



August 22, 2023

To whom it may concern

Company Name: Nisshinbo Holdings Inc.
Representative: Masahiro Murakami,
President and Representative Director

(Code No. 3105, Prime Market of Tokyo Stock Exchange)
Contact: Corporate Communications Group

**Notice Regarding Transfer of Shares and Loan Receivables of
Consolidated Subsidiary by Nisshinbo Holdings Inc.**

At the Board of Directors meeting held today (August 22, 2023), Nisshinbo Holdings Inc. (the “Company” or “we”) resolved to transfer all shares outstanding (the “Transaction”) of TMD Friction Group S.A. (“TMD”), one of the main pillars of the Company’s automobile brake business, and loan receivables against TMD and its subsidiary TMD Friction Holdings GmbH (the “Loan receivables”), to a special purchase vehicle fully owned by AEQUITA SE & Co. KGaA. (“AEQUITA”), a global industrial group with headquarters in Munich, Germany.

1. Purpose of the Transaction

The Nisshinbo Group operates under the corporate philosophy of “Change and Challenge! For the creation of the future of Earth and People.” and as an “Environment and Energy Company” group, we designated the Wireless and Communications, and Micro Device businesses as key investment areas to realize a super-smart society and to further enhance its corporate value through business portfolio transformation.

The Nisshinbo Group acquired TMD, a leading European brake friction material manufacturer in 2011, and obtained one of the top market shares worldwide. We have executed business structure reforms with the aim to improve the profitability of TMD, but the sudden degradation in the global climate forced the automotive industry to face new obstacles including Euro7 compliance. Under these circumstances, we have reached a conclusion that TMD requires continuous and profound transformation of its business in order to maintain its growth.

Taking into account the Company’s business portfolio strategy, we have decided to transfer all shares of TMD to AEQUITA. Considering AEQUITA’s longstanding experience in the global automotive industry and its extensive transformation know-how, we believe that AEQUITA is best positioned to ensure TMD’s sustainable long-term development and further growth.

Through the Transaction, we plan to strengthen the profitability of our brake business, especially at Nisshinbo Brake Inc. and by enhancing our market share as the leader in the copper-free friction materials¹, we aim to solidify the brake business as a foundation of our group’s profit base.

¹ Copper-free friction materials: Brake friction material with less than 0.5% copper content. Reduces environmental impact compared to conventional products.

The Transaction is subject to the completion of customary authorization procedures in accordance with domestic and foreign competition laws and other relevant legal imperatives.

2. Overview of the subsidiary (TMD) subject to sale

(1)	Name	TMD Friction Group S.A.		
(2)	Address	Luxembourg, Grand Duchy of Luxembourg		
(3)	Representative	David Baines (Group CEO and President)		
(4)	Business	Manufacturing and sale of brake friction material and parts		
(5)	Capital	EUR 31,000		
(6)	Date of incorporation	March 18, 2009		
(7)	Major shareholder	Nisshinbo Holdings Inc. 100%		
(8)	Relationship between the listed company and this company	Capital relationship	The Company owns 100.0% of the total number of shares outstanding of TMD	
		Personnel relationship	Three directors TMD are also directors of the Company	
		Business relationship	Transactions related to loan of money with the Company.	
(9)	Operating results and financial position for the past three years (unit: EUR million)			
	Fiscal year	December 2020	December 2021	December 2022
	Consolidated net assets	△142	△157	△185
	Consolidated total assets	470	523	505
	Consolidated sales	616	722	751
	Consolidated operating profit	△21	8	△42
	Consolidated ordinary profit	△26	3	△39
	Profit attributable to parent company shareholders	△22	△31	△51

※Other specified subsidiaries to be transferred resulting from the Transaction include the following entities.

① TMD Friction Holdings (UK) Ltd.

(1)	Name	TMD Friction Holdings (UK) Ltd.
(2)	Address	West Yorkshire, England
(3)	Representative	David Baines (Chief Executive Officer)
(4)	Business	Holding company (Currently under liquidation procedure)
(5)	Capital	EUR 121 million
(6)	Date of incorporation	December 6, 2012
(7)	Major shareholder	TMD Friction Group S.A. 100%

② TMD Friction UK Ltd.

(1)	Name	TMD Friction UK Ltd.
(2)	Address	West Yorkshire, England
(3)	Representative	Liam James Booth (Operations Director)
(4)	Business	Manufacturing and sales of brake friction material and parts
(5)	Capital	GBP 64 million
(6)	Date of incorporation	November 28, 2001
(7)	Major shareholder	TMD Friction Holdings GmbH 100%

③ TMD Friction do Brasil S.A.

(1)	Name	TMD Friction do Brasil S.A.
(2)	Address	Salto, State of São Paulo
(3)	Representative	Edilson José Jaquetto (Chief Managing Director)
(4)	Business	Manufacturing and sales of brake friction material and parts
(5)	Capital	BRL 159 million

(6)	Date of incorporation	June 28, 1991
(7)	Major shareholder	TMD Friction Holdings GmbH 99.999% TMD Friction Services GmbH 0.001%

④ TMD Friction México S.A. de C.V.

(1)	Name	TMD Friction México S.A. de C.V.
(2)	Address	Mexico City, Mexico
(3)	Representative	Edilson José Jaquette (President of Board of Directors)
(4)	Business	Manufacturing and sales of brake friction material and parts
(5)	Capital	MXN 746 million
(6)	Date of incorporation	August 18, 1988
(7)	Major shareholder	TMD Friction Holdings GmbH 99.993% TMD Friction Services GmbH 0.007%

3. Overview of the purchaser

(1)	Name	AEQH27 S.à r.l.	
(2)	Address	Luxembourg, Grand Duchy of Luxembourg	
(3)	Representative	Ralph Westphal (Manager) Simon Maire (Manager)	
(4)	Business	Holding of participations	
(5)	Capital	EUR 12,000	
(6)	Date of incorporation	August 3, 2023	
(7)	Major Shareholder	AEQH25 GmbH 100.0%	
(8)	Relationship between the listed company and this company	Capital relationship	N/A
		Personnel relationship	N/A
		Business relationship	N/A

4. Number of shares to be transferred, transferred amount, status of shares owned before and after transfer, and overview of the Loan receivables to be transferred.

(1)	Number of shares owned before transfer	3,100,200 shares (Number of voting rights: 3,100,200) (Voting right ownership ratio: 100%)
(2)	Number of shares to be transferred	3,100,200 shares (Number of voting rights: 3,100,200)
(3)	Transfer price of shares	Undisclosed due to confidentiality agreement with the purchaser.
(4)	Number of shares owned after transfer	0 shares (Number of voting rights: 0) (Voting right ownership ratio: 0%)
(5)	Assets subject to transfer of loan receivables	The Company's loan receivable against TMD The Company's loan receivable against TMD Friction Holdings GmbH

(6) Transfer price of loan receivables	Undisclosed due to confidentiality agreement with the purchaser.
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5. Schedule

(1) Date of resolution by the Board of Directors	August 22, 2023
(2) Date of conclusion of the agreement	August 22, 2023
(3) Date of execution of the Share Transfer	November 30, 2023 (planned)

6. Future outlook

With regard to the Transaction, we plan to record approx. JPY 38 billion as an extraordinary loss in the fiscal year ending on December 31, 2023. The amount of the extraordinary loss is subject to change until the completion of the Transaction due to factors such as currency rate fluctuation.

Regarding the full-year results forecast of fiscal year ending on December 31, 2023, please refer to the “Notice Regarding Revisions to Operating Performance Forecast” disclosed today.

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