

## Consolidated Financial Report for the First Quarter Ended June 30, 2025

August 5, 2025

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(Amounts rounded to the nearest million yen)

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2025

(From April 1, 2025 to June 30, 2025)

#### (1) Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April – June 2025	100,459 (12.9)%	2,955 1.5%	6,212 (10.8)%	4,361 (9.2)%
April – June 2024	115,385 5.6%	2,911 11.0%	6,967 30.8%	4,804 31.4%

(Note) Comprehensive Income: From April 1, 2025 to June 30, 2025: 3,460 Million Yen (78.0)%  
 From April 1, 2024 to June 30, 2024: 15,743 Million Yen 3.3%

	Net income per share (Yen)	Diluted net income per share (Yen)
April – June 2025	44.90	44.90
April – June 2024	49.49	49.47

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)
June 30, 2025	847,248	410,023	46.4
March 31, 2025	865,669	412,013	45.6

(Reference) Shareholders' equity: As of June 30, 2025: 392,856 Million Yen  
 As of March 31, 2025: 395,078 Million Yen

[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

### 2. Cash Dividends

	Cash dividends per share (Yen)				
	First quarter	Second quarter	Third quarter	Year end	Annual
April 2024 – March 2025	—	55.00	—	55.00	110.00
April 2025 – March 2026	—	—	—	—	—
April 2025 – March 2026 (Forecast)	—	55.00	—	55.00	110.00

(Note) Revision of the latest forecast of cash dividends: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2026

(From April 1, 2025 to March 31, 2026)

(% indicates the rate of increase / decrease to the same period of previous year)

(% indicates the rate of increase / decrease to the same period of previous year)									
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share(Yen)
April – September 2025	228,000	(6.2)%	8,000	32.3%	13,500	610.9%	10,000	-	102.96
April 2025 – March 2026	490,000	0.7%	25,000	38.5%	37,500	67.6%	27,500	-	283.15

(Note) Revision of the latest forecast of consolidated financial results: No

#### (Notes)

(1) Changes in significant subsidiaries during the first quarter ended June 30, 2025: Yes

Newly included: 7

URETHANE SYSTEMS USA LLC

SISTEMAS DE URETANOS DO BRASIL LTDA.

Chemtura China Holding Co., Ltd.

LANXESS Advanced Materials (Nantong) Co., Ltd.

LANXESS Urethanes UK LTD

LANXESS Sales Netherlands B.V.

LANXESS Solutions Italy S.r.l.

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Quarterly Consolidated Financial Statements (Significant changes in scope of consolidation during the first quarter ended June 30, 2025)”.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Quarterly Consolidated Financial Statements (Application of the specific accounting methods for preparing the quarterly consolidated financial statements)”.

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(4) Number of shares outstanding (common stock)

	June 30, 2025	March 31, 2025
Numbers of shares outstanding at period end	106,200,107	106,200,107
Numbers of shares of treasury stock at period end	9,079,804	9,079,297
	April – June 2025	April – June 2024
Weighted-average number of shares outstanding during period	97,120,563	97,072,946

Review procedures on the quarterly consolidated financial statement contained in this report by independent auditors:

Yes (voluntary)

(Cautionary statement on forward-looking statements)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational. It may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

#### 4. Qualitative Information on Operating Results

##### (1) Overview of Operating Results

During the first quarter under review, net sales decreased due to sluggish sales of nylon polymers and caprolactam, etc. in the Polymers & Chemicals segment, as well as the transfer of management rights of the Steel Products Business to another company in the third quarter of the previous fiscal year in the Machinery segment.

Operating profit remained at the same level as the same period of the previous fiscal year. Although sales were sluggish in the High Performance Urethane, Pharmaceutical, and Specialty Products segments, strong sales of elastomers in the Polymers & Chemicals segment contributed to stable performance.

Ordinary profit declined due to foreign exchange losses and an increase in interest expenses, although share of profit of entities accounted for using equity method remained at the same level as the same period of the previous fiscal year.

Profit attributable to owners of parent decreased in line with the decline in ordinary profit.

As a result, the Company Group reports its consolidated results during the current term as follows:

(Billions of yen)				
Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April – June 2025 ①	100.5	3.0	6.2	4.4
April – June 2024 ②	115.4	2.9	7.0	4.8
Difference ① - ②	(14.9)	0.0	(0.8)	(0.4)
Percentage change	(12.9)%	1.5%	(10.8)%	(9.2)%

##### Overview by Segment

(Billions of yen)				
Net sales				
Segment	April – June 2024 ①	April – June 2025 ②	Difference ② – ①	Percentage Change
Specialty Products	15.1	15.0	(0.1)	(0.9)%
High Performance Urethane	3.8	3.2	(0.7)	(17.4)%
Pharmaceutical	5.9	4.3	(1.6)	(27.7)%
Polymers & Chemicals	67.5	59.7	(7.7)	(11.4)%
Machinery	19.2	14.5	(4.7)	(24.3)%
Others	10.4	8.6	(1.7)	(16.8)%
Adjustment	(6.5)	(4.8)	1.6	—
Total	115.4	100.5	(14.9)	(12.9)%

(Billions of yen)				
Operating profit				
Segment	April – June 2024 ①	April – June 2025 ②	Difference ② – ①	Percentage Change
Specialty Products	2.2	1.9	(0.3)	(15.0)%
High Performance Urethane	0.7	(0.4)	(1.1)	—
Pharmaceutical	(0.2)	(0.6)	(0.4)	—
Polymers & Chemicals	(0.7)	1.3	2.0	—
Machinery	1.0	1.1	0.1	5.5%
Others	0.5	0.5	0.0	6.1%
Adjustment	(0.6)	(0.8)	(0.2)	—
Total	2.9	3.0	0.0	1.5%

(Note1) Starting from the fiscal year ending March 2026, the segments have been increased from the four segments of “Specialty Products,” “Polymers & Chemicals,” “Machinery,” and “Others” to the six segments of “Specialty Products,” “High Performance Urethane,” “Pharmaceutical,” “Polymers & Chemicals,” “Machinery,” and “Others.” The results for the first quarter ended March 2025 are figures reflecting the segment reclassification.

(Note2) Adjustment for operating profit includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

#### Specialty Products – Decreases in both net sales and operating profit

The Polyimide Business recorded a decrease in net sales, despite solid sales of films, due to weak sales of our varnishes in the Chinese OLED panel market, where the adoption of China-made varnishes was increasing and the smartphone sales were declining.

The Separation Membrane Business recorded a decrease in net sales, despite the continued medium- to long-term demand trend for CO<sub>2</sub> separation membranes for biomethane production, because of the inventory adjustments by some customers and other factors.

The Ceramics Business recorded a decrease in net sales due to sluggish sales of products for bearings and substrates resulting from the slowdown in growth in the electric vehicle market.

The Separators Business recorded an increase in net sales due to an increase in sales volume in line with an increase in demand for products for hybrid vehicles.

The Specialty Products Segment as a whole recorded decreases in both net sales and operating profit due to weak performance of polyimide, separation membranes, and ceramics despite solid performance of separators.

#### High Performance Urethane – Decreases in both net sales and operating profit

The High-performance Coatings Business recorded decreases in net sales and operating profit due to sluggish sales of the products in the overseas market.

The Urethane Systems Business, which was acquired from LANXESS, Germany, on April 1, 2025, is not included in consolidated net sales and operating profit of the first quarter in the current fiscal year as the companies comprising the business have a December fiscal year-end.

#### Pharmaceutical – Decreases in both net sales and operating profit

The Pharmaceutical Business recorded decreases in both net sales and operating profit due to decreases in royalty income in the drug discovery business and sales volume of the contract pharmaceuticals business.

#### Polymers & Chemicals – Decrease in net sales and increase in operating profit

##### ■ Performance Polymers & Chemicals Business

The Composites Business recorded an increase in net sales due to an increase in sales volume resulting from a recovery in domestic demand for products for automobiles and the contribution of a European material recycled plastic manufacturer acquired in December 2024.

The Nylon Polymer Business recorded a decrease in net sales mainly due to weak demand for nylon film for food packaging overseas, resulting in decreases in sales volume and selling prices.

The Caprolactam & Ammonium Sulfate Business recorded a decrease in net sales due to a decrease in sales volume and a decline in selling prices caused by intensifying competition.

The Industrial Chemicals Business recorded an increase in net sales due to higher sales volume resulting from the absence of the biennial inspection conducted at the ammonia product factory.

■ The Elastomer Business recorded an increase in net sales thanks to a rise in product prices resulting from a rise in prices of butadiene, which is the main raw material, as well as an increase in sales volume mainly for exports.

■ The Polymers & Chemicals Segment as a whole recorded a decrease in net sales and an increase in operating profit despite sluggish sales of nylon polymers and caprolactam, thanks to the absence of biennial scheduled maintenance at the ammonia plant and strong performance of elastomers.

#### Machinery – Decrease in net sales and increase in operating profit

The Molding Machine Business recorded an increase in net sales due to robust sales of products for the automobile industry and strong performance of after-sales services.

The Industrial Machines Business recorded a decrease in net sales due to fewer large projects in product sales compared to the same period of the previous fiscal year, while continued strong performance of after-sales services.

The Machinery Segment as a whole recorded a decrease in net sales and an increase in operating profit, which was due to steady performance of the Molding Machine Business despite the impact of the transfer of management rights of the Steel Products Business in the third quarter of the previous fiscal year.

#### Others – Decrease in net sales and increase in operating profit

In the Others Segment, the Power Producer Business recorded a decrease in net sales due mainly to a decline in prices of electricity sold in line with the fall in coal prices. However, operating profit remained at the same level as the same period of the previous fiscal year due to the absence of the periodic repairs, which are conducted every two years at the in-house power plant.

#### Cement-Related Business (Equity-Method Affiliate)

Although the domestic cement business showed steady performance thanks to the price adjustment that took effect in April 2025, share of profit of entities accounted for using the equity method relating to the cement-related business decreased due mainly to the biennial repair implemented at the IPP power plant in the environment and energy business and a decrease in the sales volume of ready-mixed concrete in the overseas (North America) market.

## (2) Overview of Financial Condition

### Total Assets

Total assets decreased by 18,421 million yen compared to the end of the previous fiscal year, to 847,248 million yen. This is mainly due to decreases in cash and deposits and investment securities despite increases in property, plant and equipment and intangible assets.

### Liabilities

Liabilities decreased by 16,431 million yen compared to the end of the previous fiscal year, to 437,225 million yen. This is mainly due to a decrease in interest-bearing debt.

### Net assets

Net assets at the end of the consolidated first quarter under review were 410,023 million yen, a decrease of 1,990 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in retained earnings because of profit attributable to owners of parent being lower than the amount of cash dividends and a decrease in foreign currency translation adjustment.

As a result, shareholders' equity ratio increased by 0.8 to 46.4%, compared to the end of the previous fiscal year.

## (3) Explanation Regarding Forecasts of Consolidated Results and Forward-Looking Information

There have been no changes to the consolidated earnings forecast announced on May 12, 2025.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	115,969	42,422
Notes and accounts receivable - trade, and contract assets	106,617	95,966
Merchandise and finished goods	57,697	62,362
Work in process	26,136	31,611
Raw materials and supplies	38,156	40,083
Other	13,939	16,190
Allowance for doubtful accounts	(137)	(121)
Total current assets	358,377	288,513
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	51,814	60,346
Machinery, equipment and vehicles, net	72,314	79,687
Land	37,431	40,797
Other, net	61,142	63,184
Total property, plant and equipment	222,701	244,014
Intangible assets		
Goodwill	2,418	41,015
Other	9,244	14,337
Total intangible assets	11,662	55,352
Investments and other assets		
Investment securities	225,502	211,358
Other	47,420	48,017
Allowance for doubtful accounts	(217)	(212)
Total investments and other assets	272,705	259,163
Total non-current assets	507,068	558,529
Deferred assets	224	206
Total assets	865,669	847,248

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	48,258	50,810
Short-term borrowings	70,838	69,364
Commercial papers	8,996	—
Current portion of bonds payable	10,000	10,000
Income taxes payable	4,427	2,785
Provision for bonuses	4,600	6,961
Other provisions	671	644
Other	49,929	41,822
Total current liabilities	197,719	182,386
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	155,646	152,062
Provisions	2,405	2,959
Retirement benefit liability	4,711	5,081
Asset retirement obligations	1,220	1,748
Other	11,955	12,989
Total non-current liabilities	255,937	254,839
Total liabilities	453,656	437,225
<b>Net assets</b>		
Shareholders' equity		
Share capital	58,435	58,435
Capital surplus	40,363	40,363
Retained earnings	260,914	259,933
Treasury shares	(21,486)	(21,487)
Total shareholders' equity	338,226	337,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,555	8,527
Deferred gains or losses on hedges	12	(5)
Foreign currency translation adjustment	41,331	39,461
Remeasurements of defined benefit plans	7,954	7,629
Total accumulated other comprehensive income	56,852	55,612
Share acquisition rights	24	24
Non-controlling interests	16,911	17,143
Total net assets	412,013	410,023
<b>Total liabilities and net assets</b>	<b>865,669</b>	<b>847,248</b>

## (2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

## • Consolidated Statements of Income

(Millions of yen)

	April 1, 2024 - June 30, 2024	April 1, 2025 - June 30, 2025
Net sales	115,385	100,459
Cost of sales	95,649	79,108
Gross profit	19,736	21,351
Selling, general and administrative expenses	16,825	18,396
Operating profit	2,911	2,955
Non-operating income		
Interest income	198	122
Dividend income	196	243
Rental income	210	222
Share of profit of entities accounted for using equity method	3,859	3,987
Foreign exchange gains	718	—
Other	130	370
Total non-operating income	5,311	4,944
Non-operating expenses		
Interest expenses	276	832
Rental expenses	120	123
Foreign exchange losses	—	125
Other	859	607
Total non-operating expenses	1,255	1,687
Ordinary profit	6,967	6,212
Extraordinary income		
Gain on sale of non-current assets	2	—
Gain on sale of investment securities	89	55
Gain on liquidation of subsidiaries and associates	311	—
Total extraordinary income	402	55
Extraordinary losses		
Loss on disposal of non-current assets	154	126
Loss on related business	—	271
Total extraordinary losses	154	397
Profit before income taxes	7,215	5,870
Income taxes	2,129	1,305
Profit	5,086	4,565
Profit attributable to non-controlling interests	282	204
Profit attributable to owners of parent	4,804	4,361



• Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2024 - June 30, 2024	April 1, 2025 - June 30, 2025
Profit	5,086	4,565
Other comprehensive income		
Valuation difference on available-for-sale securities	229	(155)
Deferred gains or losses on hedges	12	5
Foreign currency translation adjustment	7,029	760
Remeasurements of defined benefit plans, net of tax	(196)	(237)
Share of other comprehensive income of entities accounted for using equity method	3,583	(1,478)
Total other comprehensive income	10,657	(1,105)
Comprehensive income	15,743	3,460
Comprehensive income attributable to owners of parent	14,618	3,121
Comprehensive income attributable to non-controlling interests	1,125	339

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2024 - June 30, 2024	April 1, 2025 - June 30, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,215	5,870
Depreciation and amortization	6,749	5,895
Amortization of goodwill	62	88
Increase (decrease) in allowance for doubtful accounts	49	(20)
Interest and dividend income	(394)	(365)
Interest expenses	276	832
Share of loss (profit) of entities accounted for using equity method	(3,859)	(3,987)
Loss (gain) on sale of non-current assets	(2)	(11)
Decrease (increase) in trade receivables	7,521	17,395
Decrease (increase) in inventories	(3,965)	(2,174)
Increase (decrease) in trade payables	(3,982)	(2,612)
Other, net	(5,661)	(5,291)
Subtotal	4,009	15,620
Interest and dividends received	1,223	9,479
Interest paid	(244)	(488)
Income taxes paid	(3,336)	(3,738)
Net cash provided by (used in) operating activities	1,652	20,873
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(17,232)	(11,241)
Proceeds from sale of property, plant and equipment	—	11
Purchase of investment securities	—	(45)
Proceeds from sale of investment securities	114	92
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(71,532)
Proceeds from withdrawal of investments in subsidiaries and associates	—	6,965
Decrease (increase) in short-term loans receivable	(800)	—
Payments into time deposits	—	(1,308)
Other, net	(48)	79
Net cash provided by (used in) investing activities	(17,966)	(76,979)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	6,865	(1,234)
Net increase (decrease) in commercial papers	14,999	(8,996)
Proceeds from long-term borrowings	36	14
Repayments of long-term borrowings	(4,593)	(4,388)
Purchase of treasury shares	(2)	(1)
Dividends paid	(5,345)	(5,347)
Dividends paid to non-controlling interests	(80)	(107)
Other, net	(194)	(212)
Net cash provided by (used in) financing activities	11,686	(20,271)
Effect of exchange rate change on cash and cash equivalents	1,352	1,496
Net increase (decrease) in cash and cash equivalents	(3,276)	(74,881)
Cash and cash equivalents at beginning of period	35,859	115,442
Cash and cash equivalents at end of period	32,583	40,561

#### (4) Notes to Quarterly Consolidated Financial Statements

(Significant changes in scope of consolidation during the first quarter ended June 30, 2025)

URETHANE SYSTEMS USA LLC, SISTEMAS DE URETANOS DO BRASIL LTDA., Chemtura China Holding Co., Ltd., LANXESS Advanced Materials (Nantong) Co., Ltd., LANXESS Urethanes UK LTD, LANXESS Sales Netherlands B.V., and LANXESS Solutions Italy S.r.l. have been included in the scope of consolidation from the first quarter of the current consolidated fiscal year, as they became subsidiaries through share acquisition.

(Application of the specific accounting methods for preparing the quarterly consolidated financial statements)

Tax expenses are calculated by estimating an effective tax rate for net income, based on reasonable assumptions, after application of tax effect accounting for net income before tax for the consolidated fiscal year, including the current term, and by multiplying the net income before tax by the estimated tax rate of net income. However, for subsidiaries for which calculating tax expenses using the said estimation of the effective tax rate would significantly lack rationality, tax expenses are calculated by using the statutory effective tax rate.

Income taxes adjustment is included in income taxes.

(Segment Information)

(1) Information concerning Net Sales and Operating Profit by Reportable Business Segment

For the First Quarter Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(Millions of yen)

	Reported segment							Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Specialty Products	High Performance Urethane	Pharmaceutical	Polymers & Chemicals	Machinery	Others	Total		
Net sales									
External sales	11,738	3,708	5,930	62,749	19,060	12,200	115,385	—	115,385
Internal sales or transfers	3,374	118	-	4,701	116	(1,848)	6,461	(6,461)	—
Total	15,112	3,826	5,930	67,450	19,176	10,352	121,846	(6,461)	115,385
Segment profit or loss (operating profit or loss)	2,204	662	(190)	(665)	1,000	490	3,501	(590)	2,911

(Note 1) (590) million yen for adjustment for Segment profit or loss includes 166 million yen for the elimination of transaction between the Segments and (756) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

For the First Quarter Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(Millions of yen)

	Reported segment							Adjustment (note 1)	Amount recorded in consolidated statements of income (note 2)
	Specialty Products	High Performance Urethane	Pharmaceutical	Polymers & Chemicals	Machinery	Others	Total		
Net sales									
External sales	12,574	2,998	4,287	54,306	14,468	11,826	100,459	—	100,459
Internal sales or transfers	2,398	163	1	5,432	56	(3,216)	4,834	(4,834)	—
Total	14,972	3,161	4,288	59,738	14,524	8,610	105,293	(4,834)	100,459
Segment profit or loss (operating profit or loss)	1,873	(439)	(556)	1,316	1,055	520	3,769	(814)	2,955

(Note 1) (814) million yen for adjustment for Segment profit or loss includes 499 million yen for the elimination of transaction between the Segments and (1,313) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

(2) Matters Related to Changes, etc. in Reportable Segments

Starting from the first quarter of the fiscal year ending March 2026, the reported segments have been revised from the previous four segments: "Specialty Products," "Polymers & Chemicals," "Machinery," and "Others" to six segments: "Specialty Products," "High Performance Urethane," "Pharmaceutical," "Polymers & Chemicals," "Machinery," and "Others."

Segment information for the first quarter of the previous consolidated fiscal year has been prepared based on the classification after the revision.

(3) Information Concerning Impairment Losses or Goodwill on Non-current Assets by Reported Segment (Significant Change in the Amount of Goodwill)

In the High Performance Urethane segment, the Company acquired all shares of subsidiaries engaged in the urethane systems business from LANXESS Deutschland GmbH. As a result of this transaction, goodwill increased by 38,689 million yen during the first quarter of the current consolidated fiscal year. The amount of goodwill has been provisionally calculated, as the allocation of the acquisition cost had not been finalized as of the end of the first quarter of the current consolidated accounting period.

(Note to significant changes in shareholders' equity)

None.

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

None.

(Notes on Business Combination, etc.)

Business combination through acquisition

1. Overview of the business combination

(1) Name of the acquired company and its business activities

Name of the acquired company

LANXESS Solutions Australia Pty. Ltd.

SISTEMAS DE URETANOS DO BRASIL LTDA.

Urethane Systems Canada Ltd.

Chemtura China Holding Co., Ltd.

LANXESS Advanced Materials (Nantong) Co., Ltd.

Elfte LXS GmbH

LANXESS SOLUTIONS INDIA PRIVATE LIMITED

LANXESS Solutions Italy S.r.l.

LANXESS Sales Netherlands B.V.

LANXESS Urethanes UK LTD

URETHANE SYSTEMS USA LLC

Business activities

Manufacture and sale of polyurethane products (i.e., prepolymers for thermosetting urethane elastomers)

(2) Reason for the business combination

UBE aims to achieve growth driven by specialty chemicals and contribution to the global environment. The Company is proceeding with a transformation of the group's business structure by expanding its specialty businesses through aggressive investment while downsizing and restructuring the basic businesses, such as the ammonia and caprolactam chains.

The C1 chemical chain (one of the specialty businesses) sets the market in the United States as the priority, and currently, the Company is in the process of constructing a new plant for DMC (dimethyl carbonate) and EMC (ethyl methyl carbonate) in Louisiana, North America. Additionally, the Company is actively expanding its downstream capabilities of PCD (polycarbonate diol) and PUD (polyurethane dispersion). This acquisition is for the high-performance polyurethane resin operations, which are in the downstream and peripheral domains of PCD and PUD.

The Target Business is one of the leading manufacturers of high-performance polyurethane resins for thermosetting urethane elastomers. With over 70 years of experience, it has developed a high level of expertise and know-how in application development and has built a robust customer base. Leveraging its global manufacturing and development centers, primarily in North America, the largest base, it provides customized solutions that meet the needs of customers. Notably, it excels in high-end applications demanding superior performance, particularly within the semiconductor industry.

By acquiring the Target Business's robust business foundation, marked by technical capabilities and know-how in polyurethane resins, global human resources and manufacturing bases and strong partnerships and distribution networks with customers, the Company aims to amplify the PCD and PUD businesses and solidify its presence in the high-performance polyurethane resin market.

(3) Date of business combination

April 1, 2025 (date of share acquisition)

(4) Legal form of business combination

Acquisition of shares for cash

(5) Name after business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Main reason for deciding on the acquired company

UBE and its consolidated subsidiaries, UBE CORPORATION AMERICA INC., UBE CORPORATION EUROPE S.A.U., and UBE Fine Chemicals (Asia) Co., Ltd., acquired the shares in exchange for cash.

2. The period of the acquired company's earnings results included in the consolidated financial statements

The fiscal year end of the acquired companies is December 31, which is three months different from the consolidated fiscal year end. Therefore, only the balance sheet of the acquired companies has been consolidated, and the consolidated statements of income for the first quarter under review does not include the results of the acquired companies.

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	80,748 million yen
Acquisition cost		80,748 million yen

(Note) The consideration for the acquisition will be adjusted at a later date based on the amount stated in the share transfer agreement, reflecting changes in working capital, etc. up to the closing date.

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc. 2,127 million yen

5. Amount of goodwill generated, reason for its occurrence, amortization method, and amortization period

(1) Amount of goodwill generated

38,689 million yen

The amount of goodwill is provisionally calculated because the allocation of the acquisition cost had not been completed as of the end of the first quarter under review.

(2) Reason for occurrence

This is generated from future excess profitability expected from future business development.

(3) Amortization method and amortization period

Not confirmed yet at this point.

6. Amounts of assets acquired and liabilities assumed on the date of business combination and their major breakdown

Current assets	36,941 million yen
Non-current assets	36,314 million yen
Total assets	73,255 million yen
Current liabilities	16,905 million yen
Non-current liabilities	1,537 million yen
Total liabilities	18,442 million yen

(Note) Because the allocation of the acquisition cost had not been completed as of the end of the first quarter under review, provisional accounting treatment has been applied based on reasonable information available.

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	April – June 2024	April – June 2025	April 2025 – March 2026 (forecast)	April 2024 – March 2025
Capital investment	13.5	7.8	86.0	60.7
Depreciation and amortization	6.7	5.9	27.0	27.2
Research and development expenses	2.5	2.5	12.5	9.9
Adjusted operating profit *1	7.2	7.3	42.0	27.0
Interest-bearing debt	231.1	316.7	380.0	330.5
Shareholders' equity *2	418.0	392.9	410.0	395.1
Total assets	807.5	847.2	950.0	865.7
D/E ratio (times)	0.55	0.81	0.93	0.84
Shareholders' equity ratio (%)	51.8	46.4	43.2	45.6
Return on sales - ROS (%) *3	2.5	2.9	5.1	3.7
Return on assets - ROA (%) *4	—	—	4.6	3.3
Return on equity - ROE (%) *5	—	—	6.8	(1.2)
Return on invested capital - ROIC (%) *6	—	—	4.4	3.0

\*1 Adjusted operating profit: Operating profit + Interest and dividend income + Share of profit (loss) of entities accounted for using equity method

\*2 Shareholders' equity: Net assets – Share acquisition rights – Non-controlling interests

\*3 ROS: Operating profit / Net sales

\*4 ROA: Adjusted operating profit / Average total assets

\*5 ROE: Profit attributable to owners of parent / Average shareholders' equity

\*6 ROIC: (Net operating profit after tax + Share of profit (loss) of entities accounted for using equity method) / Average invested capital\* (Invested capital: Interest-bearing debt + Shareholders' equity)

The Board of Directors  
UBE Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Shigeyuki Kano  
Designated Engagement Partner  
Certified Public Accountant

Ritsuko Narazaki  
Designated Engagement Partner  
Certified Public Accountant

Minori Tamegai  
Designated Engagement Partner  
Certified Public Accountant

### **Auditor's Conclusion**

We have reviewed the accompanying quarterly consolidated financial statements of UBE Corporation and its consolidated subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at June 30, 2025, and the quarterly consolidated statements of income, comprehensive income and cash flows for the three-month period ended June 30, 2025, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

### **Basis for Auditor's Conclusion**

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

### **Responsibilities of Management, the Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements**

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.



The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements**

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant review findings.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Readers of Independent Auditor's Interim Review Report**

This is an English translation of the Independent Auditor's Interim Review Report as required by the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements for the conveniences of the reader.