

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2021

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2021, the period from April 1 to December 31, 2020, are as follows.

During the first nine months of fiscal 2021, the global economy was significantly affected by the resurgence of the COVID-19 pandemic and the ongoing serious conflict between the U.S. and China. Meanwhile, social and economic activities as well as production activities resumed globally during the second quarter, and this recovery trend continued through the third quarter.

In the electronics market, which has a large bearing on the consolidated performance of TDK, demand remained strong during the third quarter in the automotive market which has been recovering rapidly since the second quarter. In the Information and Communications Technology (ICT) market, demand also expanded significantly year on year for notebook PCs and tablets as more people worked and studied at home. Furthermore, demand continued to grow firmly for fifth-generation mobile communication system (5G) base stations and smartphones.

In this business environment, the TDK's consolidated operating results for the first nine months of fiscal 2021 were as follows.

Summary (April 1, 2020 - December 31, 2020)

Term Item	The 9-month-period of FY2020 (Apr. 1, 2019 - Dec. 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3
Operating income	109,240	10.3	107,484	9.9	1,033,500	(1,756)	-1.6
Income before income taxes	109,824	10.3	109,358	10.1	1,051,519	(466)	-0.4
Net income attributable to TDK	74,412	7.0	73,076	6.7	702,654	(1,336)	-1.8
Per common share :							
Net income attributable to TDK / Basic	Yen 589.16		Yen 578.49		U.S.\$ 5.56		
Net income attributable to TDK / Diluted	Yen 587.81		Yen 577.30		U.S.\$ 5.55		

Note:

U.S.\$1=Yen 104, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2021 were ¥106.11 and ¥122.34, respectively, as the yen appreciated 2.4% against the U.S. dollar and depreciated 1.0% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales declined by approximately ¥20.9 billion and operating income decreased by approximately ¥4.6 billion.

Sales by Product

Term Product	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	116,208	10.9	113,862	10.5	1,094,827	(2,346)	-2.0
Inductive Devices	104,614	9.9	101,033	9.3	971,471	(3,581)	-3.4
Other Passive Components	77,667	7.3	78,351	7.2	753,375	684	0.9
Passive Components	298,489	28.1	293,246	27.0	2,819,673	(5,243)	-1.8
Sensor Application Products	59,227	5.6	57,491	5.3	552,798	(1,736)	-2.9
Magnetic Application Products	167,853	15.8	144,650	13.3	1,390,866	(23,203)	-13.8
Energy Application Products	479,354	45.1	552,889	50.9	5,316,240	73,535	15.3
Other	57,740	5.4	38,521	3.5	370,394	(19,219)	-33.3
Total	1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3
Overseas sales	980,863	92.3	1,002,534	92.2	9,639,750	21,671	2.2

Note:

U.S.\$1=Yen 104, for convenience only.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥293,246 million (U.S.\$ 2,819,673 thousand), down 1.8% year on year from ¥298,489 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥113,862 million (U.S.\$ 1,094,827 thousand), down 2.0% year on year from ¥116,208 million. Sales of Ceramic Capacitors increased to the ICT and the automotive markets, while decreased to the industrial equipment market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased to the industrial equipment and the automotive markets.

Sales of Inductive Devices decreased by 3.4% year on year from ¥104,614 million to ¥101,033 million (U.S.\$ 971,471 thousand). Sales increased to the ICT market, while decreased to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components increased by 0.9% year on year from ¥77,667 million to ¥78,351 million (U.S.\$ 753,375 thousand). Sales increased to the ICT market, while decreased to the automotive market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales decreased by 2.9% from ¥59,227 million to ¥57,491 million (U.S.\$ 552,798 thousand). Sales increased to the ICT market, while decreased to the automotive and the industrial equipment markets.

3) Magnetic Application Products Segment

This segment is made up of Hard Disk Drive (HDD) Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 13.8% year on year from ¥167,853 million to ¥144,650 million (U.S.\$ 1,390,866 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased significantly to the ICT market. Sales of Magnets decreased mainly to the automotive market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 15.3% from ¥479,354 million to ¥552,889 million (U.S.\$ 5,316,240 thousand). Sales of Energy Devices increased significantly to the ICT and the industrial equipment markets.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 33.3% from ¥57,740 million to ¥38,521 million (U.S.\$ 370,394 thousand). Sales of Camera Module Micro Actuators for smartphones decreased significantly to the ICT market.

The main businesses making up the four reporting segments and Other, which includes products not included in these reporting segments, are as follows:

New Classification	Constituent Main Business
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils/Ferrite Cores/Transformers), High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries), Power Supplies
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 2.2% year on year from ¥980,863 million to ¥1,002,534 million (U.S.\$ 9,639,750 thousand). Overseas sales accounted for 92.2% of consolidated net sales, a 0.1 percentage point decrease from 92.3% in the first nine months of fiscal 2020. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of December 31, 2020.

Total assets	¥2,208,369 million	(13.6% increase)
Total TDK stockholders' equity	¥900,373 million	(6.7% increase)
Stockholders' equity ratio	40.8%	(2.6 point decrease)

As of December 31, 2020, total assets increased by ¥264,990 million compared with March 31, 2020. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥71,513 million. Net property, plant and equipment, net trade receivables, and inventories increased by ¥100,176 million, ¥85,164 million, and ¥19,691 million, respectively.

Total liabilities increased by ¥210,251 million from March 31, 2020. Long-term debt (including current installments of long-term debt), trade payables, and accrued expenses increased by ¥82,132 million, ¥68,802 million, and ¥49,828 million respectively. Issuance of bonds by ¥99,597 million in July 2020 is included in the increase of long-term debt.

Total TDK stockholders' equity, which is included in total equity, increased by ¥56,416 million from March 31, 2020. Retained earnings increased by ¥46,606 million compared with March 31, 2020.

2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2020	The 9-month-period of FY 2021	Change
Net cash provided by operating activities	149,521	162,873	13,352
Net cash provided by (used in) investing activities	11,429	(164,887)	(176,316)
Net cash provided by (used in) by financing activities	(89,370)	50,205	139,575
Effect of exchange rate changes on cash and cash equivalents	(7,305)	2,347	9,652
Net increase in cash and cash equivalents	64,275	50,538	(13,737)
Cash and cash equivalents at beginning of period	289,175	332,717	43,542
Cash and cash equivalents at end of period	353,450	383,255	29,805

Operating activities provided net cash of ¥162,873 million (U.S.\$1,566,087 thousand), an increase of ¥13,352 million year on year. It mainly came from an increase in depreciation and amortization.

Investing activities used net cash of ¥164,887 million (U.S.\$1,585,452 thousand), changed by ¥176,316 million year on year. It mainly came from decrease of proceeds from sale of investments in affiliates.

Financing activities provided net cash of ¥50,205 million (U.S.\$482,740 thousand), changed by ¥139,575million year on year. It mainly came from an increase in debt, which is a result of issuance of corporate bonds.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2021 Consolidated Projections)

The outlook for the global economy remains uncertain due to concerns over further impact from the resurgence of the COVID-19 pandemic and the conflict between the U.S. and China, which shows no signs of improvement. Under these circumstances, the operating results for the first nine months of fiscal 2021 benefited from the ongoing recovery in demand for electronics, as social and economic activities as well as production activities resumed gradually from the second quarter. By market, orders for the automotive market, which had recovered rapidly during the second quarter, remained strong in the third quarter, resulting in an increase in sales of Passive Components and Sensors. In the ICT market, sales of Rechargeable Batteries and Passive Components grew on the back of brisk demand for notebook PCs and tablets as more people worked and studied at home, in addition to robust demand for 5G-related products. As a result of reviewing TDK's full-year projections in light of the operating results for the first nine months of fiscal 2021, the new projections have been raised from those announced on October 30, 2020. Meanwhile, temporary expenses of approximately 12.0 billion yen, including structural reform expenses, are expected to be recorded in the fourth quarter as a result of implementing measures to enhance asset efficiency, including business site restructuring, looking ahead to expected changes in demand trends in the future. Consequently, projections for operating income and net income attributable to TDK have not been revised from the previous projections.

Term Item	FY2021 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2020 - March 31, 2021)	FY2020 (April 1, 2019 - March 31, 2020)	vs FY2020 Changes	
	Projection in January '21	Projection in October '20	Projection in July '20	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,450,000	1,400,000	1,290,000	1,363,037	86,963	6.4
Operating income	110,000	110,000	70,000	97,870	12,130	12.4
Income before income taxes	116,000	111,000	70,000	95,876	20,124	21.0
Net income attributable to TDK	76,000	76,000	48,000	57,780	18,220	31.5
Capital expenditures	200,000	200,000	180,000	173,429	26,571	15.3
Depreciation and amortization	140,000	140,000	140,000	124,984	15,016	12.0
Research and development	120,000	120,000	120,000	117,489	2,511	2.1

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥123 respectively will be assumed for fiscal 2021. Average yen exchange rates against the U.S. dollar and the euro of ¥103 and ¥125 respectively will be assumed for the fourth quarter.

Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws, and regulations.

2. Other Information

(1) Changes in Significant Subsidiaries

TDK absorbed and merged TDK-EPC Corporation, a specific subsidiary, in the quarter ended September 30, 2020. TDK-EPC Corporation has been excluded from the scope of consolidation.

Also, in the quarter ended December 31, 2020, Amperex Technology (Singapore) Pte. Ltd., which falls under the category of specific subsidiary, has been established and included in the scope of consolidation.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Amendments of fair value measurement disclosure requirements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13 “Amendments of fair value measurement disclosure requirements”. This ASU eliminates, amends and adds some of disclosure requirements for fair value measurement. TDK adopted this ASU from April 1, 2020.

The adoption of this ASU did not have an impact on TDK’s results of operations and financial position because this ASU is related to disclosure.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2021 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2021 are as follows. TDK keeps dividend forecast unchanged.

	(Yen)	
	FY2021	FY2020 Actual
Interim dividend	90.00	90.00
Year-end dividend	(Forecast) 90.00	90.00
Annual dividend	(Forecast) 180.00	180.00