



July 31, 2020

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Agreement Reached between Ube Industries and Mitsubishi Chemical on a Joint Incorporation-Type Company Split Plan of Lithium-Ion Rechargeable Battery Electrolyte Business

Ube Industries, Ltd. (“Ube Industries”) and Mitsubishi Chemical Corporation (“Mitsubishi Chemical”, referred to together as “the parties”) have been preparing to transfer the electrolyte business for lithium-ion rechargeable batteries and other applications (“the business”) of both companies to the joint venture company to be established by joint incorporation-type company split (“company split”) as described in Conclusion of a Joint Venture Agreement between Ube Industries and Mitsubishi Chemical and Joint Incorporation-Type Company Split of Lithium-Ion Rechargeable Battery Electrolyte Business dated March 27, 2020. The parties today announced that their respective Board of Directors, in their meetings held on July 31, 2020, agreed to the joint incorporation-type company split plan with an effective date of October 1, 2020.

The reduction in the total assets of each party is expected to be less than 10% of the net assets on the final day of the previous fiscal year, and the reduction in net sales of each party is expected to be less than 3% of the net sales of the previous fiscal year. Consequently, some matters for disclosure and details about the joint incorporation-type split have been withheld.

1. Purpose of the Integration

The parties have been jointly operating the business in China through Changshu UM Battery Materials Co., Ltd. in the form of a joint venture since January 2018. The parties have now agreed to expand the tie-up to further enhance competitiveness in and outside of Japan in order to achieve the long-term development of the business. To this end, the parties will enhance product development capabilities through synergistic effects and strengthen the management base by streamlining purchasing, production, and sales systems. The parties will also integrate research and development and combine the intellectual assets and technical development capabilities possessed by the two companies. Specifically, the parties will establish the new joint venture company in Japan and transfer the assets of both companies related to the business, including manufacturing sites in Japan, to the new joint venture company. In addition, Changshu UM Battery Materials Co., Ltd. will be a wholly-owned subsidiary of the new joint venture company.

MC Ionic Solutions UK, Ltd. (Durham, United Kingdom) and MC Ionic Solutions US, Inc. (Tennessee, United States), which are wholly-owned subsidiaries of Mitsubishi Chemical, will be outside the scope of the integration.

2. Summary of Integration

(1) Schedule of Integration ^{*1}

Board of Directors decided to make the joint venture agreement (Mitsubishi Chemical) (Ube Industries)	March 23, 2020 March 27, 2020
The parties sign joint venture agreement	March 27, 2020
The parties conclude the joint incorporation-type split plan	July 31, 2020
Company split to take effect	October 1, 2020 (Scheduled) ^{*2}

Note 1: Since the company split constitutes a simple incorporation-type split as defined in Article 805 of the Companies Act, it is planned to implement the split without the approval of the General Meeting of Shareholders.

Note 2: The integration is subject to the completion of procedures stipulated in competition laws and other relevant laws and regulations of Japan and other relevant countries. In the event that these procedures are delayed or the need arises to change the integration schedule due to other reasons, the parties will separately discuss the matter and may change the schedule.

(2) Method of Integration

The integration will take the form of a joint incorporation-type split, with Ube Industries and Mitsubishi Chemical as the splitting companies and the new joint venture company as the successor company.

(3) Details of Share Allocations for the Integration

On the day that the company split takes effect, Mitsubishi Chemical will own 80% and Ube Industries will own 20% of the issued shares of the new joint venture company.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights as a Result of Integration

Ube Industries and Mitsubishi Chemical have not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Change in Capital Due to Company Split

The capital of Ube Industries and Mitsubishi Chemical will remain unchanged as a result of the integration.

(6) Rights and Obligations Assumed by the Successor Company

The new joint venture company will assume the assets and rights and obligations attributed to the electrolyte business of Ube Industries and Mitsubishi Chemical to be set out in the split plan. The assets and rights and obligations attributed to businesses conducted by MC Ionic Solutions UK, Ltd. (Durham, United Kingdom) and MC Ionic Solutions US, Inc. (Tennessee, United States), which are wholly-owned subsidiaries of Mitsubishi Chemical, will be outside the scope of this assumption.

(7) Expected Fulfillment of Obligations

The new joint venture will not assume the liabilities of Ube Industries and Mitsubishi Chemical, so there will be no problem with debt repayment.

3. Approach to Calculating the Details of Share Allocations for the Integration

The calculation of the share allocations to the successor company and the splitting companies due to the integration were finalized through comprehensive consideration and discussions among the parties. The parties carefully examined the details of assets pertaining to the business subject to transfer and evaluated the business using the discounted cash flow method.

4. Overview of the Splitting Companies (as of March 31, 2020)

(1) Name	Ube Industries, Ltd.	Mitsubishi Chemical Corporation
(2) Location	1978-96 Kogushi, Ube, Yamaguchi Prefecture	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Representative	Masato Izumihara President and Representative Director	Masayuki Waga Representative Director, President and CEO
(4) Business Description	Business related to chemicals, construction materials, machinery, etc.	Businesses related to carbon chemicals, MMA, advanced polymers, high performance chemicals, electronics & displays, high performance films, environment & living solutions, advanced moldings & composites, and new energy, etc.
(5) Capital Stock	58,435 million yen	53,229 million yen
(6) Established	March 10, 1942	August 31, 1933
(7) Shares Issued	106,200,107	572,034,109
(8) Fiscal Year-End	March 31	March 31
(9) Shareholders	The Master Trust Bank of Japan, Ltd. (Trust Account) 8.67% Japan Trustee Services Bank, Ltd. (Trust Account) 5.82% Japan Trustee Services Bank, Ltd. (Trust Account 5) 1.98% Sumitomo Life Insurance Company 1.97% JP Morgan Chase Bank 385151 1.90% Government of Norway 1.79% JP Morgan Chase Bank 385771 1.63% Nippon Life Insurance Company 1.58% Yamaguchi Bank, Ltd. 1.53% J.P. Morgan Bank Luxembourg S.A. 1300000 1.51%	Mitsubishi Chemical Holdings Corporation 100%
(10) Consolidated Earnings and Financial Data for the Previous Fiscal Year		
Fiscal year	FY2020/3 (Non-consolidated)	FY2020/3 (Non-consolidated)
Net assets	178,558 million yen	566,573 million yen
Gross assets	468,122 million yen	1,449,525 million yen
Net assets per share	1,756.68 yen	990.45 yen
Net sales	282,027 million yen	1,211,216 million yen
Operating profit	14,945 million yen	18,009 million yen
Ordinary profit	24,462 million yen	134,893 million yen
Net income attributable to owners of the parent	17,032 million yen	128,820 million yen
Net income per share	168.16 yen	225.19 yen

5. Overview of Splitting Businesses

	Ube Industries	Mitsubishi Chemical
(1) Description of Splitting Business Departments	R&D, manufacturing and sales of lithium-ion battery electrolytes	R&D, manufacturing, and sales of electrolytes for lithium-ion batteries, capacitors, and lithium batteries
(2) Sales Result of Splitting Business Departments (for Fiscal Year Ended March 31, 2020)	Net sales 5,108 million yen	Net sales 16,548 million yen

(3) Splitting Assets, Liabilities, and Amounts (as of September 30, 2020)

Ube Industries

Assets		Liabilities	
Current assets	820 million yen	Current liabilities	—
Non-current assets	650 million yen	Non-current liabilities	—
Total	1,470 million yen	Total	—

Mitsubishi Chemical

Assets		Liabilities	
Current assets	1,740 million yen	Current liabilities	—
Non-current assets	1,880 million yen	Non-current liabilities	—
Total	3,620 million yen	Total	—

Note: The amount to be transferred shall be the actual amount as of the effective date of the company split.

6. Status after Integration

(1) Status of Splitting Companies

The company name, location, title and name of representative director, contents of business, capital, and fiscal year of Ube Industries and Mitsubishi Chemical remain unchanged as a result of the integration.

(2) Status of Successor Company after Integration

(1) Name	MU Ionic Solutions Corporation
(2) Location	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Representative	Masaaki Tsuchiyama, President and Representative Director
(4) Business Description	Development, manufacturing and sales related to lithium-ion battery electrolytes
(5) Capital Stock	350 million yen
(6) Date of Establishment	October 1, 2020
(7) Fiscal Year-End	March 31
(8) Shareholders	Mitsubishi Chemical 80% Ube Industries 20%

7. Future Outlook

As a result of the corporate split, Ube Industries expects to record an extraordinary income of approximately

2 billion yen, and after taking account of income taxes, profit attributable to owners of parent is expected to increase by approximately 2 billion yen. If Ube Industries considers it necessary to revise its forecast of consolidated results for the fiscal year ending March 2021, announced on May 13, 2020, it will promptly announce the revised forecast.

(Reference) Electrolyte Production Capacity of New Joint Venture Company

Company	Location	Annual Production Capacity
MU Ionic Solutions Corporation	Yokkaichi City, Mie Prefecture (on the premises of Mitsubishi Chemical)	16,000 tonnes
	Sakai City, Osaka Prefecture (on the premises of Ube Industries)	10,000 tonnes
	Changshu, Jiangsu Province, China	10,000 tonnes
	Total	36,000 tonnes