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UBE Announces Investment in DMC/EMC Plant Construction in the U.S. and Capital Increase for a Subsidiary

UBE Corporation announced today that the company's Board of Directors resolved to construct a dimethyl carbonate (DMC) and ethyl methyl carbonate (EMC) plant in the United States. It also decided to increase capital in UBE C1 Chemicals America, Inc. (UCCA), a DMC/EMC manufacturing and marketing company which UBE wholly owns indirectly. Details are provided below.

1. Overview of the Plant Construction, Subsidiary, and Purpose of Capital Increase

UBE has been conducting basic design with the aim of producing DMC and EMC for the U.S. market in the state of Louisiana. UBE has now decided to construct a plant capable of producing 100,000 metric tons of DMC per year and 40,000 metric tons of EMC, derived from DMC, per year. The total capital investment will be approximately USD 500 million, with the completion of construction scheduled for July 2026 and operations scheduled to begin in November 2026.

DMC and EMC are key components in lithium-ion battery electrolyte solvents. DMC is also used as a developing solution in semiconductor manufacturing processes. Demand in the U.S. for DMC and EMC is anticipated to grow with the spread of electric vehicles and the progress of digitalization. However, the U.S. currently depends entirely on imports for its supply of DMC and EMC. By constructing this plant, UBE plans to deliver a stable supply in the U.S. UBE also plans downstream expansion in the future into environmentally friendly products in the C1 chemical chain, such as polycarbonate diol (PCD) and waterborne polyurethane dispersion (PUD).

UBE's DMC is produced using the company's proprietary gas phase nitrite process, which is characterized by lower energy, higher quality, and fewer byproducts than ethylene-based production methods. In the U.S., UBE will leverage inexpensive natural gas as a raw material to enhance cost competitiveness while reducing CO₂ emissions compared to existing plants. In this way, UBE will solidify its position as a leading company.

As a first step, on November 13, 2023, UBE established UCCA in Louisiana as a company to manufacture and market DMC and EMC in the U.S. UBE has now decided to increase UCCA's capital by USD 200 million through its U.S. holding company, UBE Corporation America Inc. (UCAI), to allocate funds for plant construction. As a result of this capital increase, UCCA's capital value will be equivalent to more than 10% of the value of UBE's capital. Therefore, UCCA will become a specified subsidiary of UBE.

As an investment incentive confirmed at this point, approval for tax credits totaling approximately USD 80 million over the 10 years following the start of operations has been received from the Louisiana Economic Development Board of Commerce and Industry.

2. Overview of UCCA

(1)	Name	UBE C1 Chemicals America, Inc. (UCCA)	
(2)	Location	10800 River Rd., Waggaman, LA, 70094	
(3)	Representative	Jerónimo Porras President and CEO	
(4)	Business Description	Manufacturing and marketing of DMC and EMC	
(5)	Capital (Before Capital Increase)	USD 10,000 (approx. JPY 1 million)	
(6)	Date of Establishment	November 13, 2023	
(7)	Major Shareholder and Ownership Ratio (Before Capital Increase)	UBE Corporation America Inc. (UBE's wholly owned subsidiary): 100%	
(8)	Relationship between UBE and UCCA	Capital relations	UBE indirectly owns 100%
		Human relations	One UBE executive officer, one UBE employee, and a representative of UBE Corporation America Inc. concurrently serve as directors of UCCA
		Business relations	There are currently no transactions between UBE and UCCA

Note: The exchange rate applied is USD 1 = JPY 147.55, the TTM rate published by MUFG Bank on January 31, 2024.

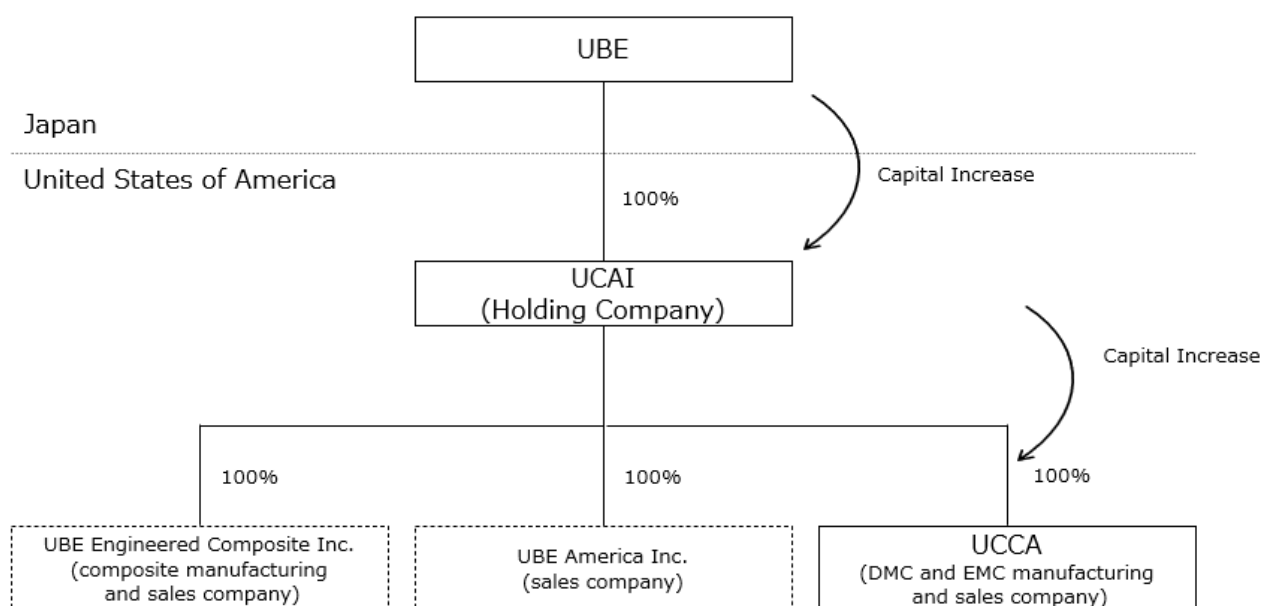
3. Details of the Capital Increase

(1)	Amount of Increase	USD 200,000,000 (approx. JPY 29,510 million)
(2)	Capital (After Capital Increase)	USD 200,010,000 (approx. JPY 29,511 million)
(3)	Ownership Ratio (After Capital Increase)	UBE Corporation America Inc. (UBE's wholly owned subsidiary): 100%

Note: The exchange rate applied is USD 1 = JPY 147.55, the TTM rate published by MUFG Bank on January 31, 2024.

4. Method of Capital Increase

UBE will implement the aforementioned capital increase of its wholly-owned subsidiary UCAI, which will then increase the capital of its wholly-owned subsidiary UCCA by the same amount.



5. Schedule

Expected completion date of capital contribution: September 2024 (may be subject to change)

Note: Although the capital contribution is scheduled to be made in stages, UCCA's capital value will be equivalent to more than 10% of the value of UBE's capital before completion of the capital contribution, thereby making it a specified subsidiary of UBE.

6. Future Outlook

The impact of this capital increase on UBE's consolidated earnings for the fiscal year ending March 2024 will be minimal.

Reference:

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (Announced November 2, 2023) and Consolidated Earnings for the Fiscal Year Ended March 31, 2023

(Million yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Fiscal Year Ending March 2024 (Forecast)	484,000	17,000	26,500	21,500
Fiscal Year Ended March 2023 (Results)	494,738	16,210	(8,745)	(7,034)