Notice Regarding the Recording of Extraordinary Losses (Non-consolidated) as a Result of the Absorption-type Merger of a Subsidiary

Teijin Limited (“the Company”) conducted an absorption-type merger of Toho Tenax Co., Ltd. (“Toho Tenax”), which had been a consolidated subsidiary of the Company, on April 1, 2018, as announced in the news release titled “Notice Regarding Absorption-type Merger (Simplified/Short-Form Merger) of a Consolidated Subsidiary” issued on November 30, 2017. In conjunction with this merger, the Company has announced that it will record extraordinary losses on a non-consolidated basis for the fiscal year ended March 31, 2018, with details as follows.

1. Details
On March 31, 2018, the day prior to the effective date of the absorption-type merger, the Company will record the difference between the net assets assumed from Toho Tenax, the merged company, and the carrying amount of the Toho Tenax shares held by the Company, as a loss on valuation of shares of subsidiaries and associates and a provision of allowance for doubtful accounts under extraordinary losses on a non-consolidated basis.

(1) Amount of loss on valuation of shares of subsidiaries and associates: ¥14,955 million
(2) Amount of provision of allowance for doubtful accounts: ¥4,004 million
(3) Accrual date: March 31, 2018

2. Impact on Financial Results
(1) Non-consolidated financial results
The Company will record a loss on valuation of shares of subsidiaries and associates of ¥14,955 million and a provision of allowance for doubtful accounts of ¥4,004 million as extraordinary losses on a non-consolidated basis for the fiscal year ended March 31, 2018.
(2) Consolidated financial results

The loss on valuation of shares of subsidiaries and associates and the provision of allowance for doubtful accounts to be recorded on a non-consolidated basis will be eliminated upon consolidation. Accordingly, the merger will have no impact on consolidated financial results.