

The UBE Group's Value Creation Process

The UBE Group evaluates the risks and opportunities of environmental issues and other aspects of change in the business climate to identify materiality. We then plan and implement management strategies and deliver products and solutions, thereby delivering real value to society while tackling the negative impacts of climate change and helping to realize social sustainability in our drive to generate sustainable growth.

Changes in operating climate → FY2020 Capital components of enterprise value

Climate change and other environmental issues

Toward a sustainable economy

COVID-19 pandemic and other global outbreaks, increasing incidence of natural disasters and aging infrastructure

Changing behavioral patterns to prevent infections and contain spreads

Enhancing national resilience and rebuilding infrastructure to prevent and reduce disasters

Population growth in emerging nations, expansion of middle class, and urbanization

Food, water, resources, infrastructure, and energy shortages

Aging populations in developed nations

Diversifying work practices and accelerating globalization

Providing more opportunities for female employees

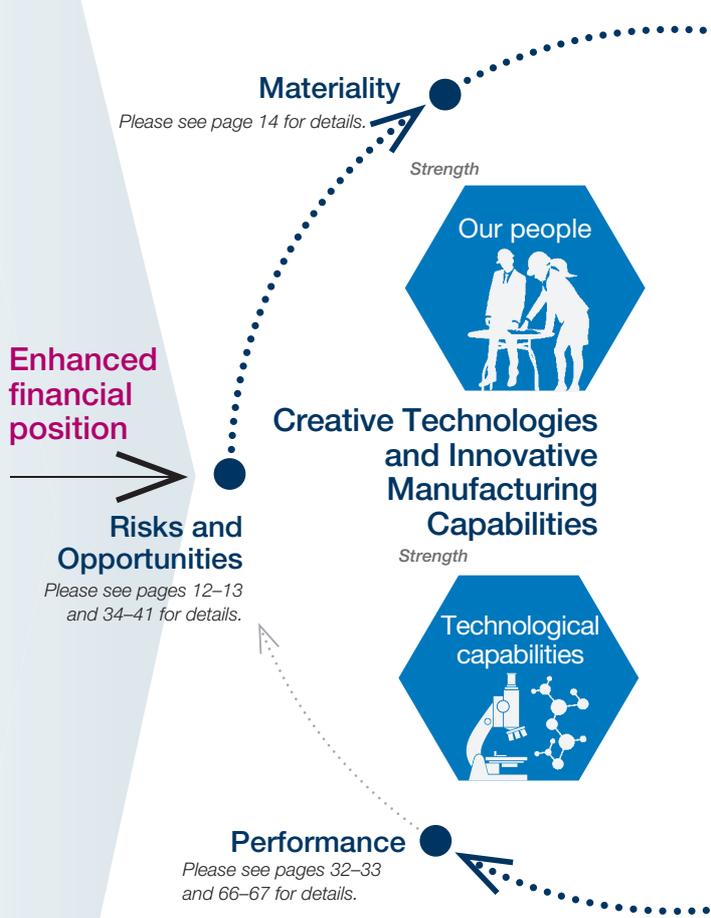
Fostering diversity

Cultivating global talent

Digital transformation

New business model
Enhanced productivity
Accelerated R&D

| |
|---|
| <p>Financial Capital Underpinning enterprise value with a sound financial position</p> <p>Equity Capital ¥332.3 billion* <small>* As of April 1, 2020 Please see page 9 for details.</small></p> |
| <p>Manufacturing Capital Infrastructure, businesses, human resources, and expertise concentrated in the Ube area</p> <p>5 sites in Japan 4 sites overseas</p> <p><small>Please see pages 24–25 for details.</small></p> |
| <p>Human Capital Respecting diverse people and values</p> <p><small>Please see pages 53–56 for details.</small></p> |
| <p>Intellectual Capital Broad technological foundations</p> <p>R&D Expenses ¥11.3 billion <small>Please see pages 16–17 for details.</small></p> |
| <p>Social Capital Emphasizing stakeholder engagement</p> <p>Number of one-on-one meetings with investors in fiscal 2020 Approx. 200</p> <p>Regional Responsible Care (RC) engagement Since 1997</p> <p><small>Please see pages 28–29, 42–45, 50, 52, and 57 for details.</small></p> |
| <p>Natural Capital Lowering environmental impact</p> <p>Abundant water resources (Yamaguchi Prefecture) Products and technologies that contribute to the environment</p> <p><small>Please see pages 15–17, 30–31, and 60–64 for details.</small></p> |



Enhanced financial position

Risks and Opportunities
Please see pages 12–13 and 34–41 for details.

Bedrock of value creation

Management Philosophy — Pursue technology and the future and



Vision for 2025
Vision UBE 2025

Medium-Term Management Plan
“Vision UBE 2025 –Prime Phase–”

Strategy and Resource Allocation

Please see pages 10–11 for details.

Strength

Our solid customer base



Strength

Infrastructure



Products and Solutions

Please see pages 28–29 and 34–41 for details.

ESG

Please see pages 15–17, 28–31 and 46–65 for details.

embrace innovation to create value for contribute to social progress

FY2020
Impact on capital components of enterprise value

Value provided to society

Product Lines that Support People, Their Livelihoods, and Our Planet
Contributing to a Circular Economy

| | |
|--|---------------|
| Profit before Income Taxes | ¥22.4 billion |
| Free Cash Flow | ¥26.6 billion |
| ROE | 6.6% |
| ROE | 3.7% |
| Number of People Who Are Newly Qualified* that Underpin Front-Line Capabilities | 76 |
| * High-pressure gas manufacturing and maintenance managers (Chemicals) Authorized concrete engineers Authorized chief concrete engineers (Construction Materials) Certified skilled professionals (Machinery) | |
| Number of Patents Granted | 194* |
| * FY2019 | |
| Percentage of Consolidated Sales Derived from Environmentally Friendly Products | 30% |
| Savings from Resource Reuse and Energy Conservation | ¥5.8 billion |

Generating value

Capital reinjections into new value creation

Addressing environmental issues

Developing technologies to use CO₂ and waste plastic utilization, manage energy, and use natural raw materials

Please see pages 16–17 for details.

Providing environmentally friendly products and solutions (including lithium-ion batteries, eco-tires, and lightweight automotive materials)

Please see pages 28–29 for details.

Please see pages 62–64 for more information about our efforts to address environmental issues.

SDGs initiatives



Addressing healthcare and food issues

Contributing to health, food hygiene, and food production (such as in terms of pharmaceuticals, food packaging films and fertilizers)



Contributing to a circular economy

Recycling resources (using waste as raw materials for cement and steelmaking)

Developing technologies to use CO₂ and waste plastics

Please see pages 16–17, 30–31, 41, and 64 for details.



Maintaining and rebuilding lifestyle infrastructure

Manufacturing, sales, and technological development for cement and repair and renovation materials

Manufacturing, sales, and technological development, including for industrial machinery and bridges

Please see pages 17 and 38–41 for details.



Contributing to regional communities

Creating jobs, paying taxes, engaging in regional development and helping conserve regional environments

Please see pages 60–63 for details.

