

Corporate

Announcement of the execution of a letter of intent to enter into a business collaboration and establish a joint venture with Shenzhen Desay Battery Technology Co., Ltd.

December 22, 2020

TDK Corporation (President and CEO: Shigenao Ishiguro) announces that TDK's wholly-owned subsidiary Navitasys Technology Limited (Hong Kong Special Administrative Region of China, hereinafter "NVT HK"), which engages in the package business of rechargeable battery, signed a letter of intent with respect to discussing a potential business collaboration, including the establishment of a joint venture with Shenzhen Desay Battery Technology Co., Ltd. (Guangdong, China, hereinafter "SZ Desay"), which manufactures and sells the package of rechargeable battery. It is planned that the maximum shareholding ratio of NVT HK will be 49% and the remaining will be owned by SZ Desay. The joint venture will be Huizhou Desay Battery Co., Ltd. (Guangdong, China), which is currently a wholly-owned subsidiary of SZ Desay prior to the formation of joint venture.

This business collaboration aims to strengthen the cooperative relationship between both companies through a joint venture in the rechargeable battery package business and further strengthen product competitiveness in this field.

From now, both companies will discuss the transaction details, including the consideration to be paid for the joint venture shares in the future. This letter of intent is not legally binding and the business collaboration will only be implemented if a formal agreement is reached through discussion by the parties and upon the completion of satisfactory due diligence by both companies. It will be disclosed promptly as soon as it is decided to conclude a formal agreement.

Overview of TDK's subsidiary

(1) Name	Navitasys Technology Limited
(2) Location	Hong Kong Special Administrative Region of the People's Republic of China
(3) Representative	Yee ChunKeung (General Manager)
(4) Business	Manufacture and sale of rechargeable battery packages
(5) Capital	US\$ 10,000,000

Overview of the other party to conclude the letter of intent

(1) Name	Shenzhen Desay Battery Technology Co., Ltd.
(2) Location	Guangdong, China
(3) Representative	Liu Qi (Chairman)
(4) Business	Manufacture and sale of rechargeable battery packages
(5) Capital	RMB 207,197,738 (about 3,200 million Japanese yen)
(6) Date of establishment	4th September, 1985
(7) Large shareholders and shareholding ratio (As of 30th June, 2020)	Guangdong Desay Corporation (44.80%) Central Huijin Asset Management Ltd. (3.39%) Zhong Ou AMC of ICBC (3.18%) Hong Kong Securities Clearing Company Limited (2.47%)

Overview of a company planning to become a joint venture

(1) Name	Huizhou Desay Battery Co., Ltd.
(2) Location	Guangdong, China
(3) Representative	Zeng Jianyun (Chairman)
(4) Business	Manufacture and sale of rechargeable battery packages
(5) Capital	RMB 700,000,000 (about 10,700 million Japanese yen)
(6) Date of establishment	22 nd October, 2002
(7) Equity ratio (planned)	The maximum shareholding ratio of NVT HK will be 49% and the remaining will be owned by SZ Desay.

※Currency exchange rate is 15.22 Japanese yen / 1RMB.

(Reference) TDK's Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (as of October 30, 2020) and Results for the Previous Fiscal Year

(Yen million)	Net sales	Operating income	Income before income taxes	Net income attributable to TDK
Forecasts for the year ending March 2021	1,400,000	110,000	111,000	76,000
Results for the year ended March 2020	1,363,037	97,870	95,876	57,780

Contacts for media

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