



TDK Corporation  
July 28, 2021

**Contact;**

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Corporate Communications Group

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**Consolidated results (U.S. GAAP) for the 1st quarter of FY March 2022**

**Summary (April 1, 2021 - June 30, 2021)**

Term Item	1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	309,393	100.0	420,058	100.0	3,784,306	110,665	35.8
Operating income	18,440	6.0	30,833	7.3	277,775	12,393	67.2
Income before income taxes	20,711	6.7	32,238	7.7	290,432	11,527	55.7
Net income attributable to TDK	13,192	4.3	26,666	6.3	240,234	13,474	102.1
Per common share :							
Net income attributable to TDK / Basic	Yen 104.43		Yen 211.09		U.S.\$ 1.90		
Net income attributable to TDK / Diluted	Yen 104.22		Yen 210.57		U.S.\$ 1.90		
Capital expenditures	46,368	-	61,205	-	551,396	14,837	32.0
Depreciation and amortization	31,740	10.3	40,583	9.7	365,613	8,843	27.9
Research and development	29,434	9.5	37,680	9.0	339,459	8,246	28.0
Result of financial income (loss)	1,661	-	1,173	-	10,568	(488)	-29.4
Ratio of overseas production	88.1%	-	90.4%	-	-		
Number of employees	108,601	-	128,742	-	-		

**Note:**

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

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## [Summary Information and Financial Statements]

### 1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2022

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first three months of fiscal 2022, the period from April 1 to June 30, 2021, are as follows.

During the first three months of fiscal 2022, social and economic activities as well as production activities, which had been sluggish due to the COVID-19 pandemic, remained on a recovery trend, with signs of a rebound in corporate capital expenditures. On the other hand, as a result of the resurgence of COVID-19, strict measures such as lockdowns were reintroduced in some Asian countries, and tensions between the U.S. and China continued, indicating lingering uncertainties about the future outlook.

In the electronics market, which has a large bearing on the consolidated performance of TDK, production plans of various companies were affected by a shortage of semiconductors and other components due to the recovery in overall demand. In the automotive market, while automobile production volume has not recovered to the level prior to the outbreak of the pandemic, orders remained brisk on the back of an increase in the number of components installed per vehicle. In the Information and Communications Technology (ICT) market, demand for notebook PCs and tablets remained strong, as in the previous fiscal year. Production of smartphones increased only slightly from the previous fiscal year due to the shortage of semiconductors and the effects of the resurgence of COVID-19 in India and Southeast Asia. In addition, production of Hard Disk Drives (HDDs) remained strong, reflecting a recovery in demand related to data centers, which had been sluggish in the previous fiscal year.

In this business environment, the TDK's consolidated operating results for the first quarter of fiscal 2022 were as follows.

Term Item	1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	309,393	100.0	420,058	100.0	3,784,306	110,665	35.8
Operating income	18,440	6.0	30,833	7.3	277,775	12,393	67.2
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Net income attributable to TDK	13,192	4.3	26,666	6.3	240,234	13,474	102.1
Per common share :							
Net income attributable to TDK / Basic	Yen 104.43		Yen 211.09		U.S.\$ 1.90		
Net income attributable to TDK / Diluted	Yen 104.22		Yen 210.57		U.S.\$ 1.90		

**Note:**

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Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2022 were ¥109.50 and ¥131.90, respectively, as the yen depreciated 1.8% against the U.S. dollar and 11.4% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥21.4 billion and operating income decreased by approximately ¥1.7 billion.

## Sales by Product

Term Product	1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	33,334	10.8	47,123	11.2	424,531	13,789	41.4
Inductive Devices	27,377	8.9	42,028	10.0	378,631	14,651	53.5
Other Passive Components	23,646	7.6	32,032	7.7	288,577	8,386	35.5
Passive Components	84,357	27.3	121,183	28.9	1,091,739	36,826	43.7
Sensor Application Products	14,703	4.7	26,828	6.4	241,694	12,125	82.5
Magnetic Application Products	38,278	12.4	60,623	14.4	546,153	22,345	58.4
Energy Application Products	156,855	50.7	199,592	47.5	1,798,126	42,737	27.2
Other	15,200	4.9	11,832	2.8	106,594	(3,368)	-22.2
Total	309,393	100.0	420,058	100.0	3,784,306	110,665	35.8
Overseas sales	283,907	91.8	384,999	91.7	3,468,459	101,092	35.6

**Note:**

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### 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 ¥121,183 million (U.S.\$ 1,091,739 thousand), up 43.7% year on year from ¥84,357 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥47,123 million (U.S.\$ 424,531 thousand), up 41.4% year on year from ¥33,334 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment and the automotive markets.

Sales of Inductive Devices increased by 53.5% year on year from ¥27,377 million to ¥42,028 million (U.S.\$ 378,631 thousand). Sales increased significantly mainly to the automotive market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components increased by 35.5% year on year from ¥23,646 million to ¥32,032 million (U.S.\$ 288,577 thousand). Sales increased mainly 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 increased by 82.5% from ¥14,703 million to ¥26,828 million (U.S.\$ 241,694 thousand). Sales increased mainly to the ICT market.

### 3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales increased 58.4% year on year, from ¥38,278 million to ¥60,623 million (U.S.\$ 546,153 thousand). Sales of HDD Heads and HDD Suspension Assemblies increased significantly to the ICT market. Sales of Magnets increased 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 27.2% from ¥156,855 million to ¥199,592 million (U.S.\$ 1,798,126 thousand). Sales of Energy Devices increased significantly mainly to the ICT market.

### 5) Other

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Segment sales decreased by 22.2% from ¥15,200 million to ¥11,832 million (U.S.\$ 106,594 thousand). Sales of Mechatronics increased to the industrial equipment market. Sales of Camera Module Micro Actuators for smartphones decreased 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), Camera Module Micro Actuators for smartphones, Others

### [Sales by Region]

Overseas sales increased by 35.6% year on year from ¥283,907 million to ¥384,999 million (U.S.\$ 3,468,459 thousand). Overseas sales accounted for 91.7% of consolidated net sales, a 0.1 percentage point decrease from 91.8% in the first quarter of fiscal 2021. 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 June 30, 2021.

Total assets	¥2,508,181 million	(4.4% increase)
Total TDK stockholders' equity	¥1,033,758 million	(3.0% increase)
Stockholders' equity ratio	41.2%	(0.6 point decrease)

As of June 30, 2021, total assets increased by ¥106,748 million compared with March 31, 2021. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased by ¥43,806 million, while inventories, net property, plant, and equipment, and net trade receivables increased by ¥45,404 million, ¥43,667 million, and ¥25,139 million respectively.

Total liabilities increased by ¥76,607 million from March 31, 2021. Trade payables and short-term debts increased by ¥51,880 million and ¥21,517 million respectively.

Total TDK stockholders' equity, which is included in total equity, increased by ¥30,220 million from March 31, 2021. Retained earnings increased by ¥14,984 million. Also, accumulated other comprehensive income (loss) increased by ¥14,894 million, due to an increase in foreign currency translation adjustments compared with March 31, 2021.

## 2) Cash Flows

(Yen millions)

	FY 2021 1Q	FY 2022 1Q	Change
Net cash provided by operating activities	9,798	1,171	(8,627)
Net cash used in investing activities	(42,093)	(28,473)	13,620
Net cash provided by financing activities	26,124	9,829	(16,295)
Effect of exchange rate changes on cash and cash equivalents	(1,396)	5,786	7,182
Net decrease in cash and cash equivalents	(7,567)	(11,687)	(4,120)
Cash and cash equivalents at beginning of period	332,717	380,387	47,670
Cash and cash equivalents at end of period	325,150	368,700	43,550

Operating activities provided net cash of ¥1,171 million (U.S.\$10,550 thousand), a decrease of ¥8,627 million year on year. It mainly came from an increase in other assets and liabilities, net.

Investing activities used net cash of ¥28,473 million (U.S.\$256,514 thousand), a decrease of ¥13,620 million year on year. It mainly came from a decrease in payment for purchase of short-term investments.

Financing activities provided net cash of ¥9,829 million (U.S.\$88,550 thousand), a decrease of ¥16,295 million year on year. It mainly came from a decrease of proceeds from debt.



### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2022 Consolidated Projections)

TDK has not changed the following projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2022, since its announcement on April 28, 2021. However, a worsening in the COVID-19 pandemic or aggravation of opposition between the U.S. and China may have a significant impact on earnings.

Term  Item	FY2022 (April 1, 2021 - March 31, 2022)	FY2021 (April 1, 2020 - March 31, 2021)	vs FY2021 Changes	
	Projection in April '21	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 from the second quarter onward.

### 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**

Nothing to report.

### **(2) Simplified Accounting Treatment and Special Accounting Treatment**

Nothing to report.

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

Nothing to report.

### **(4) Fundamental Policy for Distribution of Earnings, 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.

Projected dividends per share for Fiscal 2022 are as follows. TDK has revised the previously released interim dividend forecast from 95 yen and the year-end dividend forecast from 95 yen based on the stock split which has been resolved at the meeting of the Board of Directors held on July 28, 2021.

TDK will split one share of its common stock into three shares with the effective date of October 1, 2021. The interim dividend for the Fiscal 2022, with a record date of September 30, 2021, will be paid on the basis of the number of shares prior to the stock split.

The dividend projections will effectively increase 1 yen per share (based on dividends before the stock split).

TDK Corporation (6762) FY 2022 First Quarter Financial Results (U.S. GAAP)

(Yen)

	FY2022 Forecast	FY2021 Actual
Interim dividend	95.00	90.00
Year-end dividend (Prior to the stock split)	32.00 (96.00)	90.00
Annual dividend (Prior to the stock split)	- (191.00)	180.00

### 3. Consolidated Financial Statements

#### (1) Balance Sheets

ASSETS						
Term Item	As of March 31, 2021		As of June 30, 2021			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	1,233,385	51.4	1,296,804	51.7	11,682,919	63,419
Cash and cash equivalents	380,387		368,700		3,321,622	(11,687)
Short-term investments	65,886		33,767		304,207	(32,119)
Marketable securities	56		56		505	0
Net trade receivables	429,454		454,593		4,095,432	25,139
Inventories	288,854		334,258		3,011,333	45,404
Other current assets	68,748		105,430		949,820	36,682
Noncurrent assets	1,168,048	48.6	1,211,377	48.3	10,913,306	43,329
Investments in securities	44,287		44,681		402,532	394
Net property, plant and equipment	784,371		828,038		7,459,802	43,667
Right-of-use assets of operating leases	42,325		42,446		382,396	121
Goodwill	165,096		165,276		1,488,973	180
Other assets	131,969		130,936		1,179,603	(1,033)
<b>TOTAL</b>	<b>2,401,433</b>	<b>100.0</b>	<b>2,508,181</b>	<b>100.0</b>	<b>22,596,225</b>	<b>106,748</b>

LIABILITIES AND EQUITY						
Term Item	As of March 31, 2021		As of June 30, 2021			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	1,011,476	42.1	1,089,596	43.5	9,816,180	78,120
Short-term debt	192,938		214,455		1,932,027	21,517
Current installments of long-term debt	135,125		134,833		1,214,712	(292)
Current portion of operating lease obligations	8,444		8,386		75,549	(58)
Trade payables	324,373		376,253		3,389,667	51,880
Accrued expenses	324,753		324,793		2,926,063	40
Other current liabilities	25,843		30,876		278,162	5,033
Noncurrent liabilities	383,660	16.0	382,147	15.2	3,442,766	(1,513)
Long-term debt, excluding current installments	155,273		155,369		1,399,721	96
Long-term operating lease obligations	29,833		29,975		270,045	142
Retirement and severance benefits	116,745		115,834		1,043,550	(911)
Other noncurrent liabilities	81,809		80,969		729,450	(840)
<b>Total liabilities</b>	<b>1,395,136</b>	<b>58.1</b>	<b>1,471,743</b>	<b>58.7</b>	<b>13,258,946</b>	<b>76,607</b>
Common stock	32,641		32,641		294,063	-
Additional paid-in capital	-		17		153	17
Legal reserve	46,403		46,716		420,865	313
Retained earnings	1,024,019		1,039,003		9,360,387	14,984
Accumulated other comprehensive income (loss)	(82,733)		(67,839)		(611,162)	14,894
Treasury stock	(16,792)		(16,780)		(151,171)	12
<b>Total TDK stockholders' equity</b>	<b>1,003,538</b>	<b>41.8</b>	<b>1,033,758</b>	<b>41.2</b>	<b>9,313,135</b>	<b>30,220</b>
Noncontrolling interests	2,759	0.1	2,680	0.1	24,144	(79)
<b>Total equity</b>	<b>1,006,297</b>	<b>41.9</b>	<b>1,036,438</b>	<b>41.3</b>	<b>9,337,279</b>	<b>30,141</b>
<b>TOTAL</b>	<b>2,401,433</b>	<b>100.0</b>	<b>2,508,181</b>	<b>100.0</b>	<b>22,596,225</b>	<b>106,748</b>

**Note:**

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## (2) Statements of Income and Statements of Comprehensive Income

### Statements of Income

Item	Term		1Q of FY2021 (April 1, 2020 - June 30, 2020)			1Q of FY2022 (April 1, 2021 - June 30, 2021)		Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)		
Net sales	309,393	100.0	420,058	100.0	3,784,306	110,665	35.8		
Cost of sales	219,823	71.0	301,612	71.8	2,717,225	81,789	37.2		
Gross profit	89,570	29.0	118,446	28.2	1,067,081	28,876	32.2		
Selling, general and administrative expenses	70,986	22.9	87,613	20.9	789,306	16,627	23.4		
Other operating expense (income)	144	0.1	-	-	-	(144)	-		
Operating income	18,440	6.0	30,833	7.3	277,775	12,393	67.2		
Other income (deductions):									
Interest and dividend income	2,480		2,411		21,721	(69)			
Interest expense	(819)		(1,238)		(11,153)	(419)			
Foreign exchange gain (loss)	(326)		296		2,667	622			
Other-net	936		(64)		(578)	(1,000)			
Total other income (deductions)	2,271	0.7	1,405	0.4	12,657	(866)	-38.1		
Income before income taxes	20,711	6.7	32,238	7.7	290,432	11,527	55.7		
Income taxes	7,456	2.4	5,562	1.4	50,108	(1,894)	-25.4		
Net income	13,255	4.3	26,676	6.3	240,324	13,421	101.3		
Less: Net income attributable to noncontrolling interests	63	0.0	10	0.0	90	(53)	-84.1		
Net income attributable to TDK	13,192	4.3	26,666	6.3	240,234	13,474	102.1		

**Note:**

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### Statements of Comprehensive Income

Item	Term		1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)		Change	
	(Yen millions)		(Yen millions)		(U.S.\$ thousands)	(Yen millions)		
Net income	13,255		26,676		240,324	13,421		
Other comprehensive income (loss), net of taxes:								
Foreign currencies translation adjustments	(5,328)		13,860		124,865	19,188		
Pension liability adjustments	1,680		1,102		9,928	(578)		
Net unrealized gains (losses) on securities	40		(35)		(315)	(75)		
Total other comprehensive income (loss)	(3,608)		14,927		134,478	18,535		
Comprehensive income	9,647		41,603		374,802	31,956		
Comprehensive income attributable to noncontrolling interests	46		43		387	(3)		
Comprehensive income attributable to TDK	9,601		41,560		374,415	31,959		

**Note:**

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

### (3) Statements of Cash Flows

Item	Term	1Q of FY2022	
		(April 1, 2020 - June 30, 2020)	(April 1, 2021 - June 30, 2021)
		(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income		13,255	240,324
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		31,740	365,613
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		(9,479)	(196,667)
Decrease (increase) in inventories		(21,842)	(381,216)
Increase (decrease) in trade payables		8,380	440,424
Increase (decrease) in accrued expenses		(10,125)	(160,739)
Decrease (increase) in other assets and liabilities, net		(2,785)	(315,468)
Other-net		654	18,279
Net cash provided by operating activities		9,798	10,550
Cash flows from investing activities:			
Capital expenditures		(46,368)	(551,396)
Proceeds from sales of tangible and intangible assets		1,004	2,802
Proceeds from sale and maturity of short-term investments		27,661	371,126
Payment for purchase of short-term investments		(30,172)	(78,342)
Proceeds from sale and maturity of securities		3	8,225
Payment for purchase of securities		(530)	(10,451)
Proceeds from sale of business, net of cash transferred		3,717	-
Proceeds from sale of investments in affiliates		2,502	-
Other-net		90	1,522
Net cash used in investing activities		(42,093)	(256,514)
Cash flows from financing activities:			
Proceeds from debt with maturities longer than three months		51,187	8,360
Repayment of debt with maturities longer than three months		(23,195)	(11,108)
Net increase (decrease) in debt with maturities of three months or less		9,463	193,838
Dividends paid		(11,206)	(101,360)
Other-net		(125)	(1,180)
Net cash provided by financing activities		26,124	88,550
Effect of exchange rate changes on cash and cash equivalents		(1,396)	52,126
Net decrease in cash and cash equivalents		(7,567)	(105,288)
Cash and cash equivalents at beginning of period		332,717	3,426,910
Cash and cash equivalents at end of period		325,150	3,321,622

**Note:**

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

#### (4) Notes Concerning Going Concern Assumptions

Nothing to report.

#### (5) Segment Information

TDK has four reporting segments: Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

##### Sales by industry segment

		1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	84,357	27.3	121,183	28.9	1,091,739	36,826	43.7
	Intersegment	917		1,081		9,738	164	17.9
	Total	85,274		122,264		1,101,477	36,990	43.4
Sensor Application Products	External customers	14,703	4.7	26,828	6.4	241,694	12,125	82.5
	Intersegment	90		167		1,504	77	85.6
	Total	14,793		26,995		243,198	12,202	82.5
Magnetic Application Products	External customers	38,278	12.4	60,623	14.4	546,153	22,345	58.4
	Intersegment	308		12		108	(296)	-96.1
	Total	38,586		60,635		546,261	22,049	57.1
Energy Application Products	External customers	156,855	50.7	199,592	47.5	1,798,126	42,737	27.2
	Intersegment	-		1		9	1	-
	Total	156,855		199,593		1,798,135	42,738	27.2
Other	External customers	15,200	4.9	11,832	2.8	106,594	(3,368)	-22.2
	Intersegment	5,729		6,225		56,082	496	8.7
	Total	20,929		18,057		162,676	(2,872)	-13.7
Intersegment eliminations		(7,044)		(7,486)		(67,441)	(442)	
Total		309,393	100.0	420,058	100.0	3,784,306	110,665	35.8

**Note:**

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

##### Segment profit (loss) by industry segment

		1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		7,734	9.2	18,015	14.9	162,297	10,281	132.9
Sensor Application Products		(7,265)	-49.4	(2,037)	-7.6	(18,351)	5,228	-
Magnetic Application Products		(3,844)	-10.0	2,777	4.6	25,018	6,621	-
Energy Application Products		31,259	19.9	23,371	11.7	210,549	(7,888)	-25.2
Other		(1,877)	-12.3	(2,926)	-24.7	(26,360)	(1,049)	-
Sub total		26,007	8.4	39,200	9.3	353,153	13,193	50.7
Corporate and Eliminations		(7,567)		(8,367)		(75,378)	(800)	
Operating income		18,440	6.0	30,833	7.3	277,775	12,393	67.2

**Note:**

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



## **(6) Subsequent Events**

### **Stock Split and Partial Amendment to the Articles of Incorporation**

TDK Corporation (“the Company”) has resolved at the meeting of the Board of Directors held on July 28, 2021, the stock split and partial amendment to the articles of incorporation.

#### 1) Purpose of the stock split

The stock split aims to increase the liquidity of stocks and expand the investor base by reducing the investment unit price of the Company's stocks.

#### 2) Outline of the stock split

##### ① Method

The Company will split one share of its common stock owned by shareholders entered or recorded in the last shareholder registry as of September 30, 2021 into three shares.

##### ② Number of shares to be increased by the stock split

Total number of shares issued before the stock split	129,590,659
Increase in the number of shares upon the stock split	259,181,318
Total number of shares issued after the stock split	388,771,977
Total number of shares issuable after the stock split	1,440,000,000

##### ③ Schedule

Public notice of record date	September 10, 2021
Record date	September 30, 2021
Effective date	October 1, 2021

④ Impact on per share information

Based on the assumption that the stock split was conducted on April 1, 2020, the per share information for 1Q of FY2022 and FY2021 is as follows.

	(Yen)	
	1Q of FY2021 (April 1, 2020 – June 30, 2020)	1Q of FY2022 (April 1, 2021 – June 30, 2021)
(Basic) Net income attributable to TDK	34.81	70.36
(Diluted) Net income attributable to TDK	34.74	70.19

⑤ Other

The stock split will not result in a change to the amount of stated capital.

3) Partial amendment to the articles of incorporation

① Reasons for the amendment

In line with the stock split, pursuant to the Article 184, paragraph 2 of the Companies Act of Japan, the Company will amend as of October 1, 2021, the total number of shares issuable set by Article 6 in the Articles of Incorporation of the Company.

② Details of the amendment

Details are as follows.

(Updated contents are underlined.)

Before the amendment	After the amendment
Article 6. (Aggregate Number of Issuable Shares) The total number of shares that the Company may issue shall be <u>480,000,000 shares</u> .	Article 6. (Aggregate Number of Issuable Shares) The total number of shares that the Company may issue shall be <u>1,440,000,000 shares</u> .

③ Schedule of the amendment to the Articles of Incorporation

Date of resolution by the Board of Directors : July 28, 2021

Effective date : October 1, 2021

**Termination of discussions to enter into a business collaboration and establish a joint venture with Shenzhen Desay Battery Technology Co., Ltd.**

TDK Corporation (“the Company”) 's wholly-owned subsidiary Navitasys Technology Limited (Hong Kong Special Administrative Region of China, hereinafter “NVT HK”), which engages in the rechargeable battery package business, signed a letter of intent regarding the discussion of a potential business collaboration, including the establishment of a joint venture with Shenzhen Desay Battery Technology Co., Ltd.(Guangdong, China, hereinafter “SZ Desay”), which manufactures and sells rechargeable battery packages, on December 22, 2020, and NVT HK and SZ Desay have been discussing details, including the consideration to be paid for the joint venture shares toward a formal agreement.

However, as a result of discussions between NVT HK and SZ Desay, it was determined that it would be difficult to execute a formal agreement. Therefore, NVT HK and SZ Desay have decided to terminate these discussions on July 21, 2021.

The termination of discussions will have no impact on the Company's consolidated financial results for the fiscal year ending March 31, 2022.

**(7) Notes Concerning Significant Changes in Stockholders’ Equity**

Nothing to report.

**(8) Consolidated Supplementary Information**

1) Exchange rates used for conversion

Item	Term	As of June 30, 2020		As of June 30, 2021		As of March 31, 2021	
		US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period		107.74	121.08	110.58	131.58	110.71	129.80

2) Sales by region

**2. Sales by region**

Region	Term	1Q of FY2021 (April 1, 2020 - June 30, 2020)		1Q of FY2022 (April 1, 2021 - June 30, 2021)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		17,851	5.8	26,714	6.4	240,667	8,863	49.6
Europe		27,513	8.9	44,219	10.5	398,369	16,706	60.7
China		189,958	61.4	232,816	55.4	2,097,441	42,858	22.6
Asia and others		48,585	15.7	81,250	19.4	731,982	32,665	67.2
Overseas sales total		283,907	91.8	384,999	91.7	3,468,459	101,092	35.6
Japan		25,486	8.2	35,059	8.3	315,847	9,573	37.6
Net sales		309,393	100.0	420,058	100.0	3,784,306	110,665	35.8

**Notes:**

1. U.S.\$1=Yen 111, for convenience only.
2. Overseas sales are based on the location of the customers.

### 3) Company group

As of June 30, 2021, TDK Corporation had 139 consolidated subsidiaries (12 in Japan and 127 overseas). TDK Corporation also had 5 affiliates (3 in Japan and 2 overseas), the financial statements for which are accounted for by the equity method.

### 4) Overview of sales by product

Term Product	1Q of FY2021 (April 1, 2020 - June 30, 2020)		2Q of FY2021 (July 1, 2020 - September 30, 2020)		3Q of FY2021 (October 1, 2020 - December 31, 2020)		4Q of FY2021 (January 1, 2021 - March 31, 2021)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	33,334	10.8	38,585	10.1	41,943	10.6	44,320	11.3
Inductive Devices	27,377	8.9	34,620	9.0	39,036	9.9	38,957	9.9
Other	23,646	7.6	26,234	6.9	28,471	7.2	30,603	7.8
Passive Components	84,357	27.3	99,439	26.0	109,450	27.7	113,880	29.0
Sensor Application Products	14,703	4.7	19,788	5.2	23,000	5.8	23,854	6.1
Magnetic Application Products	38,278	12.4	50,423	13.2	55,949	14.1	54,603	13.9
Energy Application Products	156,855	50.7	200,662	52.6	195,372	49.4	187,338	47.8
Other	15,200	4.9	11,406	3.0	11,915	3.0	12,536	3.2
<b>Total</b>	<b>309,393</b>	<b>100.0</b>	<b>381,718</b>	<b>100.0</b>	<b>395,686</b>	<b>100.0</b>	<b>392,211</b>	<b>100.0</b>

Term Product	1Q of FY2022 (April 1, 2021 - June 30, 2021)		
	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	47,123	11.2	424,531
Inductive Devices	42,028	10.0	378,631
Other	32,032	7.7	288,577
Passive Components	121,183	28.9	1,091,739
Sensor Application Products	26,828	6.4	241,694
Magnetic Application Products	60,623	14.4	546,153
Energy Application Products	199,592	47.5	1,798,126
Other	11,832	2.8	106,594
<b>Total</b>	<b>420,058</b>	<b>100.0</b>	<b>3,784,306</b>

**Note:**

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