

March 27, 2020

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Security code: 4208 (shares listed on First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)  
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## **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**

Ube Industries, Ltd. (“Ube Industries”) today announced that it will establish a joint venture company (“new joint venture company”) by joint incorporation-type company split with Mitsubishi Chemical Corporation (“Mitsubishi Chemical”) to succeed the lithium-ion rechargeable battery electrolyte business (“the business”) of both companies. Ube Industries and Mitsubishi Chemical (“the parties”) made the decision at each meeting of the Board of Directors and made an agreement of the joint venture. The details of the agreement are described below.

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

## 2. Summary of Integration

### (1) Schedule of Integration\*<sup>1</sup>

Board of Directors decided to make the joint venture agreement	Mitsubishi Chemical Ube Industries	March 23, 2020 March 27, 2020
The parties conclude the joint venture agreement		March 27, 2020
The parties conclude the joint incorporation-type split plan		July 31, 2020 (Scheduled)* <sup>2</sup>
Company split to take effect		October 1, 2020 (Scheduled)* <sup>3</sup>

Note 1: As the company split is a simple incorporation-type company split prescribed in Article 805 of the Companies Act in our company, it will be implemented without the approval of the shareholders meeting.

Note 2: The details of the company split, including the details of the assets subject to transfer, will be set out in the joint incorporation-type split plan (“the split plan”).

Note 3: 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 US, Inc. (Tennessee, United States) and MC Ionic Solutions UK, Ltd. (Durham, United Kingdom), which are wholly-owned subsidiaries of Mitsubishi Chemical, will be outside the scope of this assumption.

### (7) Expected Fulfillment of Obligations

The obligations to be fulfilled by the successor company after the integration will be set out in the split plan.

### 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

(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, President and Representative Director
(4) Business Description	Business related to chemicals, construction materials, machinery, etc.	Businesses related to petrochemicals, carbon, 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) Shareholder (as of March 31, 2019)	The Master Trust Bank of Japan, Ltd. (Trust Account) 7.77% Japan Trustee Services Bank, Ltd. (Trust Account) 6.63% BBH BOSTON CUSTODIAN FOR BLACKROCK GLOBAL ALLOCATION FUND, INC. 620313 2.12% Sumitomo Life Insurance Company 1.98% Japan Trustee Services Bank, Ltd. (Trust Account 5) 1.92% JP MORGAN CHASE BANK 385151 1.60% Nippon Life Insurance Company 1.58% Yamaguchi Bank, Ltd. 1.53% Japan Trustee Services Bank, Ltd. (Trust Account 4) 1.51% Japan Trustee Services Bank, Ltd. (Trust Account 7) 1.50%	Mitsubishi Chemical Holdings Corporation 100%

(10) Earnings and Financial Data for the Previous Fiscal Year		
Fiscal year	FY2019/3 (Non-consolidated)	FY2019/3 (Non-consolidated)
Net assets	175,795 million yen	482,320 million yen
Gross assets	466,880 million yen	1,571,073 million yen
Net assets per share	1,729.92 yen	843.16 yen

Net sales	312,464 million yen	1,325,934 million yen
Operating profit	10,878 million yen	47,875 million yen
Ordinary profit	20,243 million yen	146,975 million yen
Net income	15,871 million yen	126,299 million yen
Net income per share	152.22 yen	220.79 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 lithium-ion battery electrolytes
(2) Sales Result of Splitting Business Departments	8,291 million yen	18,607 million yen
(2) Splitting Assets, Liabilities, and Amounts	Assets to be split will be disclosed as soon as they are determined in the split plan of July 31, 2020 (Schedule).	Assets to be split will be disclosed as soon as they are determined in the split plan of July 31, 2020 (Schedule).

## 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 Co., Ltd.
(2) Location	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Representative	To be decided
(4) Business Description	Development, manufacturing and sales related to lithium-ion battery electrolytes
(5) Capital Stock	350 million yen
(6) Established	October 1, 2020
(7) Fiscal Year-End	March 31
(8) Shareholders	Mitsubishi Chemical 80% Ube Industries 20%

## 7. Future Outlook

The impact of the company split on our company's consolidated results is negligible.

### (Reference) Electrolyte Production Capacity of New Joint Venture Company

Company	Location	Annual Production Capacity
MU Ionic Solutions Co., Ltd.	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