

Acquisition of LANXESS Urethane systems

UBE Corporation

October 3rd 2024

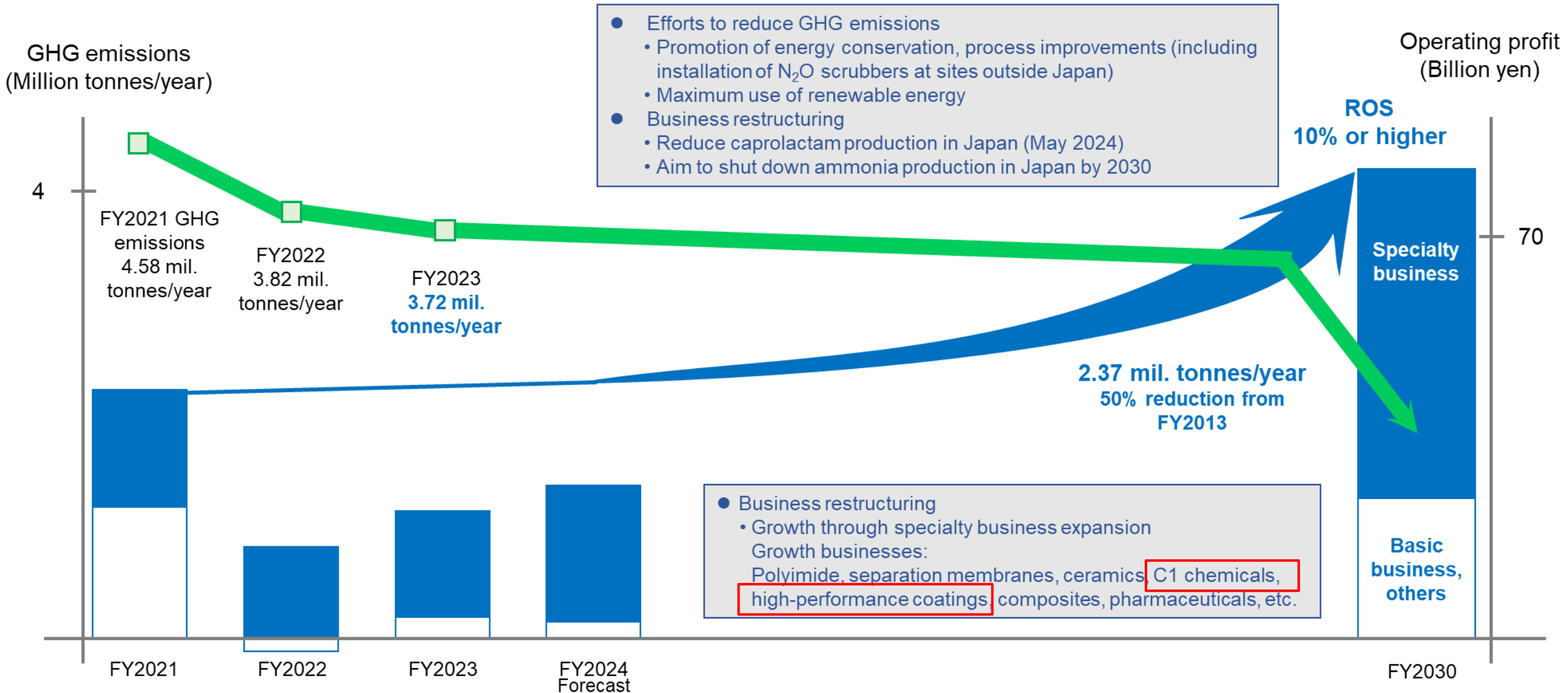
01/ Strategic Significance

02/ Acquisition Overview

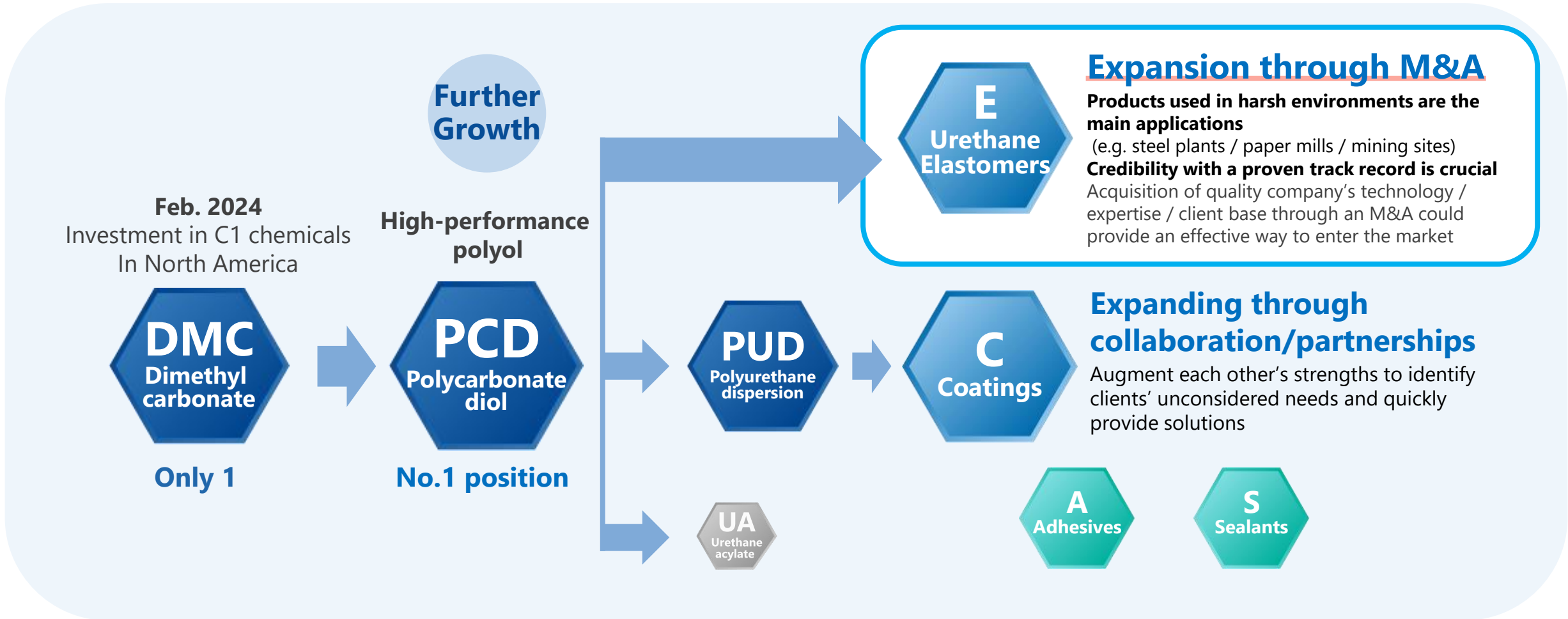
03/ About LANXESS Urethane Systems

01/ Strategic Rationale : Accelerating Business Transformation for Specialty Chemicals

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



- Acquisition of New Specialty Businesses in Downstream of the C1 Chemicals Chain
- Accelerating Growth by Acquiring One of the Global Leaders in Urethane Elastomer Market and Developing the “High-Performance Polyurethane Business”
- Adding to our ongoing C1 Chemical Chain in Louisiana and Driving Growth in the U.S. Market



Target Business

Urethane systems business of LANXESS Aktiengesellschaft

Acquisition Scheme

Share purchase in 9 direct subsidiaries (11 including non-direct subsidiaries)

Purchase Price

EUR 460m (JPY 74bn)

*The acquisition price (reference) mentioned above is based on the enterprise value of the target business. The acquisition price is expected to be confirmed based on the price adjustment indicated in the stock purchase agreement. (1 EUR = 160 JPY, rounded to the nearest whole number)

Closing

Scheduled for the 1st half of 2025

Financing

Cash on hand and interest-bearing debt

Fillings / Approvals

Regulatory filings, merger and foreign direct investment control in each relevant jurisdiction, and clearances from the relevant authorities

Target Business

Sales and manufacturing of LANXESS' Urethane Products
(Prepolymers, PUD etc.)

Business Sites

Manufacturing Sites / Technical Centers:

[Americas] 3 plants (North Carolina, US / New Jersey, US / São Paulo, Brazil),
1 technical center (Connecticut, US)

[Europe] 1 plant (Baxenden, UK), 1 technical center (Latina, IT)

[China] 1 plant (Nantong), 1 technical center (Shanghai)

*with other development, sales, and services centers in the Americas, Europe and APAC regions

Sales

By Region: Americas ca.60%, EMEA ca.20%, APAC ca,20%

By Products: 75% Prepolymer and curatives for Cast elastomer, 25% others

Employees

Ca. 400 (Americas 200, EMEA 100, APAC 100)

Business Performance

FY2024/12E : Revenue: EUR 265m, EBITDA EUR 50m

03/ LANXESS Urethane Systems At a Glance



70+
years

in urethanes business with a longstanding legacy



High performance urethane elastomers **One Of the Market leaders**



5 plants globally

2 in North America, 1 in Brazil, 1 in the UK, and 1 in China



Environmental Friendly Products* **No.1**

Launched environmentally friendly products ahead of the industry.



3 technical centers

North America, Italy, China



700 clients,
over 500 products



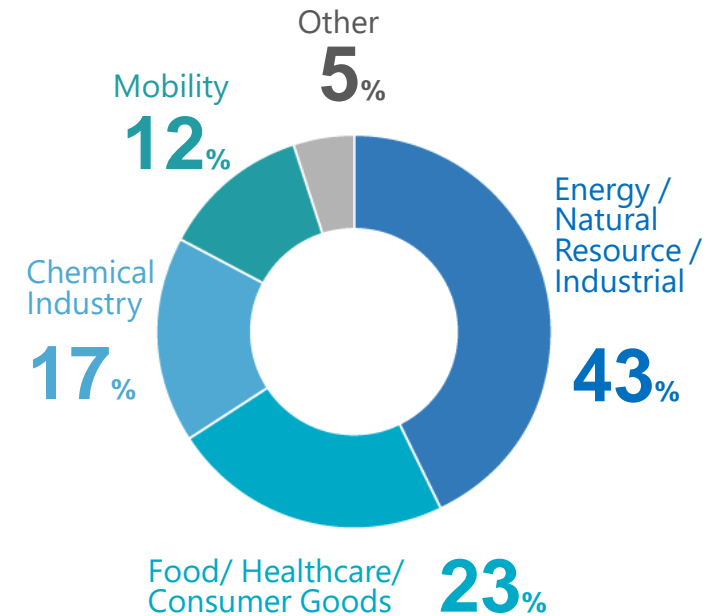
Diverse talent: 400+

More than half with technical backgrounds



Sales by region
North and South America 60%

APAC 20%, EMEA 20%



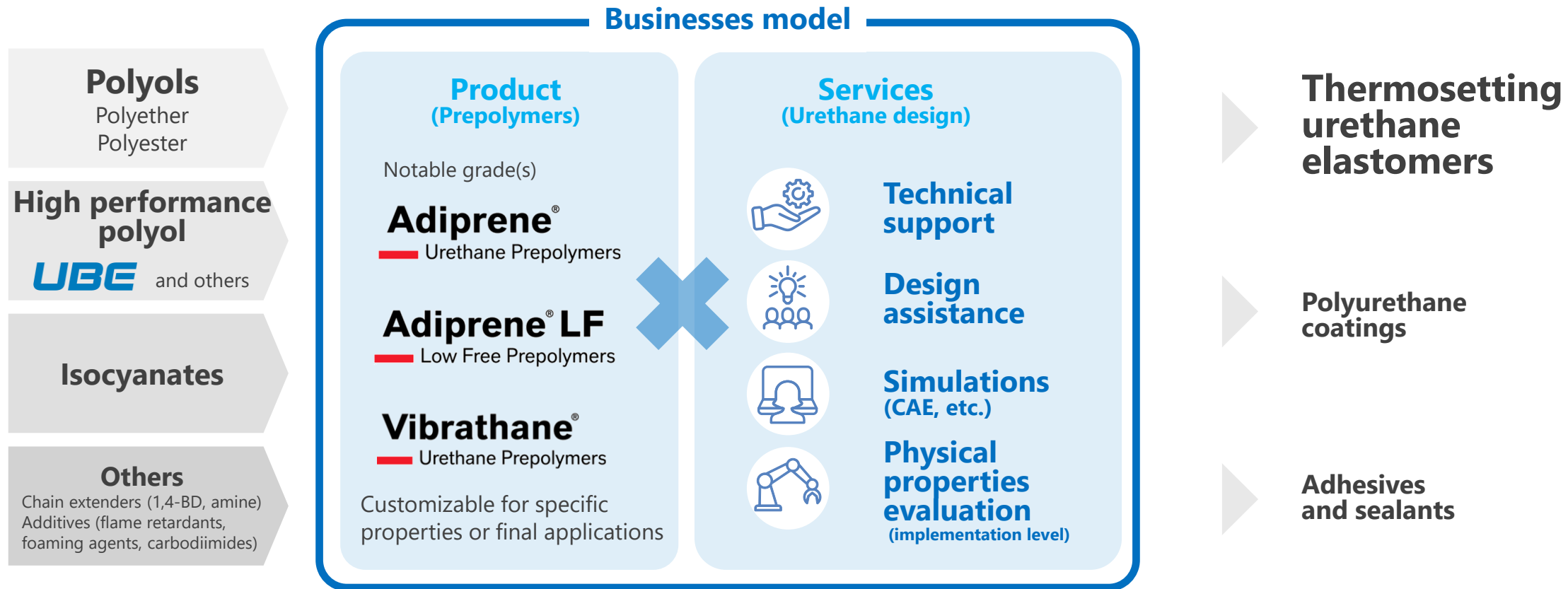
Contribute to various sectors from semiconductors to industrial machines and sports equipment

* Harmful substances (isocyanates) that may remain in urethane products are a concern for respiratory health. Considering workers safety, regulations regarding residual isocyanate concentrations have been further strengthened in Europe since 2023. Our company possesses the technical capability to quickly adapt to European regulatory changes.

Specialized Areas of the Target Business

(has been operating the business since the 1950s, and has expertise backed by its history)

Client businesses

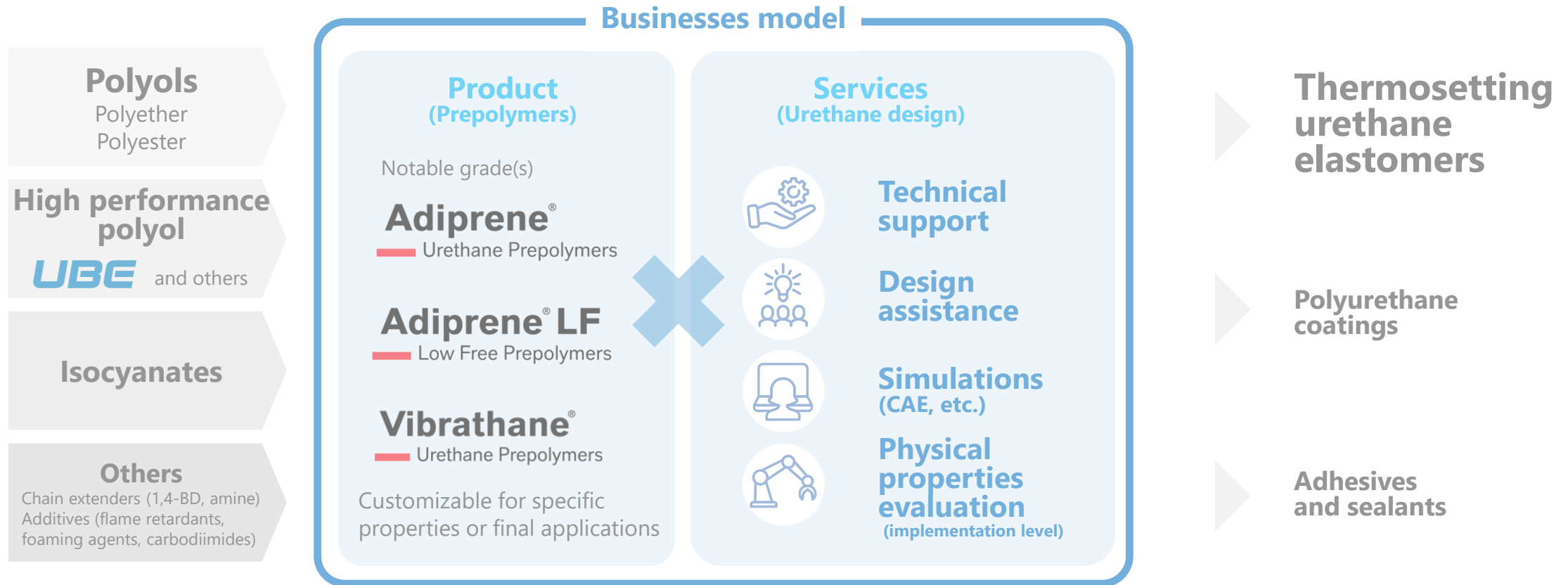


World Class Solution Provider based on building upon a successful legacy of 70+ years in urethanes and a pioneering track record

Specialized Areas of the Target Business

(has been operating the business since the 1950s, and has expertise backed by its history)

Client businesses



Anticipated synergies

Combining UBE's PCD and the target's prepolymer technologies to generate new growth opportunities

WBE *Transform
Tomorrow
Today*