

May 28, 2025

FDK CORPORATION

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Notice Concerning Reduction of Share Capital, Legal Capital Surplus and Legal Retained Earnings, and Appropriation of Retained earnings

FDK CORPORATION hereby announces that at a meeting of the Board of Directors held on May 28, 2025, the Board of Directors resolved to file a proposal regarding the reduction of share capital, legal capital surplus and legal retained earnings, and the appropriation of retained earnings, at the general shareholders' meeting scheduled to be held on June 25, 2025. The details are described below.

1. Purpose

The purpose of this resolution is to eliminate the deficit in retained earnings brought forward, improve the soundness of its financial structure, and to ensure flexibility and agility in future capital policies. Pursuant to the provisions of Article 447, Paragraph 1, and Article 448, Paragraph 1 of the Companies Act, FDK will reduce its share capital, legal capital surplus and legal retained earnings, and pursuant to the provisions of Article 452 of the Companies Act, FDK will dispose of the other capital surplus. Also, as this proposal will reduce the amount of share capital, legal capital surplus and legal retained earnings without changing the total number of issued shares, it will not affect the number of shares owned by shareholders. In addition, the reduction in share capital, legal capital surplus and legal retained earnings will not result in any change in its net assets or total number of issued shares, and therefore will not result in any change in net assets per share.

2. Amount of reduction in share capital

(1) Amount of reduced share capital

The amount of share capital of 31,709,007,153 yen shall be reduced by 28,709,007,153 yen, and the amount of share capital after the reduction shall be 3,000,000,000 yen.

(2) Method of reducing the amount of share capital

Reducing share capital will be a reduction of capital without compensation, whereby the total number of issued shares will remain unchanged and only the amount of share capital will be reduced. The entire amount of the reduced share capital will be transferred to other capital surplus.

3. Amount of reduction in legal capital surplus

(1) Amount of reduced legal capital surplus

The entire amount of legal capital surplus of 25,998,120,363 yen shall be reduced to 0 yen.

(2) Method of reducing the amount of legal capital surplus

Reducing legal capital surplus is to transfer the entire amount of the legal capital surplus to be reduced to other capital surplus.

4. Amount of reduction in legal retained earnings

(1) Amount of reduced legal retained earnings

The entire amount of legal retained earnings of 40,500,000 yen shall be reduced to 0 yen.

(2) Method of reducing the amount of legal retained earnings

Reducing legal retained earnings is to transfer the entire amount of the legal retained earnings to be reduced to retained earnings brought forward.

5. Details of appropriation of retained earnings

Subject to the effectiveness of the reduction in the amounts of share capital, legal capital surplus and legal retained earnings, FDK will transfer 51,888,947,355 yen from the other capital surplus of 54,934,203,803 yen to retained earnings brought forward to offset the deficit. In additions, the amount of other capital surplus after the transfer will be 3,045,256,448 yen.

6. Schedule

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| (1) Date of resolution of the board of directors: | May 28, 2025 |
| (2) Date of resolution of the general shareholders' meeting: | June 25, 2025 (Scheduled) |
| (3) Date of public notice of creditors' objections: | July 14, 2025 (Scheduled) |
| (4) Final date for creditors to make objections: | August 8, 2025 (Scheduled) |
| (5) Effective date: | September 1, 2025 (Scheduled) |

7. Future outlook

This matter involves a transfer between accounts in the "net assets" section, and there will be no change in its net assets. Also, this is a reduction of capital without compensation and there will be no change in the total number of issued shares. Therefore, this will not affect the number of shares held by shareholders or the net asset per share. Furthermore, this matter is subject to approval at the 96th general shareholders' meeting scheduled to be held on June 25, 2025.