



MEMBERSHIP

August 7, 2023

To whom it may concern

Company: Teijin Limited
Representative: Akimoto Uchikawa, President and CEO
Stock code: 3401 (Prime Market, Tokyo Stock Exchange)
Contact: Naoki Hamashima, General Manager,
Investor and Public Relations Department
TEL: +81-3-3506-4395

Notice on Change in a Consolidated Subsidiary (Share Transfer)

Teijin Limited (hereinafter, the “Company”) hereby announces that it has resolved today to transfer the shares of its consolidated subsidiary Teijin Automotive Technologies (Tangshan) Co., Ltd. (hereinafter, “TAT Tangshan”) to Qingdao Keda Times Intelligent Equipment Co., Ltd. (hereinafter, “Keda Times”) as detailed below.

1. Reason for the share transfer

Since acquiring its North American business in 2017, the Company has been expanding the automotive composites business by acquiring various new technologies and programs and developing the business globally. However, the business has significantly fallen short of its expected profit levels due to factors such as a deterioration in the business environment on the back of the COVID-19 pandemic and the Company’s production system. In response, we have been concentrating our resources on our base in North America, our key region, to implement measures to improve profitability. We have also been considering selecting and concentrating facilities in our other bases (Europe, China, and Japan). Under such circumstances, we have decided to transfer the shares of TAT Tangshan, the Chinese base of the business, to Keda Times, as we believe this is desirable for both the Teijin Group and TAT Tangshan. As a result, the Company will withdraw from the automotive composites business in China.

2. Outline of the consolidated subsidiary

(1) Name	Teijin Automotive Technologies (Tangshan) Co., Ltd
(2) Location	Tangshan, Hebei Province, People’s Republic of China
(3) Name and title of representative	Chris Twining, Chairperson
(4) Line of business	Manufacture and sale of composite material products
(5) Capital	624 million yuan
(6) Establishment	January 2015
(7) Major shareholder(s) and ownership percentage	Teijin (China) Investment Co., Ltd.; 53.00% Teijin Automotive Technologies, Inc.; 47.00%

(8) Relationship between the Company and TAT Tangshan	Capital relationship	The Company indirectly owns 100% of the outstanding shares of TAT Tangshan	
	Personnel relationship	None	
	Business relationship	None	
(9) Operating results and financial status of TAT Tangshan for the last three years			
Fiscal year	Ended March 2021	Ended March 2022	Ended March 2023
Net assets	313 million yuan (5,286 million yen)	210 million yuan (4,036 million yen)	125 million yuan (2,410 million yen)
Total assets	433 million yuan (7,310 million yen)	402 million yuan (7,721 million yen)	602 million yuan (11,626 million yen)
Net sales	60 million yuan (940 million yen)	149 million yuan (2,609 million yen)	186 million yuan (3,680 million yen)
Operating income	(20) million yuan ((308) million yen)	(89) million yuan ((1,556) million yen)	(101) million yuan ((1,987) million yen)
Ordinary income	(20) million yuan ((317) million yen)	(91) million yuan ((1,591) million yen)	(108) million yuan ((2,131) million yen)
Net income	(20) million yuan ((317) million yen)	(103) million yuan ((1,798) million yen)	(113) million yuan ((2,234) million yen)
(10) Asset and liability items and amounts (as of March 31, 2023)			
Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	185 million yuan (3,569 million yen)	Current liabilities	363 million yuan (7,015 million yen)
Non-current assets	417 million yuan (8,057 million yen)	Non-current liabilities	114 million yuan (2,200 million yen)

Note: The exchange rates used for conversion were as follows:

<Net assets, total assets, assets, and liabilities>

FY ended March 2021: 1 yuan = 16.89 yen; FY ended March 2022: 1 yuan = 19.19 yen

FY ended March 2023: 1 yuan = 19.33 yen

<Net sales, operating income, ordinary income, net income>

FY ended March 2021: 1 yuan = 15.65 yen; FY ended March 2022: 1 yuan = 17.51 yen

FY ended March 2023: 1 yuan = 19.76 yen

3. Outline of the share transfer

(1) Transfer price and payment method

Transfer price: 1 Chinese yuan to Teijin (China) Investment Co., Ltd.

1 US dollar to Teijin Automotive Technologies, Inc.

Payment method: Cash

(2) Stake to be transferred and stake before and after transfer

(1) Stake before transfer	100%
(2) Stake to be transferred	100%
(3) Stake after transfer	0%

4. Outline of the transferee

(1) Name	Qingdao Keda Times Intelligent Equipment Co., Ltd.	
(2) Address	100 Meters West of Songshan Road, Airport Industry Cluster, Liuting Street, Chengyang District, Qingdao City, Shandong Province	
(3) Name and title of representative	Ye Baiju, President	
(4) Line of business	Research & development, production, and sales of high-performance composites	
(5) Capital	50 million yuan	
(6) Establishment	March 29, 2017	
(7) Net assets	6 million yuan (as of December 31, 2022)	
(8) Total assets	61 million yuan (as of December 31, 2022)	
(9) Major shareholder(s) and ownership percentage	Qingdao Keda Intelligent Electrical Co., Ltd.; 100%	
(10) Relationship between the Company and Keda Times	Capital relationship	None
	Personnel relationship	None
	Business relationship	None
	Status as a related party	None

5. Timeline

(1) Resolution by the Company	August 7, 2023
(2) Signing of share transfer agreement	August 2023 (planned)
(3) Share transfer execution	March 2024 (planned) (To be executed as soon as approvals from the relevant authorities are obtained)

6. Accounting overview

Due to the share transfer, we expect to record a loss on sale of shares of subsidiaries and associates of approx. 6.4 billion yen as an extraordinary loss in its consolidated financial results for the fiscal year ending March 2024 and a provision for loss on business of subsidiaries and associates of approx. 7.3 billion yen as an extraordinary loss in the non-consolidated financial results for the fiscal year ending March 2024. We will disclose any significant changes that may occur before the share transfer as quickly as possible.

7. Financial outlook

For the full-year consolidated earnings forecast for the fiscal year ending March 2024, including the impact of the share transfer, please see the Consolidated Financial Statements Summary (For the three months ended June 30, 2023) announced separately today.

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