



August 8, 2024

To whom it may concern,

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Notice regarding financing through a subordinated loan and publicly offered subordinated bonds

Toyobo Co., Ltd. (“Toyobo,” hereafter) hereby announces that, at its Board of Directors meeting held on August 8, 2024, it resolved to raise a total of approximately 40.0 billion yen in funds (the “Financing,” hereafter) through a subordinated term loan (the “Subordinated Loan,” hereafter) and the first unsecured bonds (subordinated bonds) with an interest deferrable clause and early redemption clause (the “Subordinated Bonds,” hereafter). The details are as follows.

Toyobo has submitted amended shelf registration statements to the Kanto Local Finance Bureau today (August 8, 2024) for the issuance of the Subordinated Bonds.

1. Aim and Background of the Financing

Based on its corporate philosophy “Jun-Ri-Soku-Yu” (adhering to reason leads to prosperity), the Toyobo Group (“the Group”, hereafter) formulated “Sustainable Vision 2030,” aiming to achieve its vision of “Ushering in both a prosperous society where people can live with peace of mind and the enhancement of corporate value.” With the “2025 Medium-Term Management Plan” serving as a milestone for achieving its targets, the Group positioned the period of the plan as “four years to remake and prepare” and is striving to “make changes for sustainable growth.”

As the Group’s growth strategy, in the films business and life science business that are positioned as “businesses focusing on expansion,” the Group will proactively invest in strengthening production of highly functional films, increasing manufacturing capacity in the biotechnology business and medical materials business, and other initiatives, aiming for medium- to long-term growth. We also reassessed the environmental and functional materials business in terms of growth opportunity and potential of each of its products. We will begin efforts to grow and expand this business by establishing and operating a joint venture with Mitsubishi Corporation, aiming to make it our third pillar.

On the other hand, the business environment surrounding the Group is changing drastically mainly due to heightened geopolitical risks and persistently high raw material and fuel prices. Amid this challenging business environment, the Group will ensure that upfront investments for future growth are made at every available opportunity, and will work to achieve “Progress to the Next Growth Stage (New Creation)” in order to enhance corporate value as set forth in “Sustainable Vision 2030.”

Aiming to both implement the growth strategy through these upfront investments and achieve financial soundness for leaps forward in the future, Toyobo has decided at this time to conduct the Financing.

2. Features of the Subordinated Loan and Subordinated Bonds

The Subordinated Loan and Subordinated Bonds are hybrid finance instruments with characteristics midway between equity and debt. Because they are classified as debt, there will be no dilution of shares. However, because claims for repayment will be subordinated in the repayment order compared to other interest-bearing debt in liquidation proceedings and bankruptcy proceedings, and because there are very long maturities, voluntary deferred interest payment clauses and other features, these instruments have characteristics and features similar to equity. Therefore, ratings agencies (Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd.) are expected to assess the equity content as 50% of the amount of funds raised.

The amount of funds to be raised through the Subordinated Loan and Subordinated Bonds will be a total of approximately 40.0 billion yen, and the specific breakdown will be determined after comprehensively considering demand conditions, interest rate trends, and other factors.

3. Outline of the Subordinated Loan

Although Toyobo plans to make a final decision on the detailed terms and conditions of the Subordinated Loan on September 25, 2024, the following contents are currently being considered. Once the detailed terms and conditions are determined, Toyobo will promptly announce them.

Loan amount	20.0 billion yen (scheduled)
Signing date	September 25, 2024 (scheduled)
Loan execution date	September 30, 2024 (scheduled)
Repayment date	September 30, 2059 (scheduled) However, voluntary early repayment of all or part of the principal is possible on each interest payment date after 5 years have passed since the funds were borrowed.
Subordinated Loan preliminary rating	BBB (Rating and Investment Information, Inc.) BBB+ (Japan Credit Rating Agency, Ltd.)

4. Outline of the Subordinated Bonds

Although Toyobo plans to determine the detailed terms and conditions of the Subordinated Bonds in September 2024 and thereafter, the following contents are currently being considered. Once the detailed terms and conditions are determined, Toyobo will promptly announce them.

For details, please see the amended shelf registration statements submitted today to the Kanto Local Finance Bureau.

Amount of bond	20.0 billion yen (scheduled)
Paid-in date	After September 2024 (scheduled)
Maturity date	After September 2061 (On the date 37 years after the paid-in date) (scheduled) However, voluntary early redemption is possible on each interest payment date after 7 years have passed since the funds were issued.
Subordinated Bonds preliminary rating	BBB (Rating and Investment Information, Inc.) BBB+ (Japan Credit Rating Agency, Ltd.)
Underwriters	Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.