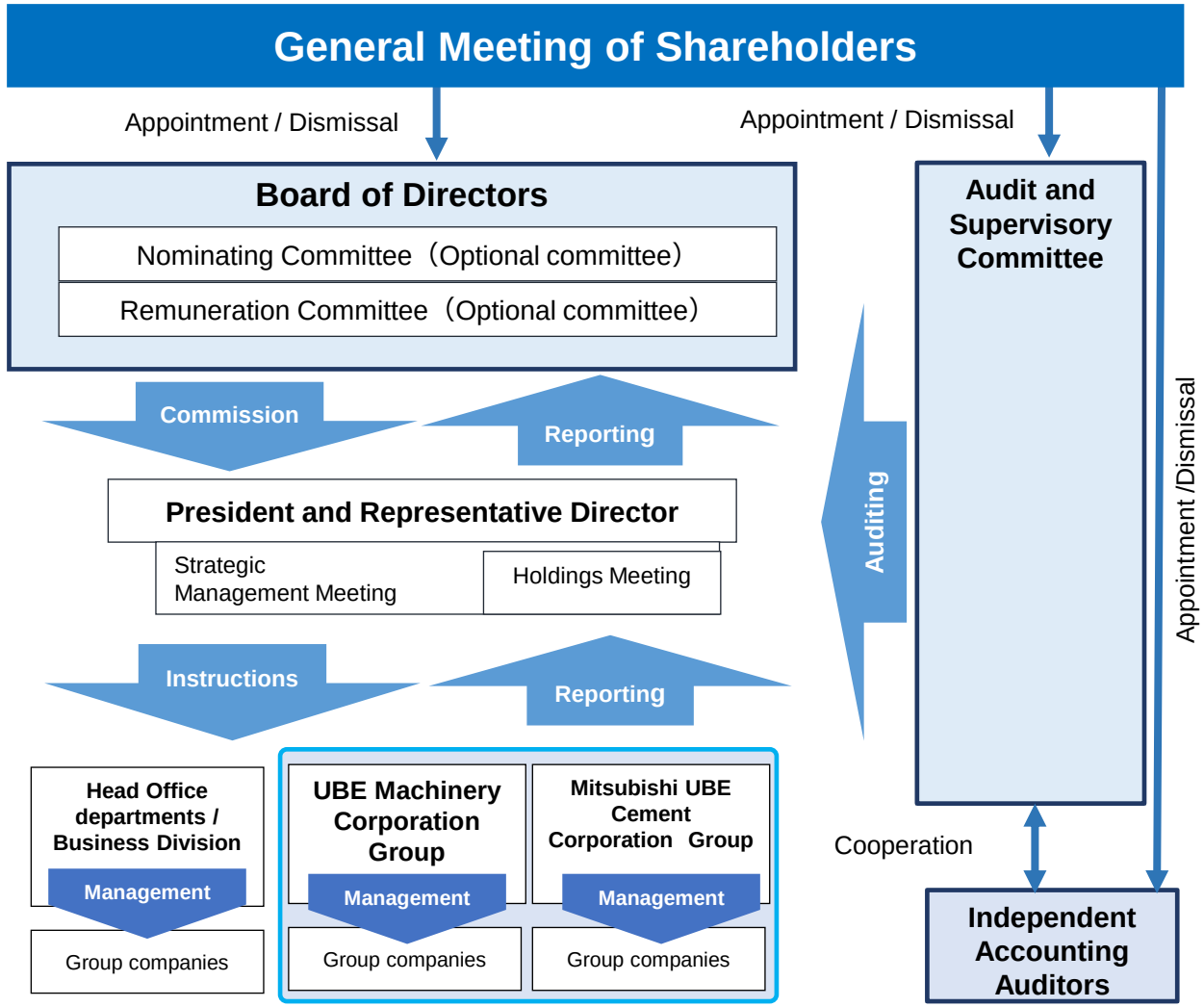
- The UBE Group regards diversity, equity, and inclusion as a top priority issue for realizing its vision for 2030. The Group will create innovation by integrating diverse technologies, knowledge, and perspectives, leveraging them to drive global business expansion and new value creation. At the same time, the Group will strive to improve work engagement throughout the Group.

Priority Measures (FY2024 Targets)	Progress (FY2022 Results)
1. Providing greater opportunities for women Percentage of women in the workforce: 15% Percentage of women in management positions: 6%	1. Providing greater opportunities for women Percentage of women in the workforce: 14.4% (FY2021) → 15.0% (FY2022) Percentage of women in management positions: 3.3% (FY2021) → 4.1%(FY2022)
2. Mid-career hires and non-Japanese recruits Percentage of mid-career recruitment in the workforce (generalist positions): 50% or more * Non-Japanese recruitment in the workforce (generalist positions): multiple people *	2. Mid-career hires and non-Japanese recruits Percentage of mid-career recruitment in the workforce (generalist positions): 37.3% (FY2022) Percentage of non-Japanese recruitment in the FY2023 new graduate hires (generalist positions): 2 people
3. Introducing specialist system, hiring highly specialized mid-career recruits, and enhancing measures for rehired retirees	3. Increased timely recruitment of highly skilled and work-ready personnel in line with business strategy, and revised re-employment system for rehired retirees based on surveys and opinion exchanges.
4. Creating comfortable and motivating workplaces and increasing employee satisfaction	4. One group company has been selected as a Bright 500 company, and seven group companies have been recognized as excellent corporations.

* A part of the priority measures announced on May 23, 2023 has been revised, as some figures revealed in Medium-Term Management Plan have been reviewed.
Percentage of mid-career recruitment in the workforce (generalist positions): 25% or more ⇒ 50% or more
(Increase the recruitment of highly specialized and work-ready personnel in order to promote transition toward specialty chemicals)
Non-Japanese recruitment in the workforce (generalist positions): 5% or more ⇒ multiple people
(Increase the recruitment in order to innovate corporate culture by prompting diversity, equity, and inclusion and expand our global business)

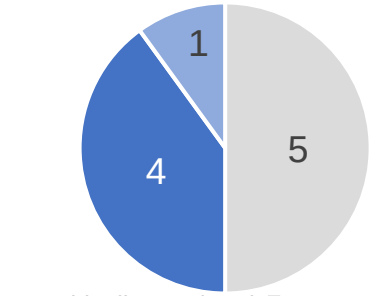
Further Improving Governance

UBE's Governance Structure

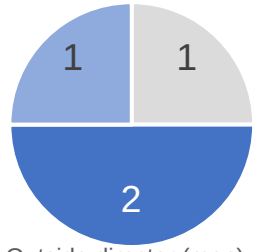


Composition of the Board of Directors and committees (as planned after this year's General Meeting of Shareholders)

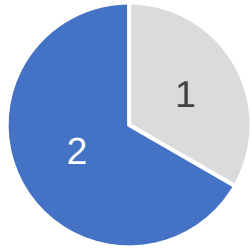
Directors: 10



Audit and Supervisory Committee: 4



Nominating Committee: 3
Remuneration Committee: 3



*The Chair of the Board of Directors is a non-executive inside director, and the chair of each committee is an outside director.
*All outside directors are designated as independent directors.

Key Issues and Initiatives

FY2022

- Enhancing monitoring of the implementation status of key management issues for realizing the medium-to-long-term management plan and promoting initiatives with a sense of speed
- Continuous improvement of the group-wide internal control and risk management systems as a chemicals company and strengthening the supervision of their effectiveness
- Strengthening supervision of the operation of appropriate governance systems for the machinery business and cement-related business as a holding company

FY2023

- The progress made in diversity of a Board of Directors due to the replacement of outside directors and other factors has presented potential issues and proposals to improve the effectiveness of the Board of Directors. In FY2023, UBE will further strengthen efforts to improve the effectiveness of the Board of Directors.

UBE Corporation

- **UBE aims to become a corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society. In order to achieve this vision, we will maximize the use of data and digital technology centered on UBE's technological and innovative capabilities and, through joint effort with our stakeholders, reform our business processes and create new value.**

Digital Transformation in the UBE Group

— Business Transformation with Digital —

Leveraging digital technology to transform business (process/style/model and mindset)

Developing digital technology-savvy human resources

8 DX Themes

Work in teams by theme: Each team consists of young employees from IT and business departments, with an executive in charge.

1. Smart Factory:	Data-driven operation of plants using factory information integration systems
2. Digital Marketing:	Use of sales support systems to create customer value proposition opportunities
3. Velocity R&D:	Use of MI[*1] in material development, and an intellectual property information analysis system to explore new themes
4. Digital Management:	Data-driven management through more efficient budgeting, financial reporting, and cost calculation
5. Digital SCM:	Use of a supply chain planning system for advanced production and sales planning
6. Digital ESG:	Environmental management and information disclosure responding to social demands
7. Digital Back Office:	Enhancing back-office operations by adopting standard business processes with TQM[*2] as the framework
8. Digital HR:	Systematic expansion and development of key human resources (knowledge, qualifications, career)

Improving operational efficiency and productivity through the use of digital technology

Accelerating the creation of new customer value and new businesses

Transitioning ERP to S/4 HANA as a DX platform (migration to be completed in April 2024)

[*1] Materials Informatics: An approach to searching for new materials from big data using informatics techniques such as statistical analysis

[*2] Total Quality Management: A strategy that involves setting unified quality management goals across the entire organization

VII Growth Strategy by Business

Ceramics Business Strategy / Separator Business Strategy

■ Ceramics: Establish a production system to meet steadily growing demand

Immediate Business Conditions

- Accelerating demand growth for bearings and substrates for the xEV market.
- Downstream customers are planning to increase production for bearing and substrate applications.
- Stable demand for cutting tools, glow plugs, and phosphors.
- Demand-supply balance has become very tight, making productivity improvement essential.

FY2022 Results

- Expanded sales, focusing on bearings and substrates for the xEV market, to meet growing demand

FY2023 Strategies

- Increase sales and expand business for xEV market, for which demand is expected to increase further.
- Further differentiate quality by leveraging the features of the imide-decomposition process.

■ Separators: Expand sales by strengthening competitiveness in xEV applications and expand into non-vehicle applications where characteristics can be leveraged

Immediate Business Conditions

- The global trend toward decarbonization has prompted the electrification of automobiles and a growing need for energy storage systems (ESS) due to the widespread adoption of renewable energy generation.
- Despite strong demand, immediate demand is soft due to automobile production cutbacks caused by tight supplies of semiconductors and other materials.

FY2022 Results

- Acquired new projects in the automotive market, mainly for HEVs, with apt timing.
- Expanded sales and advanced development in response to customer requirements for non-automotive applications.

FY2023 Strategies

- Increase sales by improving product characteristics for xEVs, mainly for HEVs.
- Promote cost reduction and quality improvement to further strengthen competitiveness.
- Expand applications to markets where the characteristics of dry-type separators can be utilized and accelerate product development tailored to each application.

Pharmaceutical Business Strategy / Elastomer Business Strategy

UBE / UBE Corporation

■ Pharmaceuticals: Aim for high profitability by expanding the revenue base in existing fields and enhancing high-value-added areas such as nucleic acid drugs

Immediate Business Conditions

- Mild growth in small molecule therapeutics, while new modalities such as gene therapy and regenerative medicine are spreading in addition to nucleic acids and biotechnology.
- Rising costs due to soaring raw material and fuel prices caused by international political unrest.
- In Japan, repeated quality nonconformity incidents have increased demand for high quality and stable supply.

FY2022 Results

- Obtained US Food and Drug Administration (FDA) approval for OMLONTI (0.002% omidenepag isopropyl eye drops), jointly developed with Santen Pharmaceutical Co., Ltd.
- Acquired shares of API Corporation.
- Started construction of a pilot plant for the development of bulk nucleic acid drugs (scheduled to complete in March 2025).

FY2023 Strategies

- Continue the early licensing model and steadily obtain milestones.
- Maximize revenues from the fifth pharmaceutical plant, a manufacturing facility for low-volume, high-potency active pharmaceutical ingredients (HPAPIs).
- Deepen collaboration with API Corporation. Establish efficient operational structure in the areas of manufacturing, sales, and technology.

■ Elastomers: Speed up decision-making and implementation of measures through integrated production, sales, and engineering, and transform into a business with more trust from stakeholders

Immediate Business Conditions

- Concerns about deterioration in profits due to rising prices of crude oil, raw material butadiene (BD), and raw materials and fuel.
- Sluggish demand for butadiene rubber (BR) due to economic slowdown.
- Growing awareness of carbon neutrality and sustainability.

FY2022 Results

- Business environment remained challenging due to high raw material and fuel prices from the beginning of the period and declining demand in the second half of the fiscal year.
- Stable production in Chiba, Japan and Thailand continued throughout the year.
- Responded to rapidly changing business environment through integrated production, sales, and engineering.
- Obtained ISCC PLUS certification.

FY2023 Strategies

- Continue safe and stable production, and restart Malaysia factory.
- Focus on specialization.
- Address global environmental issues.

Nylon Polymer Business Strategy / Caprolactam and Industrial Chemical Business Strategy

UBE / UBE Corporation

■ Nylon polymers: Accelerate the introduction of environmentally friendly products and reorganization of Asian polymer lines

Immediate Business Conditions

- Slowdown in demand for food packaging film in Europe due to persistently high prices.
- Decline in demand for consumer LiB exterior film due to shortage of semiconductors, etc.
- Intensifying price competition with Chinese products in the global market for general-purpose grades.

FY2022 Results

- Completed the conversion to a copolymer grade production line in Thailand and started sales to Asia.
- Conducted a concrete feasibility study toward downsizing of polymerization capacity in Japan.
- Promoting development of environmentally friendly products. Started proposing a material recycling scheme for multilayer films.

FY2023 Strategies

- Complete transfer of copolymerization grades from Japan to Thailand and further promote optimization of the Asian polymerization system.
- Launch environmentally friendly products (biomass, material recycling materials, thin film materials).
- Expand high value-added grades of nylon copolymers that are not exposed to price competition.

■ Caprolactam and industrial chemicals: Examine and accelerate reorganization to minimize profit fluctuations. Expand business of high-value-added products such as high-purity nitric acid and large-grain ammonium sulfate

Immediate Business Conditions

- Tough business environment for caprolactam and ammonium sulfate due to large fluctuations in downstream demand and raw material prices. Maximizing profit by flexibly adjusting production and shipment balance in the three production bases.
- Downstream demand for ammonia is currently low. Market prices are falling, partly due to softening raw gas prices. Maintain production and sales as much as possible to minimize the impact on profit and loss.

FY2022 Results

- Launched Ube area reorganization project and studied detailed steps toward ammonia production shutdown.
- Studied investment for increasing production of large-grain ammonium sulfate, and expanded sales of Thai large-grain ammonium sulfate to Japan.
- Advanced capacity enhancement of high-purity nitric acid plant to enable increased production in early 2024.
- Stopped selling concentrated nitric acid. Implemented specific measures for optimizing the nitric acid chain.

FY2023 Strategies

- Full-scale investment and development study for increasing value-added ammonium sulfate in Spain in 2024.
- Study and start investment in facilities to reduce utility costs and GHG emissions in Spain and Thailand.
- Further proceed with scale back plan by shutting down key caprolactam manufacturing lines in the Ube area by FY2024.
- Secure maximum production and sales volume of ammonia while keeping an eye on market conditions.
- Continue to focus on capacity enhancement of high-purity nitric acid plant in line with expansion of the semiconductor market.

Molding machines: Develop products that meet the needs for xEV, electrification, and lightweight vehicle parts

Immediate Business Conditions

- Growing need for technologies that contribute to xEV, electrification, weight reduction, carbon neutrality (CN), and recycling of automobiles.
- Increasing capital investment by customers in China, North America, South Korea, and India.
- Long delivery times for electrical components continuing due to the shortage of semiconductors.

FY2022 Results

- Die casting machines:
  Developed a super high cycle machine that helps shorten production and operation time, and installed verification equipment. In addition to meeting growing demand for improved production efficiency in line with the shift to xEVs, the machine also contributes to CN by reducing CO_2 emissions.
- Injection molding machines:
  Launched a 2-platen electric injection molding machine in February 2023. Captured replacement demand for hydraulic machines by achieving energy saving and improved production efficiency.

FY2023 Strategies

- Die casting machines: Develop a super large die casting machine that can manufacture vehicle body parts at low cost in line with the shift to xEVs.
- Injection molding machines: Develop new products and processes for CN and a circular society.
- Establish a local OEM system in China and expand sales in India through local distributors.

Industrial machines: Enter new environmental markets such as biomass handling, offshore wind power generation equipment, and ammonia-related equipment

Immediate Business Conditions

- Growing need for technologies that contribute to the renewable energy market and the product recycling market.
- Capital investment postponements and cancelations due to soaring raw material and fuel prices.

FY2022 Results

- Installed a test machine of air supportive conveyors. Expanded sales by supporting customers' verification and planning before equipment installation by capitalizing on features such as low noise, low environmental impact, and space-saving.
- Installed a test machine for chemical equipment (polymerizers, etc.). Expanded business by supporting customers' new product development and process improvement of existing products by conducting experiments with the installed test machine and lending test machines.
- Received orders for large-scale structural equipment for two projects in the offshore wind power market.

FY2023 Strategies

- Expand business by providing products and services that realize environment-related market needs. Enter biomass fuel transfer equipment, offshore wind power generation equipment, and ammonia-related markets.
- Capture growing capital and infrastructure investment backed by government subsidies.

UBE / UBE Corporation

■ UBE Mitsubishi Cement Corporation announced its medium-term management strategy. The company aims for steady recovery in FY2023 while sowing seeds for future growth.

FY2022 Results and FY2023 Forecast

- UBE Mitsubishi Cement Corporation began operations in April 2022. Respective businesses have been integrated without any problem, and this started bringing synergy.
- Although the company recorded a consolidated loss in FY2022 due to soaring thermal energy prices, it is expected to recover in FY2023 as a result of price corrections and production system optimization implemented in FY2022.

(Billion yen)

Item	FY2022	FY2023
Net sales	576.3	670.0
Operating income	(28.4)	25.0
Ordinary income	(25.8)	25.5
Profit attributable to owners of parent	(47.3)	14.5

Vision for 2030 and medium-term management strategy for 2023–2025

Vision

Corporate group with leading technology and high profitability by maximizing the synergistic effects of business integration

Achievement of consolidated operating income target, ≥ 30 billion yen in domestic business and ≥ 350 million dollars in overseas business, by growing both domestic and overseas businesses. (Consolidated ROE ≥ 8% and ROA ≥ 6%)

Medium-term management strategy

Infinity with Will 2025 ~ MUCC Sustainable Plan 1st Step ~

Three years for “Surplus in FY2023”, “Groundwork toward corporate vision” and “Preparation for new business creation and growth strategy”

Priority Action

Top priority

1. Strengthening and cost reduction of domestic cement business
   Surplus achievement of domestic cement business in FY2023 by laying groundwork in FY2022.
2. Business growth in the U.S. and exploration of new business sites
   Value maximization of vertical integration model by sales expansion and cost reduction.
3. Promotion of global warming countermeasures
   Increase of alternative fuel use, energy conversion and carbon dioxide capture and utilization (CCU) technology development.
4. Strengthening and expansion of domestic value chain
   Non-fossil energy promotion, profit maximization through limestone utilization and downstream business strengthening and upgrade.
5. Enhancement of R&D and business management
   R&D function enhancement, strategic HR management and DX project promotion.

UBE

Transform
Tomorrow
Today

The forecasts contained in this presentation are based on certain assumptions judged to be reasonable by the Company when preparing this report. Actual results can vary significantly from forecasts, due to changes in a wide range of conditions. These conditions can include the economic status of major markets, demand and supply of products, prices for raw materials and fuel, interest and foreign exchange rates, and other prevailing conditions that can impact the business results of the Company.