

Corporate

TDK announces to establish corporate venture capital fund

May 19, 2023

TDK Corporation (TSE:6762, hereinafter “TDK”) hereby announces to establish a corporate venture capital fund (Fund EX1, L.P. “CVC Fund”) in the US focusing on investing in EX (Energy Transformation) related startups contributing to decarbonization based on the resolution of Board of Directors on May 19, 2023. The CVC Fund will be invested by TDK Ventures Inc. (California state in U.S.A., hereinafter “TDK Ventures”), which is a consolidated subsidiary operating corporate venture capital (hereinafter “CVC”) activities, and Amperex Technology Limited (Hong Kong, China, hereinafter “ATL”), which is a consolidated subsidiary operating manufacturing and selling rechargeable batteries.

1. Reason for the establishment

TDK has operated the business of electronic components based on the magnetic material technologies and also recently cultivated the new business opportunities related to EX (Energy Transformation) and DX (Digital Transformation) to pursue the sustainable enhancement of enterprise value. Particularly, rechargeable battery business is one of the core businesses of TDK, which has been expanded under the leadership of ATL. It focuses on further strengthening of the competitiveness of small capacity battery business. For medium-capacity battery business such as residential ESS, ATL has been developed speedily and efficiently based on “Business Alliance and Establishment of Joint Venture with Contemporary Amperex Technology Co., Limited (disclosed on April 28, 2021).

In such a business situation, TDK decided to establish an US-based CVC Fund to develop innovative ecosystem towards the further growth of our business related to EX through investment into startups contributing to decarbonization and alliance with them.

TDK has already established TDK Ventures Inc. operating CVC activities in May 2019 for the purpose of investment into startups at early stage to accelerate technology development and bolster our growth strategy. It has invested into 29 startups in total since its commencement and built investment portfolio for the future business growth. The experiences and knowledges will be leveraged for the operation of CVC Fund after its establishment.

2. Outline of CVC Fund

(1)	Name	Fund EX1, L.P.
(2)	Location	Delaware, U.S.A.
(3)	Governing law	Limited Partnership based on the laws of the states of Delaware, U.S.A.
(4)	Objectives	Investment into startups contributing mainly located in the U.S. and Europe to decarbonization to create new business and develop new technologies
(5)	Launch date	June 2023 (Planned)
(6)	Total investment amount	Up to US\$ 150 million until May 2028 as the final year of CVC Fund operation *
(7)	Investors and investment ratio	TDK Ventures Inc. : 67% (Limited partner) ATL : 33% (Limited partner)
(8)	Investment period	For 5 years from June 2023 (Planned)

(9)	Summary of general partner	Name	Top Level GP, LLC
		Location	Delaware in USA
		Representative	Nicolas Sauvage (TDK Ventures Inc. President)
		Investment amount	US\$ 20,000
(10)	Relationship between the listed company (TDK Corporation) and the CVC Fund	Capital relationship	TDK will be an investor of the general partner (Top Level GP, LLC) of the CVC Fund
		Personnel relationship	Not applicable
		Business relationship	Not applicable

*The CVC Fund might become a “Specified Subsidiary” of TDK since the invested amount into the CVC Fund would be 10% or more of share capital of TDK after its establishment (June 2023 onward).

3. Outline of limited partners as consolidated subsidiaries

(1)	Name	TDK Ventures Inc.
(2)	Location	San Jose in California, U.S.A.
(3)	Representative	Nicolas Sauvage (President)
(4)	Principal business	Exploration and investment into startups operating in the markets of material science, energy/power and related areas
(5)	Capital	US\$ 1
(6)	Date of establishment	May 1, 2019
(7)	Equity ratio	TDK : 100% (as of the end of March in 2023)

(1)	Name	Amperex Technology Limited
(2)	Location	Hong Kong Special Administrative Region of China
(3)	Representative	Fumio Sashida (Chairman)
(4)	Principal business	Development, manufacturing and sales of lithium-ion rechargeable batteries
(5)	Capital	US\$ 267,588,100
(6)	Date of establishment	June 11, 1999
(7)	Equity ratio	TDK : 100% (as of the end of March in 2023)

4. Outlook

The impact of the establishment of the CVC Fund on the financial results for the fiscal year ending March 31, 2024, will be negligible.

(Reference) TDK's Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (announced April 28, 2023) and Results for the Previous Fiscal Year

(Yen millions)	Net sales	Operating profit	Profit before tax	Net profit attributable to owners of parent
Forecasts for the year ending March 2024	2,020,000	190,000	188,000	147,000
Results for the year ended March 2023	2,180,817	168,827	167,219	114,187

Contacts for media

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