



March 24, 2022

To whom it may concern,

Name of company: Toyobo Co., Ltd.
Name of representative: Ikuo Takeuchi, President & CEO
(Stock code: 3101, First Section of the Tokyo Stock Exchange)
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Regarding agreement reached with Mitsubishi Corporation on Toyobo’s company split (simple absorption-type company split) involving the spin-off of the functional materials business and establishment of a joint venture

Toyobo Co., Ltd. is pleased to announce that it has reached an agreement with Mitsubishi Corporation (referred to as “MC” hereafter) regarding a company split involving the spin-off of Toyobo’s functional materials business (referred to as “the Company Split” hereafter) toward the establishment of a joint venture (referred to as “the New Company” hereafter) as well as the investment MC will make in the New Company (referred to as “the Investment” hereafter). This move is aimed at sharpening the competitive edge of Toyobo’s functional materials and enabling the company to continue to provide solutions at the global level. MC is headquartered in Chiyoda Ward, Tokyo, and headed by President and CEO Takehiko Kakiuchi. Since the Company Split is a simple absorption-type company split between Toyobo and its wholly owned subsidiary, certain disclosure items and details have been omitted.

As preconditions for carrying out the Company Split and the Investment, Toyobo and the New Company will sign an absorption-type company split agreement with Toyobo as a split company and the New Company as the succeeding company, and Toyobo and MC will, based on detailed consideration from now on, sign including but not limited to a shareholders agreement between Toyobo and MC. We will announce when matters that are currently unresolved are finalized. Toyobo and MC will hereafter be referred to as “the Parties” when they are mentioned together.

1. Background and purpose

Based on its corporate philosophy, “Jun-Ri-Soku-Yu (adhering to reason leads to prosperity),” which reflects the spirit of its founder, Eiichi Shibusawa, Toyobo has striven to grow by helping to realize a sustainable society through the solution of social problems with the provision of various products and technologies. At present, Toyobo is evaluating and stratifying its business operations based on profitability and growth potential. It then concentrates its resources on areas associated with films, life sciences and the environment by placing them as focal areas of its business, while adopting a strategy of proactively expanding to the global market business operations whose domestic markets have matured.

Meanwhile, Toyobo is under pressure to think outside the box and make sweeping changes to its business

at a time when it faces external demands due to heightened environmental awareness across the world such as making green business operations with the use of renewable energy, etc., as well as responding to the requirements of the market in line with society’s rapid digital transformation.

Against this backdrop, the Parties agreed to set up the New Company as a business entity to build up its strong position in the functional materials industry on the global stage; manage the portfolio of technologies and products; and enhance its ability of addressing industrial issues such as the environment and digitalization. This will be made possible through joint business operations between Toyobo, which has the ability to manufacture products and develop technologies related to functional materials, and MC, which has broad know-how in sales and trading of functional materials and the development of related businesses, as well as having knowledge and experience as a general trading company in doing business abroad and making business eco-friendly and digitalized.

2. Establishment of the New Company

(1) Outline of the New Company to be established

The outline of the New Company Toyobo plans to set up is as follows at this point. The details will be worked out through negotiations between the Parties, and we will inform you of them when they are finalized.

1) Company name		To be decided
2) Address		Osaka Umeda Twin Towers South, 1-13-1 Umeda, Kita-ku, Osaka City, Osaka Prefecture
3) Representatives		To be decided (planning to nominate two representatives, one from Toyobo and the other from MC)
4) Business description		Planning, development, manufacturing and sales of products related to functional materials
5) Capital stock		To be decided
6) Date of establishment		Scheduled for October 2022
7) End of each accounting term		Scheduled for March 31
8) Net assets, Total assets		To be decided
9) Stakes		(At the time of establishment) Toyobo 100% (After the Investment is made) Toyobo 51%, MC 49%
10) Relationships of those involved in the Company Split	Capital relationship	At the time of the New Company’s establishment, Toyobo’s stake in it is scheduled to be 100%. After the Investment is made, the stake of Toyobo is planned to be 51%, while MC’s will be 49%.
	Personnel relationship	After the Investment is made, Toyobo plans to appoint four directors to the New Company’s board, while MC plans to appoint three directors. The Parties plan to each appoint an auditor for the New Company.
	Business relationship	To be decided

3. The Company Split

(1) Outline of the Company Split

1) Schedule of the Company Split

Date of decision by the board of directors	March 24, 2022
Date of reaching agreement between the Parties	March 24, 2022
A board of directors meeting to approve the Agreement on the absorption-type company split	Scheduled for November 2022
Date of sealing the Agreement on the absorption-type company split	Scheduled for November 2022
Effective date of the Company Split	Scheduled for January 2023

The procedures and schedules are subject to change depending on negotiations and considerations to be made between the Parties.

2) Method of the Company Split

Toyobo will be the split company and the New Company to be established will be the succeeding company in the absorption-type company split. The Company Split is scheduled to be carried out without the approval at a general shareholders' meeting, because it falls under a simple absorption-type company split prescribed by Paragraph 2, Article 784 of the Companies Act.

3) Allocations of shares due to the Company Split

Details will be announced when a final decision is reached.

4) Handling of the stock acquisition right and bond with stock acquisition right due to the Company Split

Not applicable.

5) Capital subject to change due to the Company Split

No change in capital for the split company (Toyobo).

6) Rights and obligations the succeeding company will inherit

The succeeding company will inherit what the absorption-type company split agreement stipulates from among the assets, liabilities, rights and obligations such as its contractual status, which are related to the business to be split (As defined in 3. the Company Split (3) Outline of the business division that will be spun off of 1) Business operations of the division that will be spun off and inherited by the New Company. The same applies hereinafter.)

7) Projected execution of debt obligations

No problem is expected for the succeeding company in terms of executing debt obligations it must shoulder after the Company Split.

(2) Outline of those involved in the Company Split

	Split company (as of March 24, 2022)	Succeeding company
1) Company Name	Toyobo Co., Ltd.	To be decided

2) Address	2-2-8, Dojimahama, Kita-ku, Osaka	Osaka Umeda Twin Towers South, 1-13-1, Umeda, Kita-ku, Osaka
3) Title and name of representative	Ikuo Takeuchi, President & CEO	To be decided (planning to nominate two representatives, one from Toyobo and the other from MC)
4) Business description	Business related to films and functional materials; mobility; lifestyle and environment; life science	Planning, development, manufacturing and sales of products related to functional materials
5) Capital stock	51,730 million yen	To be decided
6) Date of establishment	June 1914	Scheduled for October 2022
7) Total number of shares issued (unit: 1,000 shares)	89,048	To be decided
8) End of each accounting term	March 31	March 31 (scheduled)
9) Principal shareholders and their percentage of stock owned or stakes	The Master Trust Bank of Japan, Ltd. (Trust Account): 13.85% Custody Bank of Japan, Ltd. (Trust Account): 8.47% National Mutual Insurance Federation of Agricultural Cooperatives: 4.00% Custody Bank of Japan, Ltd. (Trust Account 9): 2.47% Employee stock ownership plan: 2.22% (As of September 30, 2021)	Toyobo Co., Ltd. is scheduled to hold a 100% stake. (For the plan after the Investment is made, please refer to “2. Establishment of the New Company (1) Outline of the New Company to be established.”)
10) Business performance and fiscal conditions of the latest business year (consolidated)		
Net assets	188,635	There is no ended business year.
Total assets	491,188	
Net assets per share (in yen)	2,090.47 yen	
Net sales	337,406	
Operating profit	26,657	
Ordinary profit	20,706	
Profit attributable to owners of parent	4,202	
Net profit per share (in yen)	47.30 yen	

(Unit: in millions of yen unless specified otherwise)

(3) Outline of the business division that will be spun off

1) Business operations of the division that will be spun off and inherited by the New Company

Business related to planning, development, manufacturing and sales of functional materials in Japan and

overseas (Business related to Polymerization Development, VYLON® and HARDLEN®, Photo Functional Materials, Fine Chemicals, Engineering Plastics, Water Treatment Membranes, Environment Solution Devices, Activated Carbon Products, Activated Carbon Fibers, Spun-Bounded Fabrics, Lifestyle Materials, High-Performance Fibers), and businesses related to these businesses are scheduled to be handed to the New Company. Details will be announced when the matter is finalized in future negotiations between the Parties.

2) Business performance of the division that will be spun off and inherited by the New Company

As mentioned in 1), the details of business operations at the division that will be spun off will be decided based on future negotiations between the Parties. At this point, however, the scale of the business operation is projected to be around 100 billion yen in sales.

3) The items and amounts of assets and liabilities to be spun off and inherited by the New Company

As mentioned in 1), the details will be notified when the matter is finalized in future negotiations between the Parties.

(4) Situation of the split company and the succeeding company after the Company Split

Company name, address, title and name of representative, business operations, capital and end of each accounting term of the split company, and address, business operations and end of each accounting term of the succeeding company will be unchanged. We will announce details when they are finalized. Company name, title and name of representative, and capital of the succeeding company are currently unresolved, will be announced when they are finalized.

(5) Future prospects

We project the effect of the Company Split on our business performance will be minor because the New Company will be a wholly owned subsidiary of Toyobo. After the split, the New Company plans to increase capital through a third-party allocation to MC for the Investment.

4. Start of joint venture

(1) Operations of joint venture

The Parties (Toyobo and MC) will jointly operate the New Company after the joint venture starts. By working together, they plan to build up a strong position in the functional materials industry at the global level, manage the portfolio of technologies and products, and enhance the ability to deal with industrial issues such as those related to environment and digitalization. Furthermore, they aim to make the New Company capable of helping boost the competitive edge of Japan's entire materials industry.

(2) Outline of the joint venture

As described in "(1) Outline of the New Company to be established under 2. Establishment of the New Company," and "(2) Outline of those involved in the Company Split and (4) The company to be created after the Company Split under 3. The Company Split."

(3) Projected business performance of the joint venture

The business projection of the New Company will be discussed between the Parties and therefore is to be decided at this point.

(4) Outline of the joint venture partner

1) Company Name	Mitsubishi Corporation			
2) Address	2-3-1 Marunouchi, Chiyoda-ku, Tokyo			
3) Title and name of representative	Takehiko Kakiuchi, President and CEO			
4) Business description	Wide range of businesses spanning multiple industries and overseen by 10 Business Groups: Natural Gas, Industrial Materials, Petroleum & Chemicals solution, Mineral Resources, Industrial Infrastructure, Automotive & Mobility, Food Industry, Consumer Industry, Power Solution, and Urban Development.			
5) Capital stock	204,446 million yen			
6) Date of establishment	April 1950 (Founding year: July 1954)			
7) Principal shareholders and their percentage of stock owned or stakes	The Master Trust Bank of Japan, Ltd. (Trust Account): 12.59% Custody Bank of Japan, Ltd. (Trust Account): 5.52% BNYM AS AGT/CLTS NON TREATY (standing proxy: MUFJ Bank): 5.40% Meiji Yasuda Life Insurance Company: 4.38% Tokio Marine & Nichido Fire Insurance Co., Ltd.: 3.53% (As of September 30, 2021)			
8) Toyobo's relationships with MC	Capital relationship	No relationship		
	Personnel relationship	No relationship		
	Business relationship	Toyobo and MC group buy and sell products each other		
	Applicability to related parties	Not applicable		
9) Business performance and fiscal conditions of the past three years	Accounting period	Business year ending March 2019	Business year ending March 2020	Business year ending March 2021
	Consolidated net assets	6,636,920	6,216,894	6,538,390
	Consolidated total assets	16,532,800	18,033,424	18,634,971
	Consolidated net assets per share (in yen)	3,589.37 yen	3,521.30 yen	3,803.01 yen
	Revenue	16,103,763	14,779,734	12,884,521
	Profit before tax	851,813	648,864	253,527
	Consolidated net profit for the business year	645,784	592,151	132,241
	Consolidated net profit per share for	372.39 yen	348.50 yen	116.86 yen

	the business year			
	Dividend per share	125.00 yen	132.00 yen	134.00 yen

(Unit: in millions of yen unless specified otherwise)

(5) Schedule of the joint venture

Date of sealing the basic agreement	March 24, 2022
Date of sealing the shareholders' agreement	Scheduled for January 2023
Date of payment of the Investment	Scheduled for January 2023
Start of the joint venture	Scheduled for January 2023

The procedures and schedules are subject to change depending on negotiations and considerations to be made between the Parties.

(6) Future prospect

How this joint venture will affect Toyobo's business performance is unknown at this point, but we will swiftly announce any development deemed necessary to be made public.