



March 23, 2023

To whom it may concern,

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Notice regarding early repayment of subordinated loan

Toyobo Co., Ltd. (“Toyobo,” hereafter) hereby announces that it decided to make an early repayment (the “Early Repayment,” hereafter) of the subordinated loan (the “Subordinated Loan,” hereafter) financed in March 2018 on March 27, 2023. The total amount of the Subordinated Loan is 15.0 billion yen.

1. Background of the Early Repayment

- (1) Toyobo aimed to maintain its financial stability by financing the Subordinated Loan for an early repayment of the subordinated loan financed in March 2014.
- (2) On the other hand, Toyobo strived to strengthen its financial base and grow business by formulating 2018 Medium-Term Management Plan in May 2018 and 2025 Medium-Term Management Plan in May 2022.
- (3) As a result, since Toyobo satisfied the exception 1 and 2(*1) of replacement clause listed in 2. (7), Toyobo makes an early repayment by its own capital and borrowings. The impact of the Early Repayment on Toyobo’s consolidated business performance of fiscal year ending March 2023 is minor.

(*1) The consolidated shareholder’s equity is 164.4 billion yen and D/E ratio is 0.99 as of December 31, 2022.

2. Outline of the Subordinated Loan

(1) Loan amount	15.0 billion yen
(2) Signing date	March 20, 2018
(3) Loan execution date	Match 26, 2018
(4) Final repayment date	March 28, 2078 However, Toyobo may make early repayment of all or part of the principal of the Subordinated Loan on any interest payment date thereafter March 2023.

(5) Mandatory suspension of interest	<p>The interest payable on the relevant interest payment date shall be suspended in full when (a) the EBITDA margin (ratio of sum of operating profit and depreciation to net sales) is less than 6% for the most recent two consecutive fiscal years with respect to the Toyobo's annual consolidated financial statements, or (b) when the ratio of net liabilities (amount obtained by subtracting cash and deposits from interest-bearing debt) to total capital (sum of net assets and net liabilities) exceeds 70% with respect to Toyobo's annual or interim period consolidated financial statement.</p> <p>In addition to the aforementioned, interest payable shall be suspended either in part or in full when the distributable amount is less than the required amount.</p>
(6) Optional suspension of interest	<p>Toyobo may, as its discretion, suspend payment of all or a portion of the interest when the interest payable does not mandatory suspended and continued.</p>
(7) Replacement clause	<p>In the case of an early repayment of the Subordinated Loan, Toyobo intends to procure funds, within a six-month period before the date on which it will make that early repayment, that have been approved by ratings agencies as having equity credit attributed equal to or greater than the Subordinated Loan.</p> <p>However, Toyobo may make an early repayment of the Subordinated Loan five years or later after the drawdown of the Subordinated Loan except in those cases that satisfy any of the following:</p> <ol style="list-style-type: none"> (1) The amount of consolidated shareholder's equity in Toyobo's most recent consolidated balance sheet at the time the announcement to make an early repayment is made stands at 155.2 billion yen or more, and (2) Toyobo's D/E ratio based on its most recent consolidated balance sheet at the time the announcement to make an early repayment is made comes in at 1.0 times or less.
(8) Subordination	<p>In the event liquidation proceedings are commenced, the decision to commence bankruptcy proceedings is made, or the decision to commence corporate reorganization, civil rehabilitation, or any other proceedings is made against Toyobo, the provider of the Subordinated Loan may request repayment under the agreement after the repayment of all liabilities in full excluding other liabilities of a similar nature including preferred stock and the Subordinated Loan.</p>

	Any change to the terms and conditions of the Subordinated Loan that disadvantage any creditors of the aforementioned liabilities shall not be reorganized, and any agreement on such change has no effect.
(9) Equity credit attributed of the Subordinated Loan evaluated by ratings agencies	Class 4 / 70 (Rating and Investment Information, Inc.) High / 75 (Japan Credit Rating Agency, Ltd.)
(10) Lenders	Mizuho Bank, Ltd., Mitsubishi HC Capital Inc., Sumitomo Mitsui Trust Bank, Limited, DAIDO LIFE INSURANCE COMPANY, Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Finance and Leasing Company, Limited, Tokyo Century Corporation