



January 25, 2023

To whom it may concern,

Name of company: Toyobo Co., Ltd.  
Name of representative: Ikuo Takeuchi,  
President & Representative Director  
(Stock code: 3101, Prime Market, Tokyo Stock Exchange)  
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**Notice regarding company split (simple absorption-type company split) involving the spin-off of the functional materials business to wholly owned subsidiary**

Toyobo Co., Ltd. decided at a board of directors meeting today that Toyobo MC Corporation (“the New Company” hereafter), a wholly owned subsidiary that it established on September 5, 2022, will succeed Toyobo’s business involving functional materials through an absorption-type company split (“the Company Split” hereafter). The Company Split is scheduled to go into effect on April 1, 2023.

As the Company Split is a simple absorption-type split between Toyobo and its wholly owned subsidiary, certain disclosure items and details have been omitted. We have updated the documents we released on March 24, 2022, and August 25, 2022 (“the Documents” hereafter), regarding the parts that were undecided or changed in substance, and have underlined those sections. The document dated March 24, 2022, is titled “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.” The other document dated August 25, 2022, is titled “Regarding changes in the schedules of a company split involving the functional materials-related business and establishment of a joint venture as well as decisions on the new (succeeding) company’s name and other matters related to its establishment.”

Please refer to the Documents regarding the details of the New Company and the joint venture established with Mitsubishi Corporation (headquartered in Chiyoda-ku, Tokyo, and headed by Representative Director, President & CEO Katsuya Nakanishi; “MC” hereafter).

**1. Background and Aim**

As notified in the Documents, Toyobo has signed an agreement with MC to set up the New Company, after which the Company Split is carried out and an investment from MC (“the Investment” hereafter) is provided to the New Company with the aim of sharpening the competitive edge of Toyobo’s functional materials and continuing to provide solutions globally. Toyobo and MC have since been considering how to implement the Company Split and the Investment. The Company Split is to be implemented as part of the procedure in the run-up to the contract shareholders’ agreement between Toyobo and MC and the start of the joint venture.

**2. Summary of the Company Split**

(1) Schedule of the Company Split

Date of decision at the board of directors meeting	January 25, 2023
Date of sealing the agreement on the absorption-type company split	January 25, 2023

Effective date of the Company Split	Scheduled for April 1, 2023
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(Note) 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.

(2) Method of the Company Split

Toyobo will be the split company and the New Company will be the succeeding company in the absorption-type company split (simple absorption-type company split).

(3) Allocations of shares due to the Company Split

At the time of the Company Split, the New Company will newly issue 31,000 common shares and allocate them to Toyobo as compensation for the Company Split.

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

Not applicable.

(5) Capital stock subject to change due to the Company Split

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

(6) Rights and obligations that the succeeding company succeeds

The New Company will succeed what the absorption-type company split contract stipulates regarding the assets, liabilities, and rights and obligations such as contractual status, which are related to the functional materials business described in 4. (1) below.

(7) Projected execution of debt obligations

We deem there is no projected problem for the succeeding company to execute debt obligations it must shoulder after the Company Split goes into effect.

**3. Outline of those involved in the Company Split (As of September 30, 2022)**

	Split company	Succeeding company (The New Company)
1) Company name	Toyobo Co., Ltd.	Toyobo MC Corporation
2) Address	<u>1-13-1, Umeda, Kita-ku, Osaka</u>	Osaka Umeda Twin Towers South, 1-13-1, Umeda, Kita-ku, Osaka
3) Title and name of representative ( <u>Note 1</u> )	President and Representative Director, Ikuo Takeuchi	Director, Chikao Morishige (Toyobo's Representative Director, Co-COO and CTO)
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	100 million yen
6) Date of establishment	June 26, 1914	<u>September 5, 2022</u>
7) Total number of shares issued (unit: 1,000 shares)	89,048	<u>20</u>

8) End of each accounting term	March 31	March 31
9) Principal shareholders and their percentage of stock owned or stakes (Note 2)	<u>The Master Trust Bank of Japan, Ltd.</u> <u>(Trust Account): 17.26%</u> <u>Custody Bank of Japan, Ltd. (Trust Account): 8.89%</u> <u>Toyobo Employees Stockholders Association: 2.48%</u> <u>Toyukai: 2.13%</u> <u>Nippon Life Insurance Company: 1.97%</u>	Toyobo Co., Ltd.: 100%
10) Business performance and fiscal conditions of the latest business year (Note 3)		
Net assets	<u>197,149 million yen</u>	There is no ended business year.
Total assets	<u>517,774 million yen</u>	
Net assets per share	<u>2,197.17 yen</u>	
Net sales	<u>375,720 million yen</u>	
Operating profit	<u>28,430 million yen</u>	
Ordinary profit	<u>23,092 million yen</u>	
Profit attributable to owners of parent	<u>12,865 million yen</u>	
Net profit per share	<u>144.75 yen</u>	

(Note 1): After the Company Split is made, another representative will be selected from MC, increasing the number to two.

(Note 2): Toyobo is scheduled to hold 51% of the shares in the New Company, while MC is scheduled to hold 49% through a third-party allocation of shares by the New Company scheduled for April 1, 2023.

(Note 3): Toyobo's data are based on the consolidated settlement of accounts for the business year ended in March 2022.

#### 4. Outline of the business division that will be spun off and succeeded by the New Company

(1) Business operations of the division that will be spun off and succeeded 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-bonded fabrics, lifestyle materials, high-performance fibers), and businesses related to these businesses.

(2) Business performance of the division that will be spun off and succeeded (consolidated)

Total sales: about 100,000 million yen

(3) The items and amounts of assets and liabilities to be spun off and succeeded by the New Company (in million yen)

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>26,541</u>	<u>Current liabilities</u>	<u>36,019</u>
<u>Non-current assets</u>	<u>35,820</u>	<u>Non-current liabilities</u>	<u>43</u>
<u>Total</u>	<u>62,361</u>	<u>Total</u>	<u>36,062</u>

(Note) These figures are estimated amounts of the current business year ending March 2023.

**5. Prospect after the Company Split**

After the Company Split, there will be no change in the name, address, title and name of the representative, business operations, capital stock, and end of each accounting year of Toyobo. Also, the name, address, title and name of the representative, business operations, capital stock, and end of each accounting year of the New Company will not change after the Company Split.

**6. Future prospect**

The impact of the Company Split on business performance is projected to be minor, as the New Company is Toyobo's wholly owned company. As stated in 3. above, the New Company is scheduled to provide a third-party allocation of shares to MC for the Investment after the Company Split.