

## [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
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		

**Note:**

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

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:**

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 ¥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