

TDK Corporation
CERAMIC CAPACITORS BG
GM
Junichi Nakatsu

Discontinuance announcement for TDK high voltage feedthrough capacitor

Dear valued customers,

Thank you very much for your continuous favor on our products. We are afraid that we have decided to discontinue the production of our "High Voltage Feed Through Ceramic Capacitor" ("Product") and would like to explain the background of such decision and announce our plan towards the completion of the discontinuance. Your understanding regarding this matter would be highly appreciated.

1. Background of EOL

About 50 years have passed since our mass-production of the Product started, and our manufacturing equipment for the Product has been deteriorating. While we tried to keep performance of the equipment throughout regular maintenance and overhaul, but such efforts cannot resolve the deterioration enough. As a result, we have no choice but to keep the production rate at low level in order to ensure stable yields and quality of the Products. Although renewal of the manufacturing equipment is essential for ultimate solution of our decreasing profitability due to the low production rate, it is difficult to decide further capital investment because of bleak prospect of future market. The demand for the Products currently coming to us is on a downward trend, and we view that the market of the Product has already reached a maturity level where no significant increase in demand can be expected in the medium to long term.

In addition, as you know we recently faced the improper act by Toray Industries Inc at flame redundancy certification of its resin products which are used for cases of the Products. Through such experience we again realized the importance to minimize the quality and supply risks of procured items, however, under the current situation where there is little expectation for significant increase in demand or an improvement in profitability, we cannot continue sufficient actions which are enough to reduce these quality and procurement risks of raw materials and to keep healthy profitability.

For the above reasons, we have decided to discontinue the production of the Product while responding to the customer requests regarding the supply of the Product as much as possible.

Description

Your product name	Our product name	Our substitute
HFC-2L-6	605802L6	

2. Schedule/Terms and conditions towards the discontinuance

Please allow us to proceed with the discontinuation of the Product according to the following schedule and conditions.

- Production period

We will continue to produce the Product until the end of the March, 2025.

- Final order period

Please place final purchase order of the Products by the end of December, 2023.

We will accept final orders up to quantities equivalent to your two years demand. For detailed quantities and delivery date, let us determine through separate discussion with you.

- Supply period

The shipment in September, 2025 will be our final shipment of the Products.

If you have any questions, please feel free to contact our sales.

We apologize for any inconvenience and appreciate your understanding.

If you agree to the above, please return this document to us with your signature by March 31, 2023.

Company name:

Signature and date:

Sincerely yours,

Accept
<hr/> <u>Company</u>
<hr/> <u>Department</u>
<hr/> <u>Name</u>