

Special Feature: Global Action II

Business structural reforms

The UBE Group is actively investing in its specialty businesses to realize its vision for 2030. At the same time, we are working on early withdrawal and downsizing of production of ammonia, caprolactam, and nylon polymers, and are promoting Groupwide business structural reforms.

Structural reform background, objectives, and effects

The UBE Group has decided to implement structural reforms to its ammonia, caprolactam, and nylon polymers businesses. During the previous medium-term management plan, we considered suspending production of caprolactam in Japan and ammonia by 2030 (production capacity of caprolactam was already reduced in May 2024). However, due to the impact of oversupply by Chinese companies and other factors, the deterioration of the business environment, particularly in the Asian market, has exceeded expectations, and a recovery is unlikely in the future. Accordingly, we have determined the need to accelerate our structural reforms, including overseas. Ammonia, caprolactam, and nylon polymers are experiencing high market volatility and declining profitability. Our structural

reforms are expected to reduce the impact of market fluctuations on the performance of these products, thereby stabilizing performance and improving profitability. In addition, by suspending operations of facilities that emit large amounts of greenhouse gases (GHG) ahead of schedule, we expect to achieve and exceed our GHG reduction target for fiscal 2030 (a 50% reduction from fiscal 2013 levels) by the end of fiscal 2028. Impairment losses and other losses related to this matter were recorded in fiscal 2024. The cost of dismantling and removing the facilities is expected to be approximately ¥30 billion, which will be allocated in accordance with work progression from fiscal 2027 onward. With this decision, we are now on track to resolve a longstanding concern.

Japan

For ammonia and related product groups, we have moved up the date of production stoppage from our initial estimation to March 2028. Production of caprolactam (remaining key manufacturing line) and nylon polymers will be further accelerated, with the cessation of production in March 2027, including cyclohexanone, a raw material.

Thailand

UBE Chemicals (Asia) Public Company Limited, our core company in Asia, will cease production of cyclohexanone and caprolactam in March 2026 and reduce production capacity for nylon polymers. UBE Fine Chemicals (Asia) Co., Ltd. will also stop production of 1,6-hexanediol and 1,5-pentanediol, which are byproducts of cyclohexanone.

Spain

UBE CORPORATION EUROPE S.A.U., our core company in Europe, will continue production of caprolactam and nylon polymers while expanding environmentally friendly products such as recycled and bio-based nylons and also working to achieve caprolactam plant carbon neutrality. Meanwhile, to improve profitability, we ceased production of cyclohexanone, 1,6-hexanediol, and 1,5-pentanediol in April 2025.

