

## Special Feature: Global Action I

# Global expansion of C1 chemicals and high performance urethane

We are building a new plant for our C1 chemicals business to become the sole supplier of DMC and EMC in the United States. We also recently acquired the urethane systems business of LANXESS of Germany as a downstream business. The UBE Group will accelerate its global expansion, starting from the United States.

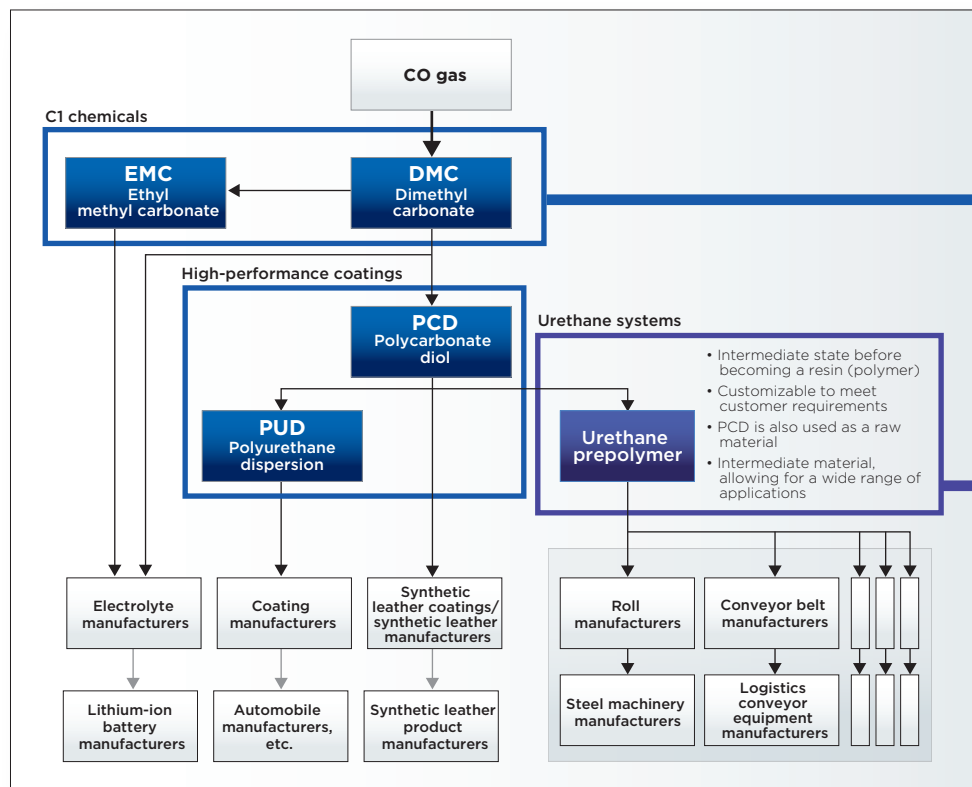
### C1 chemicals and high performance urethane chain

The UBE Group's C1 chemical chain is a group of products which use carbon monoxide as a raw material based on proprietary technology, one representative example being DMC. UBE's DMC is produced with a unique nitrite process invented in the 1970s while developing a new way to manufacture oxalic acid. It is characterized by its high quality, and the fact it is made without the formation of by-products, unlike other companies' manufacturing processes, and is suitable for lithium-ion battery electrolyte and semiconductor manufacturing process applications. With demand expected to grow in the U.S., we are currently constructing a new plant to become the sole supplier in the country.

We are also aggressively expanding downstream in the areas of PCD and PUD.

In addition, we have acquired the urethane systems business of LANXESS of Germany—the largest such business based in the United States—as a urethane-related business downstream from DMC and PCD. Our C1 chemicals (namely, DMC and EMC), high performance coatings (i.e., PCD and PUD), and this high performance urethane business form a linked chain which will demonstrate global synergies supported by a wide array of applications.

### C1 chemicals and high performance urethane chain



#### Operation scheduled to start in the second half of FY2026

##### Construction of DMC and EMC plant in the U.S.

Will become the only DMC and EMC supplier in the U.S. to capture growing U.S. demand for lithium-ion batteries

##### UBE Group strengths

- High purity products suitable for electrolyte and semiconductor applications
- High cost competitiveness due to proprietary manufacturing process using CO and methanol as main raw materials
- Able to produce only DMC as the end product without by-products.
- Able to achieve carbon neutrality in the future through the use of biomethane and green methanol, etc.

#### Business acquired in April 2025

##### Acquired urethane systems business of LANXESS of Germany

Acquired business downstream from C1 chemicals, which, combined with our high-performance coatings, is accelerating growth as a "high performance urethane business"

##### UBE Group strengths

- A track record of over 70 years, a high level of expertise, application development know-how, and a solid customer base
- Global manufacturing and development bases with a focus on North America
- Custom-made solutions to meet customer needs
- Strengths in high-end applications such as for the semiconductor industry

## Special Feature: Global Action I—C1 Chemical Chain

### Steadily launching a new DMC and EMC plant in the U.S. with the aim of making it a major global base in addition to Spain and Thailand

DMC and EMC are major components of electrolyte solvents in lithium-ion batteries, and DMC is also used as a developer in semiconductor manufacturing processes. While demand is expected to continue to grow in the U.S. with the spread of electric vehicles and digitalization, the country is entirely dependent on imports from the UBE Group or Chinese manufacturers.

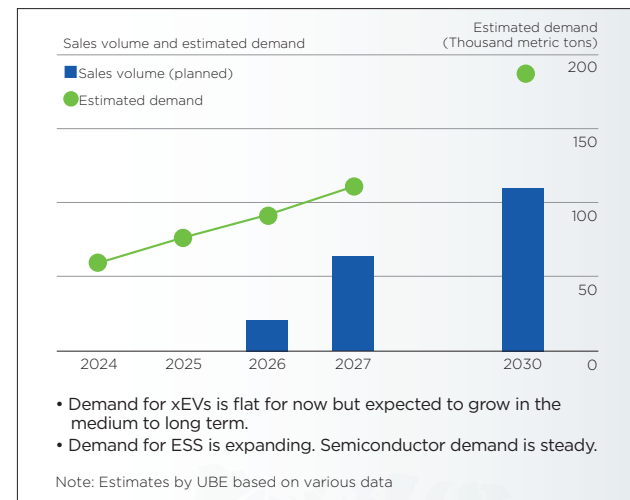
Aiming to become a part of the supply chain in the U.S. market, the UBE Group is constructing a large-scale plant in Louisiana, scheduled to start operation in the second half of fiscal 2026, with an annual production capacity of 100,000 tons of DMC and 40,000 tons of EMC derived from DMC. Louisiana has advantages in terms of location, raw material costs, and transportation costs, with good access to electrolyte manufacturers in the U.S. as well as inexpensive natural gas and various services from industrial parks, and river and rail transportation networks.

While demand for xEVs such as hybrid and electric

vehicles has cooled off, it remains within expectations, and demand for DMC and EMC in the U.S. is anticipated to increase over the medium to long term. In addition, with demand for energy storage systems (ESSs) expanding and demand for semiconductors expected to increase steadily, we will work to achieve full operation and sales as soon as possible.

Under our medium-term management plan, we will establish an operational structure with UBE C1 CHEMICALS AMERICA in charge of this project, hire local core human resources for business operations, and promote collaboration with the UBE Group's U.S. bases. As the only supplier in the U.S., we will meet our customers' needs for a stronger supply chain and establish our presence as a market leader, aiming for sales of ¥40 billion in fiscal 2030. In the future, we also plan to expand into polycarbonate diol (PCD) and water-based polyurethane dispersion (PUD), which are downstream products in the C1 chemical chain.

### DMC and EMC demand outlook in the U.S. and sales volume of UBE Group U.S. locations



Chinese competitors  
DMC: 1 million metric tons  
EMC: 0.8 million metric tons

Japan  
DMC: 15,000 metric tons

Chinese joint venture  
DMC: 10,000 metric tons

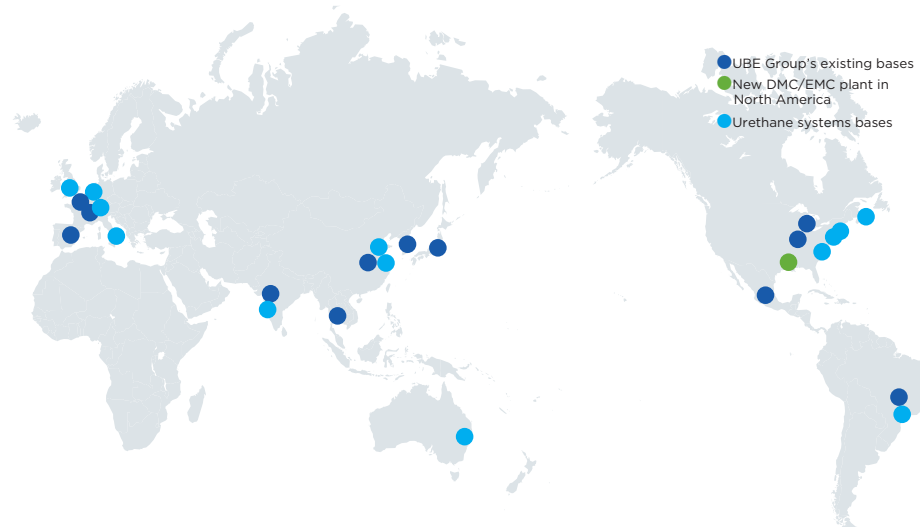
USA  
(operation starting in second half of FY2026)  
DMC: 100,000 metric tons  
EMC: 40,000 metric tons\*  
\* Converting DMC to EMC

- U.S. demand relies entirely on imports from the UBE Group or China.
- The UBE Group is the only company building a DMC and EMC plant in the U.S. and will remain the sole supplier for now.
- The Group will meet customer needs for a stronger supply chain, achieving stable production and supply.

## Special Feature: Global Action I—Urethane Systems

**Having acquired our new urethane systems business, we will aim for further specialization and growth through integration with the C1 chemicals and high-performance coatings businesses.**

On April 1, 2025, UBE acquired the urethane systems business of German chemical manufacturer LANXESS, becoming one of the world's leading manufacturers in urethane elastomers. Urethane elastomers are used as substitutes for rubber and metals in a wide range of industries, from advanced industries such as semiconductor applications to industrial machinery and sporting goods. The urethane systems business we acquired is located downstream and peripheral to PCD and PUD, and has the world's leading share in prepolymers for thermosetting high-performance urethane elastomers. With expertise and application development know-how cultivated over 70 years of history and a strong customer base, this business provides solutions to meet customer needs through a global network of manufacturing and development bases, with the United States, the location of the largest base, at the core. The urethane systems business is especially competitive in high-end applications that require high performance, such as in the semiconductor industry. UBE Group will strengthen its presence in the high-performance urethane resin market by acquiring superior management assets, such as technical capabilities and manufacturing know-how related to urethane resins, partnerships with customers, and sales networks. Under our medium-term management plan, we aim to position the urethane systems business as a driver of global growth by steadily pursuing post merger integration (PMI) and generating synergies across the UBE Group, with the U.S. as the starting point.



### Key growth point 1

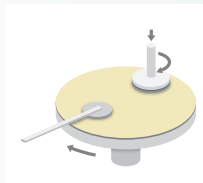



Urethane systems business competitive advantages	
<p><b>70</b> years A history spanning more than </p>	<p>in high-performance urethane elastomers   <b>World leader</b> </p>
<p><b>5</b> plants worldwide 2 in the U.S., 1 in Brazil, 1 in the U.K., and 1 in China </p>	<p>environmentally friendly grade* <b>No. 1</b> Launched environmentally friendly products ahead of competitors </p>
<p><b>3</b> technical centers In the U.S., Italy, and China </p>	<p><b>700</b> customers Over <b>&gt;500</b> products Long-term business relationships with major customers </p>
<p>Around <b>400</b> diverse human resources More than half with a technical background </p>	<p>Net sales ratio by region <b>Americas: 60%</b>  APAC 20% EMEA 20%</p>

\* Toxic substances (isocyanates) that may remain in urethane products are suspected to have adverse effects on the respiratory tract. For the safety of workers, European legislation on residual concentrations of isocyanates was further tightened in 2023. The UBE Group's urethane systems business was quick to adapt to European regulations and provide solutions that meet the requirements.

### Key growth point 2

**Contributing to a wide range of fields from advanced industries such as semiconductors to industrial machinery and sporting goods**

Application	Sales Ratio
Energy, natural resources, industry	Approx. 45%
Food, health care, consumer goods	Approx. 25%
Chemical industry	Approx. 15%
Mobility	Approx. 10%
Other	Approx. 5%

 Semiconductor manufacturing  
 Mining machinery/logistics equipment  
 Work vehicles  
 Pipelines