

[Summary Information and Financial Statements]

1. Business Results

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2021, the year ended March 31, 2021, were as follows.

In fiscal 2021, the global economy was significantly affected by the resurgence of the COVID-19 pandemic and the worsening tensions between the United States and China. On the other hand, the recovery trend continued with the gradual resumption of social and economic activities as well as production activities.

In the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market, which had experienced significant weakness due to lockdown measures in various countries during the first quarter, saw a rapid recovery of orders in the second quarter and have remained robust since then. Although automobile production volume fell below the level of the previous fiscal year, the number of components installed per vehicle continued to increase due to advances in the electrification of automobiles as well as the rise in ratio of electric vehicles. In the Information and Communications Technology (ICT) market, demand expanded significantly for notebook PCs and tablets reflecting a rapid increase in the number of people who worked and studied at home. Furthermore, demand related to the fifth-generation mobile communication system (5G) remained brisk, and smartphone production volume recovered to the level of the previous fiscal year.

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

Summary (April 1, 2020 - March 31, 2021)

Term Item	FY2020 (Apr. 1, 2019 - Mar. 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5
Operating income	97,870	7.2	111,535	7.5	1,004,820	13,665	14.0
Income before income taxes	95,876	7.0	121,904	8.2	1,098,234	26,028	27.1
Net income attributable to TDK	57,780	4.2	79,340	5.4	714,775	21,560	37.3
Per common share :							
Net income attributable to TDK / Basic	Yen 457.47		Yen 628.08		U.S.\$ 5.66		
Net income attributable to TDK / Diluted	Yen 456.44		Yen 626.78		U.S.\$ 5.65		

Note:

U.S.\$1=Yen 111, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during fiscal 2021 were ¥106.05 and ¥123.67, respectively, as the yen appreciated 2.5% against the U.S. dollar and depreciated 2.3% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales decreased by approximately ¥21.7 billion and operating income decreased by approximately ¥8.1 billion.

Sales by Product

Term Product	FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	153,882	11.3	158,182	10.7	1,425,063	4,300	2.8
Inductive Devices	137,572	10.1	139,990	9.4	1,261,171	2,418	1.8
Other Passive Components	104,002	7.6	108,954	7.4	981,568	4,952	4.8
Passive Components	395,456	29.0	407,126	27.5	3,667,802	11,670	3.0
Sensor Application Products	77,938	5.7	81,345	5.5	732,838	3,407	4.4
Magnetic Application Products	219,668	16.1	199,253	13.5	1,795,072	(20,415)	-9.3
Energy Application Products	597,698	43.9	740,227	50.0	6,668,711	142,529	23.8
Other	72,277	5.3	51,057	3.5	459,973	(21,220)	-29.4
Total	1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5
Overseas sales	1,252,634	91.9	1,361,803	92.1	12,268,495	109,169	8.7

Note:

1. U.S.\$1=Yen 111, 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 ¥407,126 million (U.S.\$ 3,667,802 thousand), up 3.0% year on year from ¥395,456 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥158,182 million (U.S.\$ 1,425,063 thousand), up 2.8% year on year from ¥153,882 million. Sales of Ceramic Capacitors increased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment market.

Sales of Inductive Devices increased by 1.8% year on year from ¥137,572 million to ¥139,990 million (U.S.\$ 1,261,171 thousand). Sales increased to the ICT market, while decreased to the industrial equipment market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components increased by 4.8% year on year from ¥104,002 million to ¥108,954 million (U.S.\$ 981,568 thousand). Sales increased to the ICT and the industrial equipment markets.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Segment sales increased by 4.4% year on year from ¥77,938 million to ¥81,345 million (U.S.\$ 732,838 thousand). Sales increased to the ICT market, while decreased to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of Hard Disk Drive (HDD) Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased by 9.3% year on year from ¥219,668 million to ¥199,253 million (U.S.\$ 1,795,072 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased 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 23.8% from ¥597,698 million to ¥740,227 million (U.S.\$ 6,668,711 thousand). Sales of Energy Devices increased significantly mainly to the ICT and the industrial equipment markets.

5) Other

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Segment sales decreased by 29.4% year on year from ¥72,277 million to ¥51,057 million (U.S.\$ 459,973 thousand). Sales of Mechatronics increased to the industrial equipment market. 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:

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), Camera Module Micro Actuators for smartphones, Others

[Sales by Region]

Overseas sales increased by 8.7% year on year from ¥1,252,634 million to ¥1,361,803 million (U.S.\$ 12,268,495 thousand). Overseas sales accounted for 92.1% of consolidated net sales, a 0.2 percentage point increase from 91.9% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 25.

[Fiscal 2022 Consolidated Projections]

In fiscal 2022, although concerns over the resurgence of COVID-19 pandemic remain, social and economic activities as well as production activities are expected to continue to recover as a result of the progress in COVID-19 vaccine programs and economic stimulus measures by each country. In the electronics market, TDK foresees that the production volume of automobiles and smartphones will exceed the level of fiscal 2021. The production volume of notebook PCs and tablets, for which demand has expanded significantly with the increase of people working and studying at home, is expected to remain at a high level. Furthermore, as the shift to renewable energy progresses toward achieving a decarbonized society, demand for residential energy storage systems is expected to grow.

Based on these assumptions, TDK has set the following projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2022.

<div>Term</div> <div>Item</div>	FY2022 (April 1, 2021 - March 31, 2022)	FY2021 (April 1, 2020 - March 31, 2021)	vs FY2021 Changes	
	Projection in April '28	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,600,000	1,479,008	120,992	8.2
Operating income	150,000	111,535	38,465	34.5
Income before income taxes	150,000	121,904	28,096	23.0
Net income attributable to TDK	100,000	79,340	20,660	26.0
Capital expenditures	300,000	212,355	87,645	41.3
Depreciation and amortization	160,000	140,285	19,715	14.1
Research and development	140,000	127,046	12,954	10.2

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥124 respectively will be assumed for fiscal 2022.

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) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2021.

Total assets	¥2,401,433 million	(23.6% increase)
Total TDK stockholders' equity	¥1,003,538 million	(18.9% increase)
Stockholders' equity ratio	41.8%	(1.6 point decrease)

As of March 31, 2021 total assets increased by ¥458,054 million compared with March 31, 2020. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥81,062 million. Net property, plant and equipment net trade receivables increased by ¥173,221 million and ¥119,312 million respectively.

Total liabilities increased by ¥300,321 million from March 31, 2020. Accrued expenses, trade payables, and long-term debt (including current installments of long-term debt) increased by ¥123,162 million, ¥122,548 million, and ¥82,309 million respectively. Issuance of bonds by ¥99,612 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 ¥159,581 million from March 31, 2020. Accumulated other comprehensive income (loss) increased by ¥107,322 million, mainly from foreign currency translation adjustments. Retained earnings increased by ¥52,879 million.

2) Cash Flows

(Yen millions)

	FY 2019	FY 2020	Change
Net cash provided by operating activities	222,390	222,814	424
Net cash used in investing activities	(41,964)	(231,488)	(189,524)
Net cash provided by (used in) financing activities	(121,769)	29,193	150,962
Effect of exchange rate changes on cash and cash equivalents	(15,115)	27,151	42,266
Net increase in cash and cash equivalents	43,542	47,670	4,128
Cash and cash equivalents at beginning of period	289,175	332,717	43,542
Cash and cash equivalents at end of period	332,717	380,387	47,670

Operating activities provided net cash of ¥222,814 million (U.S.\$2,007,332 thousand), an increase of ¥424 million year on year.

Investing activities used net cash of ¥231,488 million (U.S.\$2,085,477 thousand), an increase of ¥189,524 million year on year. It mainly came from decrease of proceeds from sale of investments in affiliates.

Financing activities used net cash of ¥29,193 million (U.S.\$263,000 thousand), changed by ¥150,962 million year on year. It mainly came from increase in debt, which is a result of issuance of corporate bonds.

3) Trends in Cash Flow Indicators

	FY2018	FY2019	FY2020	FY2021
1) Stockholders' equity ratio (%)	43.3	44.0	43.4	41.8
2) Stockholders' equity ratio on a market value basis (%)	63.5	55.0	54.5	80.6
3) No. of years to redeem debt	5.29	3.71	1.91	2.17
4) Interest coverage ratio (times)	20.5	33.8	60.6	63.2

[Notes]

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (*1)/Total assets

(*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (*2)/Cash flows from operating activities (*3)

(*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (*4)

(*4) Interest payments: "Interest expense" on the consolidated statements of income

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2021 and Fiscal 2022 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.

TDK plans to pay a year-end dividend of ¥90 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 23, 2021. Combined with the interim dividend of ¥90 per common share paid in December 2020, the planned dividend per common share applicable to the year will be ¥180.

TDK plans to pay an interim dividend of ¥95 per common share and a year-end dividend of ¥95 per common share respectively in Fiscal 2022.

	FY 2022 Forecast	FY 2021
(Yen)		
Interim dividend	95.00	(Actual) 90.00
Year-end dividend	95.00	(Forecast) 90.00
Annual dividend	190.00	(Forecast) 180.00