

Mar. 30, 2022

FDK CORPORATION

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Announcement of Company Split (Absorption-type) and share transfer of FDK consolidated subsidiary

FDK CORPORATION (“FDK”) made the resolution in a board meeting today to transfer the Coil device and Ferrite core business, which are the Electronic Device Businesses of FDK, to FDK SALES CO., LTD. (“FDK SALES”) by way of a company split (absorption-type), effective July 1st, 2022. In addition, FDK has contracted to transfer all shares of FDK SALES to Sinosteel New Materials Co., Ltd. (“Sinosteel”).

Since the company split is an independent absorption-type split, part of the disclosure information is omitted in this announcement.

1. Purpose of the Company Split and share transfer

To realize the vision formulated within the FDK Group Strategy Framework 10 years’ scheme and accomplish the Status-to-be-in-10-years, the FDK Group is working to revitalize and reorganize by leveraging the technological capabilities of our current business portfolio.

Sinosteel plans to strengthen its magnetic material applied products and has positioned Coil devices of Nanjing Jinning San Huan Co., Ltd., a subsidiary of Sinosteel and a consignee of FDK’s Coil devices, as a priority product. Sinosteel offered to transfer its coil device and ferrite core business to FDK to contribute to furthering Sinosteel’s business expansion.

FDK scrutinized future business operations with respect to the proposed transfer and held discussions with Sinosteel. As a result, FDK concluded that it would be optimal to transfer all shares of FDK SALES to Sinosteel after having FDK SALES assume the rights and obligations related to FDK’s Coil device and Ferrite core businesses.

2. Outline of the Company Split and share transfer

(1) Schedule for the Company Split and share transfer

| | |
|--|--------------------------|
| Date of resolution on the approval of the company split and share transfer by way of board meeting | March 30, 2022 |
| Date of contact of absorption-type company split and conclusion of final agreement | March 30, 2022 |
| Effective date of the company split | July 1, 2022 (scheduled) |
| Date of the share transfer | July 1, 2022 (scheduled) |

* This company split is implemented without the approval of General Meeting of Shareholders as this is simple absorption-type split defined by Japanese Companies Act article 784 (2).

(2) Method of the Company Split

The Company Split is a simple absorption-type company split in which FDK is the split company and the rights and obligations of the coil device and ferrite core business are transferred to the successor company.

(3) Details of allotment related to the Company Split

The successor company will not allot the value through the company split.

(4) Treatment of share acquisition rights associated with the Company Split

Not applicable.

(5) Changes in capital as a result of the Company Split

The capital of FDK will not change as a result of the company split.

(6) Rights and obligations transferred to the successor company

The successor company will succeed the liabilities, contracts and rights and obligations involving the coil device and ferrite core business from FDK

(7) Outlook for performance of obligations

The Company judged that the obligations to be borne by FDK and the successor company in this company split would be performed without difficulty.

(8) Outline of Transfer of Shares

FDK will transfer all shares of the successor company to Sinosteel on July 1, 2022.

3. Overview of the companies in the Company Split

| | Split Company | Successor Company |
|--|---|--|
| (1) Company Name | FDK CORPORATION | FDK SALES CO., LTD. |
| (2) Location | 1-6-41 Konan, Minato-ku, Tokyo, JAPAN | 1-6-41 Konan, Minato-ku, Tokyo, JAPAN |
| (3) Title and name of Representative | Ryo Nagano, President & CEO | Ryuichiro Akiyama, President & CEO |
| (4) Business description | Manufacturing and Sales of batteries and electronic devices and components | Sale of batteries, electronic materials and electronic parts |
| (5) Capital (as of March 31, 2021) | 31,709 million yen | 20 million yen |
| (6) Date of establishment | February 7, 1950 | June, 2012 |
| (7) Number of shares | 34,536,000 | 2,000 |
| (8) Fiscal year | March 31 | March 31 |
| (9) Major shareholders and respective shareholding (as of March 31, 2021) | FUJITSU LIMITED 58.81% FUJI ELECTRIC CO., LTD. 0.98% MATSUI SECURITIES CO., LTD 0.58% | FDK CORPORATION 100% |

(10) Financial results of Split Company

| Fiscal year | FY2020 (consolidated) | FY2020 (non-consolidated) |
|---|-----------------------|---------------------------|
| Net Assets (million yen) | 10,888 | 30 |
| Total Assets (million yen) | 48,064 | 31 |
| Net Assets Per Share (yen) | 315.37 | 15,422.18 |
| Net Sales (million yen) | 61,543 | 137 |
| Operating Profit (million yen) | 1,743 | 3 |
| Ordinary Profit (million yen) | 1,274 | 3 |
| Profit attributable to owners of parent (million yen) | 2,009 | -0 * |
| Net Profit Per Share (yen) | 58.24 | - 379.50 |

*Indicates Profit for the period.

4. Overview of the business division in the Split

(1) Business overview of the divisions in the split

Coil device and Ferrite core business in FDK Electronic Device business.

(2) Business Result of the divisions in the split (FY2020)

Net Sales: 1,516 million yen

(3) Items and Amount of Assets, Liabilities in the split (as of March 31, 2021)

There are no assets or liabilities to be divided in the company split.

5. Status after the Company Split

Company name, location, title and name of representative, capital and fiscal year of FDK will not change after the company split

6. Profile of share acquiring company

| | |
|--------------------------------------|--|
| (1) Company Name | Sinosteel New Materials Co., Ltd. |
| (2) Location | 9 South Huolishan Avenue Maanshan, City, Anhui Province, P.R.China 243000 |
| (3) Title and name of Representative | Mao Haibo, Chairman/President |
| (4) Date of establishment | March, 2002 |
| (5) Capital | 746 million RMB |
| (6) Business description | Manufacture and sale of magnetic materials, magnetic equipment, metallic material measurement, and environmental equipment |
| (7) Relationship with FDK | No capital relationship and no personal relationship |

7. Number of transfer shares, transfer amount and number of shares held before and after transfer

| | |
|---|--------------|
| (1) Number of shares held before transfer | 2,000 (100%) |
| (2) Number of transfer shares | 2,000 (100%) |
| (3) Purchase price | US\$ 274,000 |
| (4) Number of shares held after transfer | 0 (0%) |

8. Future prospect

The impact of this share transfer on our consolidated business results is expected to be minor.