

June 14, 2019

FDK CORPORATION

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Announcement of Transfer of Equity Interest in Equity Method Affiliate and an Extraordinary profit

FDK CORPORATION (“FDK”) made the resolution in board meeting today to transfer its whole equity interest in NANJING JINNING SANHUAN FDK CO., LTD. (“NANJING JSF”)

1. Reason for Transferring Equity Interest

As a “Smart Energy Manager” that combines battery technology, circuit technology and power electronics technology and globally contribute to society with technology that efficiently uses electric energy, FDK group provides service and value to customers.

By this transfer of whole equity interest in NANJING JSF, FDK proceeds the “Selection and concentration” of its Electronic Device business and proceeds the improvement of its company value.

2. Overview of the Equity Method Affiliate to be transferred (NANJING JINNING SANHUAN FDK CO., LTD.)

As of March 31, 2019

(1)	Company Name	NANJING JINNING SANHUAN FDK CO., LTD.		
(2)	Location	Nanjing Economic & Technological Development Zone, Nanjing, Jiangsu, China		
(3)	Title and name of representative	Yu Wanlin, President		
(4)	Business description	Manufacturing and Sales of Ferrite core and Coil device		
(5)	Capital	RMB 325,944,000 (JPY 5,371 million)		
(6)	Date of establishment	May, 2004		
(7)	Equity ratio	FDK: 33.4% Nanjing Jinning Electronics Group Co., Ltd.: 36.0% Beijing Zhong Ke San Huan Hi-tech Co., Ltd.: 30.6%		
(8)	Relationship with FDK	Capital relationship	FDK invests 33.4% of shares of Equity Method Affiliate.	
		Personal relationship	FDK dispatch the officer.	
		Business relationship	FDK purchases the products of NANJING JSF.	
(9)	Financial results of NANJING JSF for three (3) fiscal years			
	Fiscal year	FY2016	FY2017	FY2018
	Net Assets	JPY 773 million	JPY 665 million	JPY 334 million
	Total Assets	JPY 4,290 million	JPY 2,445 million	JPY 1,287 million
	Net Sales	JPY 2,155 million	JPY 2,488 million	JPY 1,603 million
	Operating Profit	JPY -384 million	JPY -388 million	JPY -172 million
	Ordinary Profit	JPY -422 million	JPY -255 million	JPY -182 million

Net Profit	JPY -422 million	JPY -255 million	JPY -182 million
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* Capital converted to Japanese Yen is by the exchange rate as of end of FY2018.

* The amount of financial results are converted to Japanese Yen by the exchange rate in each fiscal year.

3. Overview of the Assignees

As of March 31, 2019

(1) Company Name	Magsuper (Dong Guan) Corp.	
(2) Location	Lianping District, Dalingshan Town, Dongguan Guangdong, China	
(3) Title and name of representative	Zhao Liwen, Chairman	
(4) Business description	Manufacturing and Sales of Magnetic materials	
(5) Relationship with FDK	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Applicable item to related party	Not applicable

4. Status of Transferring Equity Interest

(1) Equity ratio before transferring	FDK: 33.4%
(2) Transferred equity	Whole equity of FDK
(3) Transferred price	RMB 500,000 (Approximately JPY 8 million)
(4) Equity ratio after transferring	FDK: 0%

5. Schedule

(1) Date of resolution in board meeting	June 14, 2019
(2) Date of agreement	June 14, 2019

6. Future prospect

- (1) FDK will continue the business with NANJING JSF and provide the products to FDK's customers.
- (2) In the financial results for the year ending March 31, 2020, a gain on sales of investments in capital of subsidiaries and associates of approximately JPY 300 million as an extraordinary profit will be recorded due to this transfer of equity interest, but the time and amount of the accounting are under investigating minutely. Regarding the impact to consolidated business result by this transfer, FDK included to the business forecast (consolidated basis) for the FY2019 announced on April 26, 2019.