

Corporate

Announcement on Business Alliance and Establishment of Joint Venture with Contemporary Amperex Technology Co., Limited

April 28, 2021

TDK Corporation (President and CEO: Shigenao Ishiguro, hereinafter “the Company”) announces that today its Board of Directors resolved at a meeting of the Board of Directors held on April 28, 2021, to approve the planned business alliance under which, Amperex Technology Limited (Hong Kong Special Administrative Region of China, hereinafter “ATL”), that engages in the business of rechargeable battery will conclude a cross-licensing agreement and establish a joint venture with Contemporary Amperex Technology Co., Limited (Fujian, China, hereinafter “CATL”), which manufactures and sell of EV battery, and to enter into a definitive agreement. Details are as follows.

1. Purpose of and Reasons for the Business Alliance and the Establishment of Joint Venture

While the Company’s core business is the passive components business based on magnetic material technology, the Company has been earnestly developing businesses with the aim of enhancing its corporate value sustainably by capturing new market trends centered on Digital Transformation (DX) and Energy Transformation (EX) in recent years.

Above all, demand for rechargeable battery is expected to continue expanding as a key device in the evolution of EX in the current situation which requires the global dissemination of renewable energy and the improvement of energy efficiency.

In this environment, ATL, a subsidiary of the Company, plays the leading role in strengthening the small size rechargeable battery business for ICT devices such as smartphones, tablet PC and laptop. However, believing that it is necessary to strengthen the medium size rechargeable battery business such as Residential Energy Storage System (RESS) , Electric Motorcycles, and other industrial applications to ensure continued growth in the global market, the Company has decided to conclude the cross-licensing agreement and the business alliance between CATL and ATL, including the establishment of a joint venture with CATL, the world's largest EV battery business with significant achievements that manufactures and sells highly reliable products in the global market.

2. Outline of the Establishment of Joint Venture and Business Alliance

ATL and CATL will establish and operate two joint ventures specializing in the development, manufacture and sale of the medium size rechargeable battery such as RESS and Electric Motorcycles, and other industrial applications by integrating their technologies and expertise in the battery business, where they excel.

In addition, the Company has been strengthening the business of products related to electronic components and power supplies such as DC-DC converter and On board charger for automotive application. The Company will also work to build a strategic collaborative relationship with CATL, including the provision of in-vehicle electronic components and power supplies, in which the Company excels, in power units for EV including CATL's rechargeable battery.

3. Overview of the consolidated subsidiaries of the Company

(1) Name	Amperex Technology Limited
(2) Location	Hong Kong Special Administrative Region of China
(3) Representative	Fumio Sashida (Chairman)
(4) Business	Development, manufacture and sale of lithium-ion rechargeable batteries
(5) Capital	US\$277,588,100
(6) Date of establishment	June 11, 1999
(7) Fiscal year end	March 31
(8) Net assets	\$1,346,479,702 (as of 2021/03/31)
(9) Gross assets	\$2,257,218,692 (as of 2021/03/31)
(10) Equity ratio	99.7% (as of 2021/03/31)

4. Outline of the Joint Venture

(1) Name	To be announced
(2) Location	To be announced
(3) Representative	To be announced
(4) Business	Development, manufacture and sale of rechargeable battery cell
(5) Capital	5.0 Billion RMB
(6) Date of establishment	To be announced
(7) Fiscal year end	December 31
(8) Net assets	To be announced
(9) Gross assets	To be announced
(10) Equity ratio	ATL: 30%, CATL: 70%

(1) Name	To be announced
(2) Location	To be announced
(3) Representative	To be announced
(4) Business	Development, manufacture and sale of rechargeable battery pack
(5) Capital	1.0 Billion RMB
(6) Date of establishment	To be announced
(7) Fiscal year end	March 31
(8) Net assets	To be announced
(9) Gross assets	To be announced
(10) Equity ratio	ATL: 70%, CATL: 30%

5. Outline of counterparty to the Business Alliance

(1) Name	Contemporary Amperex Technology Co., Limited		
(2) Location	Fujian, China		
(3) Representative	Robin Zeng (Chairman)		
(4) Business	Development, manufacture and sale of automobile batteries		
(5) Capital	2,329,474,028 RMB		
(6) Date of establishment	December 16, 2011		
(7) Large shareholders and shareholding ratio (As of 30th June 2020)	Ningbo Meishan Bonded Area Ruiting Investment Co., Ltd. (宁波梅山保税港区瑞庭投资有限公司) Ratio: 25.89%		
(8) Relationships between the Company and CATL	Capital relationship	There is no capital relationship.	
	Personal relationship	There is no personal relationship.	
	Business relationship	There is no business relationship.	
	Relevance to related party	Nothing to report	
(9) Consolidated financial results and consolidated financial position of CATL for the most recent three years			
Fiscal year	FY2018/12	FY2019/12	FY2020/12
Consolidated net assets (Million RMB)	35,200.17	42,187.88	69,194.72
Consolidated total assets (Million RMB)	73,883.70	101,351.98	156,618.43
Consolidated net assets per share (RMB)	15.01	17.27	27.56
Consolidated net sales (Million RMB)	29,611.27	45,788.02	50,319.49
Consolidated operating profit (Million RMB)	4,168.48	5,758.79	6,959.49
Consolidated ordinary profit (Million RMB)	3,735.90	5,012.67	6,103.92
Profit attributable to owners of parent (Million RMB)	3,387.04	4,560.31	5,583.34
Consolidated profit per share (RMB)	1.64	2.09	2.49
Dividend per share (RMB)	0.14	0.22	0.24

The exchange rate for RMB is 15.44 yen, which is our assumed rate for the fiscal year ending March 2022.

6. Schedule

(1) Date of resolution of the Board of Directors	April 28, 2021
(2) Date of final contract	April 28, 2021
(3) Date of share exchange and date of changes to subsidiaries	To be announced

7. Outlook

This business alliance and joint venture is projected to have no impact on the Company's consolidated financial results for the fiscal year ending March 31, 2022.

(Reference) TDK's Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (as of April 28, 2021) 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 2022	1,600,000	150,000	150,000	100,000
Results for the year ended March 2021	1,479,008	111,535	121,904	79,340

Contacts for media

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