

[Translation]

**NOTICE OF CONVOCATION**  
**OF**  
**THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

- Notes: 1. This is a translation from Japanese of a notice distributed to shareholders in Japan.  
The translation is prepared solely for the convenience of foreign shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.
2. There are no English translations of the following: Non-Consolidated Balance Sheet, Non-Consolidated Statement of Operations, Non-Consolidated Statement of Changes in Net Assets and Certified Copy of Accounting Auditors' Report for Non-Consolidated Financial Statements.

**TDK Corporation**  
**Tokyo, Japan**

[Translation]

Securities Code No. 6762

**Attention All Shareholders**

June 1, 2021

Shigenao Ishiguro  
President & Representative Director  
TDK Corporation  
2-5-1, Nihonbashi, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF  
THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

Thank you for your continued interest in TDK Corporation (the "Company").

You are hereby notified that the 125th Ordinary General Meeting of Shareholders will be held as stated below.

From the viewpoint of preventing the spread of the new coronavirus infection, we urge you to exercise your votes using either of the methods described below in advance of this Ordinary General Meeting of Shareholders and refrain from coming to the meeting venue on the day of the meeting as much as possible. Please vote by 5:20 P.M. on June 22, 2021 (Tuesday), after carefully reading the attached Reference Documents for Shareholders Meeting.

[Voting by Mail]

Please indicate your approval or disapproval of the proposals to be resolved on the voting form enclosed herewith and return it to the Company. The voting form must reach us by the deadline specified above.

[Voting via the Internet, etc.]

Please enter your approval or disapproval of the proposals to be resolved by the deadline specified above.

**Details**

1. Date and Time: 10:00 A.M. on June 23, 2021 (Wednesday)
2. Place of the Meeting: Toranomon Hills Forum Hall A  
Toranomon Hills Mori Tower 5th Floor  
23-3, Toranomon 1-chome, Minato-ku, Tokyo

3. Purposes of the Meeting:

Matters to be Reported

1. Report on the Business Report and the Consolidated Financial Statements for the 125th Fiscal Year (from April 1, 2020 to March 31, 2021), and Report on the Audit Results of the Consolidated Financial Statements for the 125th Fiscal Year by the Accounting Auditor and the Audit & Supervisory Board
2. Report on the Non-Consolidated Financial Statements for the 125th Fiscal Year (from April 1, 2020 to March 31, 2021)

Matters to be Resolved

- First Item: Appropriation of Retained Earnings  
Second Item: Election of Eight (8) Directors

4. Validity of Votes:

- 1) If you vote both by mail and via the Internet, etc., then the vote via the Internet, etc. will be counted as the valid vote.
- 2) If you vote multiple times via the Internet, etc., your last vote will be counted as the valid vote.

End

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- If you are attending the meeting, kindly submit the voting form enclosed herewith at the reception. Also, please bring this Notice of Convocation with you to the meeting.
  - If you are attending by proxy, you are entitled to one (1) proxy who is also a shareholder of the Company entitled to votes at the meeting. Please have the proxy present written proof of his/her right of proxy along with your voting form at the reception.
  - Any person who is not a shareholder of the Company entitled to votes at the meeting (including, but not limited to, any proxy who is not a shareholder of the Company and any accompanying person) is not allowed to enter the place of the meeting.
  - In accordance with the law and Article 16 of the Company's Articles of Incorporation, the following items of the Company's Consolidated Financial Statements and Non-Consolidated Financial Statements, as audited by the Accounting Auditor and the Audit & Supervisory Board Members, are available on the Company's Internet website instead of being attached to this Notice of Convocation:
    - Consolidated Statement of Equity and List of Notes to the Consolidated Financial Statements; and
    - Non-Consolidated Statement of Changes in Net Assets and List of Notes to the Non-Consolidated Financial Statements.
  - In the event that there are amendments made to the Reference Documents for Shareholders Meeting, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements, such amendments will be found on the Company's Internet website.

The Company's Internet website <https://www.tdk.com/ja/index.html>

## Reference Documents for the Ordinary General Meeting of Shareholders

### Proposals and Reference Information

#### First Item: Appropriation of Retained Earnings

The Company proposes that the appropriation of retained earnings be as provided below:

Matters concerning year-end dividends

The Company recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, the Company'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 strategic fields so as to respond precisely to rapid technological innovation in the electronics industry, the Company is aiming to increase a medium- and long-term corporate value. Accordingly, the Company actively reinvests the Company's earnings 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.

The Company intends to pay year-end dividends for the fiscal year under review as follows:

1. Item concerning the allotment of dividend assets and the total amount thereof:

¥90 per share of common stock of the Company

Total amount of dividends: ¥11,369,056,770

\* Together with the interim dividend of ¥90 per share paid on December 2, 2020, the annual dividend is ¥180 per share.

2. Effective date of payment of dividends from retained earnings:

June 24, 2021

《Reference》 Trends in cash dividends per share and dividend payout ratio on a consolidated basis

	122nd (Apr. 1, 2017 to Mar. 31, 2018)	123rd (Apr. 1, 2018 to Mar. 31, 2019)	124th (Apr. 1, 2019 to Mar. 31, 2020)	125th (Apr. 1, 2020 to Mar. 31, 2021)
Interim dividend (¥)	60	80	90	90
Year-end dividend (¥)	70	80	90	(forecast) 90
Annual dividend (¥)	130	160	180	(forecast) 180
Dividend payout ratio on a consolidated basis (%)	25.9	24.6	39.3	(forecast) 28.7

## Second Item: Election of Eight (8) Directors

The Company's Articles of Incorporation provides that the term of office of each Director shall last one (1) year. The terms of office of all seven (7) Directors will expire at the close of this Ordinary General Meeting of Shareholders. Also, the Company proposes to increase the number of Directors by one (1) in order to further enhance the management system of the Company, which aims for sustainable growth, through more active discussions in technological areas in the future at the Board of Directors meetings. Accordingly, you are requested to elect eight (8) Directors (including three (3) Outside Directors).

The Company has adopted a basic policy that one-third (1/3) or more of the Directors shall be Independent Outside Directors. In the event that the present proposal is approved at this Ordinary General Meeting of Shareholders, the ratio of Independent Outside Directors to the total number of Directors will continue to be one-third (1/3) or more.

Further, the Company has established the Nomination Advisory Committee as an advisory body to the Board of Directors, and the Chairman and more than half of the members of the Nomination Advisory Committee are Independent Outside Directors. All of the candidates in this proposal have been discussed by the Nomination Advisory Committee.

The Director candidates are as follows:

Candidate No.	Name	Position and Duties, etc. at the Company	Nomination Advisory Committee	Compensation Advisory Committee	Attendance at Meetings of the Board of Directors
1	Shigenao Ishiguro <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Reelection</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	President & Representative Director <ul style="list-style-type: none"> <li>• General Manager of Humidifier Countermeasures HQ</li> </ul>	Member	-	100% (14 out of 14 meetings)
2	Tetsuji Yamanishi <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Reelection</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	Executive Vice President & Representative Director <ul style="list-style-type: none"> <li>• Global Chief Compliance Officer</li> <li>• General Manager of Finance &amp; Accounting HQ</li> </ul>	-	-	100% (14 out of 14 meetings)
3	Makoto Sumita <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Reelection</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	Chairman & Director <ul style="list-style-type: none"> <li>• Chairman of Corporate Governance Committee</li> </ul>	Member	Member	100% (14 out of 14 meetings)
4	Seiji Osaka <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Reelection</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	Executive Vice President & Director <ul style="list-style-type: none"> <li>• General Manager of Corporate Strategy HQ</li> </ul>	-	Member	100% (14 out of 14 meetings)
5	Shigeki Sato <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">New Candidate</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	Senior Vice President <ul style="list-style-type: none"> <li>• General Manager of Technology and Intellectual Property HQ</li> </ul>	-	-	-
6	Kazuhiko Ishimura <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Reelection</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-bottom: 2px;">Independent Director</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Male</div> </div>	Director	Member	Member (Chairman)	92.9% (13 out of 14 meetings)

7	Kozue Nakayama Reelection Outside Director Independent Director Female	Director	Member	Member	100% (10 out of 10 meetings) (After becoming a Director in June 2020)
8	Mutsuo Iwai New Candidate Outside Director Independent Director Male	-	-	-	-

Candidate No. 1	<b>Shigenao Ishiguro</b> (Date of Birth: Oct. 30, 1957)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Number of Shares of the Company Owned: 5,500 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during the fiscal year ended March 31, 2021 (“Fiscal 2021”): 14 of the 14 meetings</li> </ul>	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Jan. 1982 Apr. 2002  Jul. 2004  Apr. 2007  Apr. 2011	Entered the Company Senior Manager of Planning Group of Europe Sales Group of Recording Media & Solutions Business Group of the Company Leader of Planning Group of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company Leader of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company Deputy General Manager of Data Storage & Thin Film Technology Components Business Group of the Company	Jun. 2012  Jun. 2014 Apr. 2015  Jun. 2015  Jun. 2016	General Manager of Data Storage & Thin Film Technology Components Business Group of the Company Corporate Officer of the Company CEO of Magnetic Heads and Sensors Business Company of the Company Senior Vice President of the Company President & Representative Director of the Company (present post) General Manager of Humidifier Countermeasures HQ of the Company (present post) General Manager of Manufacturing HQ of the Company
<ul style="list-style-type: none"> <li>➤ Reasons for nomination as a candidate for Director  After having served as the head of the HDD (Hard Disk Drive) Head Business of the Company, Mr. Shigenao Ishiguro has been serving as President &amp; Representative Director of the Company since 2016 and strongly promoting the creation of new business and management reform. The Company believes that Mr. Ishiguro can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his adequate management experience and knowledge which he has accumulated domestically and overseas, and has nominated him as a candidate for Director of the Company.</li> <li>➤ Other  Mr. Shigenao Ishiguro currently serves as a member of the Nomination Advisory Committee.</li> </ul>			

Candidate No. 2	<b>Tetsuji Yamanishi</b> (Date of Birth: May 29, 1960)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Number of Shares of the Company Owned: 3,000 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during Fiscal 2021: 14 of the 14 meetings</li> </ul>	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1983 Jan. 2005  Jul. 2008  Jun. 2013	Entered the Company Senior Manager of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Head of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company General Manager of Finance & Accounting Department of the Company	Apr. 2015 Jun. 2015 Jun. 2016 Apr. 2017  Jun. 2017 Jun. 2018  Apr. 2019 Apr. 2020	General Manager of Finance & Accounting Group of the Company Corporate Officer of the Company Director of the Company General Manager of Finance & Accounting HQ of the Company (present post) Senior Vice President of the Company Representative Director of the Company (present post) Global Chief Compliance Officer of the Company (present post) Executive Vice President of the Company (present post)
<ul style="list-style-type: none"> <li>➤ Reasons for nomination as a candidate for Director</li> </ul> <p>Mr. Tetsuji Yamanishi has experience in accounting and finance in the Company's domestic and overseas business, and currently serves as Representative Director, Global Chief Compliance Officer and the head of the Finance and Accounting Department. The Company believes that Mr. Yamanishi can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight as well as his high level of expertise and capabilities which he has accumulated in the Company's financial and managerial administrative aspect on a global basis, and has nominated him as a candidate for Director of the Company.</p>			



Candidate No. 3	<b>Makoto Sumita</b> (Date of Birth: Jan. 6, 1954)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Number of Shares of the Company Owned: 0 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during Fiscal 2021: 14 of the 14 meetings</li> </ul>
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
<p>Apr. 1980</p> <p>Jun. 1996</p> <p>Apr. 2005</p> <p>Jun. 2005</p> <p>Apr. 2007</p> <p>Jun. 2011</p>	<p>Entered Nomura Research Institute, Ltd.</p> <p>Director of INNOTECH CORPORATION</p> <p>Executive Vice President &amp; Representative Director of the said company</p> <p>Director of IT Access Co., Ltd.</p> <p>President &amp; CEO of INNOTECH CORPORATION</p> <p>Outside Audit &amp; Supervisory Board Member of the Company</p>	<p>Apr. 2013</p> <p>Jun. 2013</p> <p>Feb. 2015</p> <p>Jun. 2018</p> <p>Apr. 2021</p> <p>Chairman &amp; CEO of INNOTECH CORPORATION</p> <p>Resigned as Outside Audit &amp; Supervisory Board Member of the Company</p> <p>Outside Director of the Company</p> <p>Chairman &amp; CEO of INNOTECH FRONTIER, Inc.</p> <p>Chairman &amp; Director of INNOTECH CORPORATION</p> <p>Chairman &amp; Director of the Company (present post)</p> <p>Director of INNOTECH CORPORATION (present post)</p>
<p>[Situation regarding Significant Concurrent Posts]</p> <p>Director of INNOTECH CORPORATION</p>		
<p>➤ Reasons for nomination as a candidate for Director</p> <p>Mr. Makoto Sumita has a broad perspective as well as an abundance of experience and knowledge in management as a manager of operating companies. Also, he has been working on strengthening corporate governance as Chairman &amp; Director of the Company since 2018 after serving as an Outside Audit &amp; Supervisory Board Member and Outside Director of the Company from 2011 to 2018. The Company believes that Mr. Sumita can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Director of the Company.</p> <p>➤ Other</p> <p>Mr. Makoto Sumita currently serves as the Chairman of the Corporate Governance Committee, a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee.</p>		

Candidate No. 4	<b>Seiji Osaka</b> (Date of Birth: Oct. 28, 1958)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Number of Shares of the Company Owned: 3,000 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during Fiscal 2021: 14 of the 14 meetings</li> </ul>
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
<p>Apr. 1982 Apr. 2003  Jun. 2009  May 2011  Jun. 2012</p>	<p>Entered the Company Senior Manager of Corporate Planning Dept. of the Company Corporate Officer of the Company General Manager of Corporate Planning Dept. of Corporate Strategy Group of the Company General Manager of Corporate Planning Group of the Company General Manager of Corporate Planning Dept. of Corporate Planning Group of the Company Senior Vice President of the Company Senior Executive Vice President &amp; COO of TDK-EPC Corporation</p>	<p>Apr. 2015   Apr. 2017  Jun. 2017</p> <p>General Manager of Electronic Components Sales &amp; Marketing Group of the Company General Manager of ICT Group of Electronic Components Sales &amp; Marketing Group of the Company General Manager of Corporate Strategy HQ of the Company (present post) In charge of Human Resources Executive Vice President &amp; Director of the Company (present post) Outside Director of Tabuchi Electric Co., Ltd.</p>
<p>➤ Reasons for nomination as a candidate for Director</p> <p>After working at the operating and sales departments, Mr. Seiji Osaka is currently working on the preparation and implementation of the Company's business strategies as the head of the department responsible for corporate planning, corporate communications and the Board of Directors Office. The Company believes that Mr. Osaka can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Director of the Company.</p> <p>➤ Other</p> <p>Mr. Seiji Osaka currently serves as a member of the Compensation Advisory Committee.</p>		

Candidate No. 5	<b>Shigeki Sato</b> (Date of Birth: Jul. 9, 1964)	➤ New Candidate ➤ Number of Shares of the Company Owned: 0 shares	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1989 Jan. 2004  Feb. 2007  Dec. 2011	Entered the Company General Manager of Advanced Process Technology Center of the Company Head of Technology Division of Capacitors Business Group of the Company Senior Manager of Multilayer product Business Unit of Magnetics Business Group of the Company	Apr. 2016  Apr. 2019  Apr. 2021	General Manager of Ceramic Capacitors Business Group of Electronic Components Business Company of the Company Corporate Officer of the Company CEO of Electronic Components Business Company of the Company Senior Vice President of the Company (present post) General Manager of Technology and Intellectual Property HQ of the Company (present post)
➤ Reasons for nomination as a candidate for Director  <p>After working at the research and development department and serving as the technical officer, general manager, etc. of major business departments, Mr. Shigeki Sato is currently in charge of promoting the Company's research and development as well as planning and implementing the Company's intellectual property strategies as the head of the research and development department.</p> <p>The Company believes that Mr. Sato can fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Director of the Company.</p>			

Candidate No. 6	<b>Kazuhiko Ishimura</b> (Date of Birth: Sept. 18, 1954)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Outside Director</li> <li>➤ Independent Director</li> <li>➤ Number of Shares of the Company Owned: 0 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during Fiscal 2021: 13 of the 14 meetings</li> <li>➤ Term of office as Outside Director: Six (6) years as of the close of this Ordinary General Meeting of Shareholders</li> </ul>	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
<p>Apr. 1979</p> <p>Jan. 2006</p> <p>Jan. 2007</p> <p>Mar. 2008</p> <p>Jan. 2010</p>	<p>Entered Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Executive Officer and GM of Kansai Plant of the said company</p> <p>Senior Executive Officer and GM of Electronics &amp; Energy General Division of the said company</p> <p>President &amp; COO &amp; Representative Director of the said company</p> <p>President &amp; CEO &amp; Representative Director of the said company</p>	<p>Jan. 2015</p> <p>Jun. 2015</p> <p>Jun. 2017</p> <p>Jan. 2018</p> <p>Jun. 2018</p> <p>Mar. 2020</p> <p>Apr. 2020</p>	<p>Chairman &amp; Representative Director of the said company</p> <p>Outside Director of the Company (present post)</p> <p>Outside Director of IHI Corporation (present post)</p> <p>Chairman &amp; Director of Asahi Glass Co., Ltd. (currently AGC Inc.)</p> <p>Outside Director of Nomura Holdings, Inc. (present post)</p> <p>Director of AGC Inc. (resigned in Mar. 2021)</p> <p>President of the National Institute of Advanced Industrial Science and Technology (present post)</p>
<p>[Situation regarding Significant Concurrent Posts]</p> <p>Outside Director of IHI Corporation</p> <p>Outside Director of Nomura Holdings, Inc.</p> <p>President of the National Institute of Advanced Industrial Science and Technology</p>			
<p><b>【Candidate for Outside Director】</b></p> <p>➤ Reasons for nomination as a candidate for Outside Director and expected roles</p> <p>Mr. Kazuhiko Ishimura has an abundance of experience and knowledge regarding business management as well as a broad perspective. The Company expects him to supervise the overall management of the Company and to give advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Outside Director of the Company.</p> <p>In addition, Mr. Kazuhiko Ishimura currently serves both as a Chairman of the Compensation Advisory Committee and a member of the Nomination Advisory Committee. In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, the Company expects that he will continuously contribute to ensure the transparency and objectivity of the decision-making process regarding the nomination of the Company's Directors, Audit &amp; Supervisory Board Members and Corporate Officers, and the compensation of the Company's Directors and Corporate Officers as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.</p> <p>➤ Independent Director (as such term defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.; the same applies hereinafter)</p> <p>Mr. Kazuhiko Ishimura is currently an Independent Director. In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, he will continue to be an Independent Director.</p> <p>➤ Other</p> <ul style="list-style-type: none"> <li>• Although the Company has a business relationship with IHI Corporation, where Mr. Kazuhiko Ishimura is an Outside Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021,</li> </ul>			

the ratio of sales of TDK Group ("TDK") to the IHI Group represented less than 1% of the consolidated net sales of TDK.

- The Company has research consignment and other relationships with the National Institute of Advanced Industrial Science and Technology ("AIST"), where Mr. Kazuhiko Ishimura is President, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of the amount of payment of research consignment fees, etc. by TDK to AIST represented less than 1% of the annual income amount of AIST.

Candidate No. 7	<b>Kozue Nakayama</b> (Date of Birth: Feb. 25, 1958)	<ul style="list-style-type: none"> <li>➤ Candidate for reelection</li> <li>➤ Outside Director</li> <li>➤ Independent Director</li> <li>➤ Number of Shares of the Company Owned: 0 shares</li> <li>➤ Attendance at Meetings of the Board of Directors during Fiscal 2021: 10 of the 10 meetings (after June 2020, when Ms. Kozue Nakayama became an Outside Director)</li> <li>➤ Term of office as Outside Director: One (1) year as of the close of this Ordinary General Meeting of Shareholders</li> </ul>
<b>Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts</b>		
<p>Apr. 1982 Sep. 2010</p> <p>Mar. 2011 Apr. 2011</p>	<p>Entered Nissan Motor Co., Ltd. Deputy General Manager of Global Branding Division of the said company</p> <p>Retired from the said company</p> <p>Entered Yokohama City</p>	<p>Apr. 2012 Jun. 2018</p> <p>Jun. 2019</p> <p>Jun. 2020</p> <p>Director General of Culture and Tourism Bureau of the said city</p> <p>President and Representative Director of Pacific Convention Plaza Yokohama (resigned in Jun. 2020)</p> <p>Outside Audit &amp; Supervisory Board Member of Imperial Hotel, Ltd. (present post)</p> <p>Outside Director of the Company (present post)</p> <p>Outside Director of Isuzu Motors Limited (present post)</p>
<p>[Situation regarding Significant Concurrent Posts]</p> <p>Outside Audit &amp; Supervisory Board Member of Imperial Hotel, Ltd.</p> <p>Outside Director of Isuzu Motors Limited</p>		
<p><b>【Candidate for Outside Director】</b></p> <p>➤ Reasons for nomination as a candidate for Outside Director and expected roles</p> <p>Ms. Kozue Nakayama has an abundance of experience and knowledge concerning global business related to the automotive industry as well as knowledge and insight into corporate management. The Company expects her to supervise the overall management of the Company and to give advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company by utilizing her experience and insight, and has nominated her as a candidate for Outside Director of the Company.</p> <p>In addition, Ms. Kozue Nakayama currently serves both as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee. In the event that the proposal of her election in this Item is approved by this Ordinary General Meeting of Shareholders and she becomes an Outside Director, the Company expects that she will continuously contribute to ensure the transparency and objectivity of the decision-making process regarding the nomination of the Company's Directors, Audit &amp; Supervisory Board Members and Corporate Officers, and the compensation of the Company's Directors and Corporate Officers as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.</p> <p>➤ Independent Director</p> <p>Ms. Kozue Nakayama is currently an Independent Director. In the event that the proposal of her election in this Item is approved by this Ordinary General Meeting of Shareholders and she becomes an Outside Director, she will continue to be an Independent Director.</p>		

Candidate No. 8	<b>Mutsuo Iwai</b> (Date of Birth: Oct. 29, 1960)	<ul style="list-style-type: none"> <li>➤ New Candidate</li> <li>➤ Outside Director</li> <li>➤ Independent Director</li> <li>➤ Number of Shares of the Company Owned: 0 shares</li> </ul>
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
<p>Apr. 1983</p> <p>Jun. 2005</p> <p>Jun. 2006</p> <p>Jun. 2008</p> <p>Jun. 2010</p> <p>Jun. 2011</p>	<p>Entered Japan Tobacco and Salt Public Corporation</p> <p>Senior Vice President and Vice President of Food Business Division of Food Business of Japan Tobacco Inc. (“JT”)</p> <p>Member of the Board and Executive Vice President; President of Food Business of JT</p> <p>Executive Vice President; Chief Strategy Officer of JT</p> <p>Member of the Board and Senior Vice President; Chief Strategy Officer and Assistant to CEO in Food Business of JT</p> <p>Member of the Board of JT</p> <p>Executive Vice President of JT International S.A.</p>	<p>Jun. 2013</p> <p>Jan. 2016</p> <p>Mar. 2016</p> <p>Jan. 2020</p> <p>Mar. 2020</p> <p>Jun. 2020</p> <p>Senior Executive Vice President; Chief Strategy Officer of JT</p> <p>Executive Vice President; President of Tobacco Business of JT</p> <p>Representative Director and Executive Vice President; President of Tobacco Business of JT</p> <p>Member of the Board of JT</p> <p>Member and Deputy Chairperson of the Board of JT (present post)</p> <p>Outside Director of Benesse Holdings, Inc. (present post)</p>
<p>[Situation regarding Significant Concurrent Posts]</p> <p>Member and Deputy Chairperson of the Board of JT</p> <p>Outside Director of Benesse Holdings, Inc.</p>		
<p><b>【Candidate for Outside Director】</b></p> <p>➤ Reasons for nomination as a candidate for Outside Director and expected roles</p> <p>Mr. Mutsuo Iwai has an abundance of experience and knowledge as a manager of a company that operates globally in the tobacco, pharmaceutical, food and other businesses. The Company expects him to supervise the overall management of the Company and to give advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Outside Director of the Company.</p> <p>In addition, in the event that the proposal of election of Mr. Mutsuo Iwai in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, the Company expects that he will contribute to ensure the transparency and objectivity of the decision-making process regarding the nomination of the Company’s Directors, Audit &amp; Supervisory Board Members and Corporate Officers, and the compensation of the Company’s Directors and Corporate Officers as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.</p> <p>➤ Independent Director</p> <p>In the event that the proposal of election of Mr. Mutsuo Iwai in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, he will become an Independent Director.</p> <p>➤ Other</p> <p>Although the Company has a business relationship with JT, where Mr. Mutsuo Iwai is a Member of the Board, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of sales of TDK to JT represented less than 1% of the consolidated net sales of TDK.</p>		

- Notes:
1. None of the above eight (8) candidates have any special interest in the Company.
  2. The Company entered into contracts with each of the current Outside Directors pursuant to Article 427 paragraph 1 of the Companies Act of Japan to limit the liabilities of each such Outside Director to the Company under Article 423 paragraph 1 of the same Act to the amount set forth in each such contract, which shall be equal to the Minimum Liability Amount as provided for in Article 425 paragraph 1 of the same Act.  
In the event that the proposal of election of Mr. Kazuhiko Ishimura and Ms. Kozue Nakayama in this Item is approved by this Ordinary General Meeting of Shareholders and they become Outside Directors, such contracts will continue to be in effect.  
Also, in the event that the proposal of election of Mr. Mutsuo Iwai in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, the Company will enter into the same contract with him.
  3. The Company entered into a directors, etc. liability insurance contract with an insurance company. Under the said insurance contract, the amount of damages and costs of litigation, etc. that an insured may incur due to claims for damages arising from acts (including omissions) committed by the insured in his/her capacity as a Director of the Company, etc. shall be covered by the insurance. The insurance premiums for the insured are fully borne by the Company. In the event that the proposal in this Item is approved by this Ordinary General Meeting of Shareholders and each of the above eight (8) Director candidates becomes a Director of the Company, each of them will be deemed as an insured under the said insurance contract. The Company plans to renew the said insurance contract with the same level of content at the next renewal.
  4. IHI Corporation, where Mr. Kazuhiko Ishimura has been serving as an Outside Director since June 2017, received an order from the Ministry of Economy, Trade and Industry of Japan to carry out operations in accordance with the repair methods for aero engines that are approved under the Aircraft Manufacturing Industry Act of Japan in March 2019, and also received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism of Japan under the Civil Aeronautics Act of Japan in April 2019, in connection with its Civil Aero Engine Maintenance Business.  
Although Mr. Kazuhiko Ishimura was not aware of the said fact until it came to light, he had made recommendations in light of compliance at the Board of Directors meetings and in other occasions, and after such fact became known, has performed his duties as an Outside Director by, for example, requesting a reliable implementation of measures to prevent reoccurrence and further strengthening of the compliance system.
  5. Mr. Kazuhiko Ishimura has been serving as an Outside Director of Nomura Holdings, Inc. since June 2018, and the said company and its subsidiary, Nomura Securities Co., Ltd., received a business improvement order under the Financial Instruments and Exchange Act of Japan from the Financial Services Agency of Japan in May 2019. This was issued in response to the occurrence of incident where information related to the listing and delisting criteria for the upper market was handled improperly in the course of communicating information at Nomura Securities Co., Ltd. while such criteria were being reviewed by the “Advisory Group to Review the TSE Cash Equity Market Structure” of the Tokyo Stock Exchange.  
Although Mr. Kazuhiko Ishimura was not aware of the said fact until it came to light, he had made recommendations in light of compliance at the Board of Directors meetings and in other occasions, and after such fact became known, has performed his duties as an Outside Director by, for example, requesting further strengthening and enhancing of the compliance and internal management structures to prevent a recurrence.
  6. The matters concerning Outside Directors (principal activities) in the fiscal year under review are set forth from page 41 through page 42 of the Business Report.

End



《Reference》 The Corporate Governance of the Company

(1) Basic Policy

The Company has established “TDK Basic Policy on Corporate Governance” for the purpose of enhancing sustainable corporate growth and increase of corporate value over the mid- to long-term of TDK.

This Basic Policy and other information on the corporate governance of the Company are available at the Company’s website below.

[https://www.tdk.com/en/ir/tdk\\_management\\_policy/governance/index.html](https://www.tdk.com/en/ir/tdk_management_policy/governance/index.html)

(2) Nomination of Directors, Audit & Supervisory Board Members and Corporate Officers

(i) Procedures for Nomination of Directors, Audit & Supervisory Board Members and Corporate Officers

The Nomination Advisory Committee discusses the conditions expected with regard to nominations for the posts of Director, Audit & Supervisory Board Member and Corporate Officer and makes nominations. In this way it helps ensure the appropriateness of the elections of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency of the decision-making process. The Chairman and more than half of the members of the Nomination Advisory Committee are Independent Outside Directors.

In addition, the Nomination Advisory Committee discusses the independence of Outside Directors and Outside Audit & Supervisory Board Members. All candidates in the Second Item have been discussed by the Nomination Advisory Committee.

(ii) Composition of the Board of Directors

■ Basic Policy

- The Board of Directors shall be composed of a small number of Directors in order to expedite the management decision-making.
- One-third or more of the Directors shall be Independent Outside Directors.
- An Independent Outside Director serves as the Chair of the Board of Directors in principle from a standpoint of further separating supervision from execution.

■ Status of appointment of Outside Directors and Outside Audit & Supervisory Board Members in the event that the proposal in the Second Item is approved as originally proposed

- Directors: Three (3) out of eight (8) Directors are Independent Outside Directors (among which one (1) is female)
- Audit & Supervisory Board Members: Three (3) out of five (5) Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members (among which one (1) is female)
- Total: Six (6) out of thirteen (13) Directors and Audit & Supervisory Board Members are Independent Outside Directors or Independent Outside Audit & Supervisory Board Members (among which two (2) are female)

(iii) Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members

In order to secure the independence of the Outside Directors and Outside Audit & Supervisory Board Members it invites, the Company has established “items to be verified regarding independence” with reference to such criteria as Rule 436-2 of the Securities Listing Regulation regarding Securing Independent Directors/Audit & Supervisory Board Members and Rule III. 5. (3)-2 of Guidelines Concerning Listed

Company Compliance, both of which are stipulated by Tokyo Stock Exchange, Inc. The outline of these items is as follows.

**【Items to be verified regarding independence】**

- (1) In cases where the relevant Outside Director/Audit & Supervisory Board Member is a person concerned with TDK

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if either of the following cases applies to them at present or has applied to them during the past ten (10) years.

- (i) A Director of the Company or a subsidiary of the Company (except Outside Directors)
- (ii) An Audit & Supervisory Board Member of the Company or a subsidiary of the Company (except Outside Audit & Supervisory Board Members)
- (iii) A Corporate Officer of the Company or a subsidiary of the Company
- (iv) An employee of the Company or a subsidiary of the Company

- (2) In cases where the relevant Outside Director/Audit & Supervisory Board Member has a business relationship with TDK

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if they are at present, or have been during the past three (3) years, a party with a business relationship with the Company as described in (i) below, or a person who executes business for such a party, or if (ii) below applies to them at present or has applied to them during the past three (3) years.

- (i) Where it is recognized, objectively and reasonably, that such business relationship is necessary for, or has a substantial influence on, the continued operation of TDK or the other party to such business relationship (where there is a high degree of dependence in the relationship, where the relationship is the source of 2% or more of consolidated net sales, or where the other party to the relationship receives money or other assets from TDK other than remuneration for officers)
- (ii) Where it is recognized within TDK that the relevant Outside Director/Audit & Supervisory Board Member is involved in a business relationship with the other party to such business relationship

- (3) In cases where the relevant Outside Director/Audit & Supervisory Board Member is a consultant, an accounting professional or a law professional

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if any of the following cases applies to such person at present or has applied to such person during the past three (3) years.

- (i) Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member (including candidates for such position; the same shall apply hereinafter) cannot perform duties as an Independent Director/Audit & Supervisory Board Member because they receive money or other assets from TDK other than remuneration for officers (where there is a high degree of dependence)
- (ii) Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member cannot perform duties as an Independent Director/Audit & Supervisory Board Member because an organization

to which such person belongs (hereinafter the “Relevant Organization”) receives money or other assets from TDK other than remuneration for officers (where this income is equivalent to 2% or more of total consolidated net sales)

(iii) Where TDK has a high degree of dependence on a professional or a Relevant Organization, such as a case where services, etc., rendered by such parties are essential to the corporate management of TDK or it would be difficult to find an alternative provider of the same services, etc.

(iv) Where it is recognized within TDK that the relevant Outside Director/Audit & Supervisory Board Member is involved in the services, etc., provided by the Relevant Organization

(4) In the case of a close relative of the relevant Outside Director/Audit & Supervisory Board Member

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if either of the following cases applies to their close relative (meaning a relative within the second degree of kinship) at present or has applied to them during the past three (3) years.

(i) A person to whom (1) or (2) above applies (except persons without material significance)

(ii) A person who executes business for the Company or a subsidiary of the Company (except persons without material significance)

(3) Evaluation of the effectiveness of the Board of Directors

The Company conducts an evaluation of the effectiveness of the Board of Directors each year in order to verify whether the functions expected of the Board of Directors are properly performed and enhance such functions.

Also, TDK requests a third-party evaluation institution to evaluate the effectiveness of the Board of Directors periodically (about once every three (3) years) in order to verify it from a neutral and objective standpoint.

In the Board of Directors evaluation for the fiscal year ended March 2021, as a survey was conducted by a third-party evaluation institution in the fiscal year ended March 2019, the Corporate Governance Committee (Chairman: Makoto Sumita, Chairman & Director), which is an advisory body to the Board of Directors, took the lead in conducting the evaluation in a neutral position.

The evaluation was carried out by means of conducting a questionnaire survey to and an interview with each of the Directors and the Audit & Supervisory Board Members of the Company as well as having discussions at the Board of Directors meetings. As for the issues identified in the evaluation for the previous fiscal year, the Company implements remedial measures and verifies their results, thereby creating a cycle for continuous improvement of governance.

The results of the evaluation concluded that the effectiveness of the Board of Director and its advisory committees (the Nomination Advisory Committee and the Compensation Advisory Committee) was sufficiently secured in terms of their size and composition, content of agenda items and deliberations, status of discussions, reflection on management, etc.

End

**(Documents Attached to the Notice of Convocation  
of the Ordinary General Meeting of Shareholders)**

**Attached Document (1)**

BUSINESS REPORT

〔 From: April 1, 2020  
To: March 31, 2021 〕

**1. Business Conditions**

**(1) Business Conditions and Results of TDK Group (“TDK”)**

In the fiscal year ended March 31, 2021 (“Fiscal 2021”), the global economy was significantly affected by the resurgence of the COVID-19 pandemic and the worsening tensions between the U.S. 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 experienced significant weakness due to lockdown measures in various countries during the first quarter, but orders rapidly recovered 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 the 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.

As a result, consolidated operating results for the Company for Fiscal 2021 were as follows.

(¥ in millions)

	Fiscal 2020	Fiscal 2021	YoY Change
Net sales	1,363,037	1,479,008	8.5%
Operating income	97,870	111,535	14.0%
Income before income taxes	95,876	121,904	27.1%
Net income attributable to the Company	57,780	79,340	37.3%
Net income attributable to the Company / Basic per common share (¥)	457.47	628.08	170.61

## (2) Segment Information of TDK

TDK's net sales are made up of four reporting segments—"Passive Components" (Capacitors, Inductive Devices, etc.), "Sensor Application Products," "Magnetic Application Products," and "Energy Application Products," as well as "Other" that are not included in any of these four reporting segments. Net sales by business section in each segment were as follows:

[Consolidated]

		(¥ in millions)			
Business Section	Main Applications	Net Sales	Share of Sales (%)	YoY Change (%)	
Capacitors	Communications, AV, office automation and other types of equipment, automobiles and industrial equipment, etc.	158,182	10.7	2.8	
Inductive Devices		139,990	9.4	1.8	
Other Passive Components		108,954	7.4	4.8	
Passive Components		407,126	27.5	3.0	
Sensor Application Products	Automobiles, industrial and communications equipment, etc.	81,345	5.5	4.4	
Magnetic Application Products	PCs and PC peripherals, automobiles and industrial equipment, etc.	199,253	13.5	-9.3	
Energy Application Products	Communications equipment, PCs, industrial equipment and automobiles, etc.	740,227	50.0	23.8	
Other	Communications and industrial equipment, etc.	51,057	3.5	-29.4	
Consolidated total		1,479,008	100.0	8.5	
Incl. Overseas sales		1,361,803	92.1	8.7	

### [Passive Components Segment]

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Consolidated net segment sales were ¥407,126 million, up 3.0% year on year from ¥395,456 million.

The Capacitors business is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Consolidated net sales in the Capacitors business were ¥158,182 million, 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.

Consolidated net sales of Inductive Devices business increased by 1.8% year on year from ¥137,572 million to ¥139,990 million. Sales increased to the ICT market, but decreased to the industrial equipment market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Consolidated net sales in Other Passive Components increased by 4.8% year on year from ¥104,002 million to ¥108,954 million. Sales increased to the ICT and the industrial equipment markets.

### **[Sensor Application Products Segment]**

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Consolidated net segment sales increased by 4.4% year on year from ¥77,938 million to ¥81,345 million.

Sales increased to the ICT market, but decreased to the automotive market.

### **[Magnetic Application Products Segment]**

This segment is made up of Hard Disk Drive (HDD) Heads, HDD Suspension Assemblies, and Magnets. Consolidated net segment sales decreased by 9.3% year on year from ¥219,668 million to ¥199,253 million.

Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the automotive market.

### **[Energy Application Products Segment]**

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Consolidated net segment sales increased by 23.8% year on year from ¥597,698 million to ¥740,227 million.

Sales of Energy Devices increased significantly mainly to the ICT and the industrial equipment markets.

### **[Other]**

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Consolidated net segment sales decreased by 29.4% year on year from ¥72,277 million to ¥51,057 million.

Sales of Mechatronics increased to the industrial equipment market. Sales of Camera Module Micro Actuators for smartphones decreased significantly to the ICT market.

## **(3) Capital Expenditures of TDK**

TDK invested ¥212,355 million in capital expenditures in Fiscal 2021, up 22.4% year on year, to provide an accurate response to fast-paced technological innovation and escalating sales competition in the electronics market. Capital expenditures in the previous fiscal year were ¥173,429 million.

Main capital expenditures included expenditures for factories and production equipment to increase production and raise production efficiency of Rechargeable Batteries; equipment to increase production and raise production efficiency of Ceramic Capacitors and Inductive Devices; and equipment for producing next-generation HDD Heads with higher areal density and HDD Suspension Assemblies. In Fiscal 2021, TDK executed capital expenditures in the aforementioned core business operations.

## **(4) Research and Development of TDK**

The expenditure for R&D activities in Fiscal 2021 was ¥127,046 million, up 8.1% from ¥117,489 million in Fiscal 2020. TDK invested in R&D to respond to the diversifying electronics market by strengthening and expanding new product development on an ongoing basis.

TDK is focusing on developing products where future growth is promising, such as rechargeable batteries and sensors, and is strengthening collaboration with marketing functions to contribute to the development of a sustainable society through cutting-edge technology that supports digital transformation (DX) and energy transformation (EX).

Further, TDK has built a four-base system for global R&D (Japan, Americas, Europe, and Asia), and is developing products in collaboration with R&D organizations and leading companies around the world based on a Time-to-Market mindset.

**(5) Fund Procurement of TDK**

The balances of straight bonds and debt as of the end of Fiscal 2021 were as follows:

(¥ in millions)

Issue	Balance at March 31, 2021	YoY Change
Bonds	99,612	99,612
Short- and long-term debt	383,724	-40,966
Total	483,336	58,646

Issuances of bonds and assumption of short-term and long-term debt are mainly decided by and carried out by the Company. Details of bonds issued by the Company and its main lenders as of March 31, 2021 are as follows.

1) Straight Bonds (Issued on July 28, 2020)

(¥ in millions)

Issue	Total amount of issue	Coupon rate	Redemption date
5th Series Unsecured Straight Bonds	30,000	0.18% per annum	July 28, 2025
6th Series Unsecured Straight Bonds	30,000	0.31% per annum	July 28, 2027
7th Series Unsecured Straight Bonds	40,000	0.43% per annum	July 26, 2030

2) Main Lenders

(¥ in millions)

Lender	Amount
Resona Bank, Limited	69,000
Sumitomo Mitsui Banking Corporation	67,000
MUFG Bank, Ltd.	67,000
Sumitomo Mitsui Trust Bank, Limited	51,000
Mizuho Bank, Ltd.	50,500
Development Bank of Japan Inc.	35,000

**(6) Assignment of Businesses or Acceptance of Assignment of Businesses of Other Companies, or Acquisition or Disposition of Shares, etc., of Other Companies**

Not applicable.

## (7) Assets and Earnings in the Last Four Fiscal Years

[Consolidated Results]

(¥ in millions)

Item \ Term	122nd (Apr. 1, 2017 to Mar. 31, 2018)	123rd (Apr. 1, 2018 to Mar. 31, 2019)	124th (Apr. 1, 2019 to Mar. 31, 2020)	125th (Apr. 1, 2020 to Mar. 31, 2021)
Net sales	1,271,747	1,381,806	1,363,037	1,479,008
Operating income	89,692	107,823	97,870	111,535
Net income attributable to the Company	63,463	82,205	57,780	79,340
Net income attributable to the Company / Basic per common share (¥)	502.80	651.02	457.47	628.08
Total assets	1,905,209	1,992,480	1,943,379	2,401,433
Total equity	831,232	883,756	848,564	1,006,297
Total stockholders' equity	824,634	877,290	843,957	1,003,538
Total stockholders' equity per share (¥)	6,532.01	6,946.70	6,681.15	7,944.23
Annual dividends per share (¥)	130.00	160.00	180.00	180.00
Return on Equity (ROE) (%)	7.8	9.7	6.7	8.6
Return on Assets (ROA) (%)	3.6	4.2	2.9	3.7
Dividend on Equity (DOE) (%)	2.0	2.4	2.6	2.5

- Notes: 1. Net income attributable to the Company / Basic per common share and total stockholders' equity per share are computed based on the weighted average number of the issued shares and the number of issued shares as of the end of the relevant fiscal year, respectively, after deducting treasury stock.
2. The annual dividend for the 125th fiscal year is ¥180.00 per share, including a year-end dividend of ¥90.00 per share. The year-end dividend is scheduled for approval at the 125th Ordinary General Meeting of Shareholders on June 23, 2021.
3. Figures for the 122nd fiscal year are reclassified due to adoption of FASB's ASU 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." As a result of this reclassification, operating income increased by ¥4,059 million.

## (8) Pressing Issues

### 1) Medium- and Long-Term Management Strategy of TDK

The business environment revolving around electronics is now standing on the threshold of a period of major upheaval. Transformation has begun in earnest, with an energy transformation (EX) driven by the shift from fossil fuels to renewable energy and a digital transformation (DX) driven by the permeation of digital technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) to every aspect of society.

TDK regards such changes in the social environment as opportunities for new social contributions and business growth, and has formulated a three-year medium-term plan with the fiscal year ending



March 2022 as the first year. In DX, TDK will contribute to the transformation of society through digital technologies by supplying products for high-speed communication networks, sensors, autonomous driving, and robots. In EX, TDK will contribute to the promotion of a decarbonized society by supplying products related to energy storage, conversion, and control necessary for the creation of a highly efficient energy society, as well as products related to electric vehicles and renewable energy.

Under the medium-term plan, TDK will aim to create corporate value by implementing a cycle based on the following three pillars: “Social Value” that serves as a starting point for contributing to solving social issues and creating a sustainable society, “Commercial Value” that involves continuing to provide valuable products to society, and “Asset Value” that pursues efficient management. TDK has positioned “Social Value” as a basis of its management plan and has identified the “The TDK Group’s Materiality (key issues)” as priority management issues for TDK based on the Sustainable Development Goals (SDGs)—the international development goals listed in “The 2030 Agenda for Sustainable Development” adopted at a UN Summit in September 2015. “The TDK Group’s Materiality” has specified EX and DX as business areas in which TDK will concentrate efforts for creation of social value and its own growth. TDK has also identified “quality management,” “human resource management,” “supply chain management,” “opportunity and risk management,” “pursuing both delegation of authority and internal controls,” and “asset efficiency improvement” as areas that will serve as the basis for creating value.

With the materiality and medium-term plan which are an integrated initiative based on social value, TDK will manage to both contribute to a sustainable society and increase its corporate value by implementing a value creation cycle comprised of “Social Value,” “Commercial Value,” and “Asset Value.”

## 2) Pressing Issues of TDK

The global spread of the COVID-19 pandemic has drastically reshaped the social and industrial landscape. These changes will not likely stop even when the spread of the virus is contained, but are expected to remain as the “new normal.” The business environment surrounding TDK could also be altered drastically.

However, even amid these changes in the social and industrial landscape, the trends of EX and DX should continue to grow in the electronics market. These trends are expected to bring about the creation of new markets in TDK’s business fields. For example, significant growth opportunities will be presented to TDK by trends that include the widespread adoption of renewable energy and electric vehicles in EX, the growing use of the fifth-generation mobile communications system (5G), and the practical use of Advanced Driving Assistance Systems (ADAS) in automobiles in DX. There will also be growing adoption of IoT, wearable products, and cloud services. It is imperative for TDK to steadily capture these growth opportunities without falling behind these major changes. To this end, TDK will actively conduct research and technological development, with a view to launching competitive new products in a timely fashion and expanding production capacity in line with demand.

TDK also recognizes that addressing the following issues that are identified as materiality is a pressing issue for achieving growth: “quality management,” “human resource management,” “supply chain management,” “opportunity and risk management,” “pursuing both delegation of authority and internal controls,” and “asset efficiency improvement.”

For example, as part of our improvements in asset efficiency, TDK has been reviewing and restructuring its business portfolio. In addition, human resources are the basis of growth. With non-Japanese employees accounting for more than 90% of TDK’s workforce, TDK believes that diverse and abundant human resources are a key source of its competitiveness. TDK has continuously engaged in a wide range of human resource management initiatives to attract and retain talented human resources.

《Reference》 Consolidated forecasts for the fiscal year ending March 31, 2022 (as published on April 28, 2021)

(¥ in millions)

	Results for the fiscal year ended March 31, 2021	Forecasts for the fiscal year ending March 31, 2022	YoY Change
Net sales	1,479,008	1,600,000	8.2%
Operating income	111,535	150,000	34.5%
Income before income taxes	121,904	150,000	23.0%
Net income attributable to the Company	79,340	100,000	26.0%
Net income attributable to the Company / Basic per common share (¥)	628.08	791.62	163.54
Annual dividends per share (¥)	180.00	190.00	10.00

### (9) Principal Businesses of TDK

TDK is principally engaged in the manufacture and sale of electronic components. Main businesses in the four reporting segments and others which are not included in such four segments are as follows:

Segment	Main Businesses
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

## (10) Major Business Offices and Plants of TDK

### 1) The Company

Head Office	Chuo-ku, Tokyo
Business Offices	Sendai (Miyagi Pref.), Matsumoto (Nagano Pref.), Nagoya (Aichi Pref.), Osaka (Osaka Pref.), Kyushu (Fukuoka Pref.)
Plants	Honjo (Akita Pref.), Nikaho (Akita Pref.), Inakura (Akita Pref.), Narita (Chiba Pref.), Kofu (Yamanashi Pref.), Asama Techno (Nagano Pref.), Chikumagawa Techno (Nagano Pref.), Shizuoka (Shizuoka Pref.), Mikumagawa (Oita Pref.)
Research & Development	Ichikawa-shi and Narita-shi (Chiba Pref.)

### 2) Subsidiaries

Please refer to the following “1) Status of Principal Subsidiaries” of “(11) Principal Subsidiaries” for subsidiaries.

## (11) Principal Subsidiaries

### 1) Status of Principal Subsidiaries

Name of Company	Capital	Percentage of Votes Held by the Company (%)	Outline of Principal Business
TDK-Lambda Corporation (Chuo-ku, Tokyo)	¥2,976 million	100.0	Manufacture and sale of energy application products
TDK Akita Corporation (Yurihonjo-shi, Akita Pref.)	¥200 million	100.0	Manufacture of passive components
TDK Shonai Corporation (Tsuruoka-shi, Yamagata Pref.)	¥110 million	100.0	Manufacture of passive components
TDK China Co., Ltd. (Shanghai, China)	RMB260,973 thousand	100.0	Management and supervision of Chinese subsidiaries
TDK HONGKONG COMPANY LIMITED (Hong Kong, China)	HK\$25,500 thousand	100.0	Manufacture and sale of passive components
SAE Magnetics (Hong Kong) Limited (Hong Kong, China)	HK\$50 thousand	*100.0	Manufacture and sale of magnetic application products
TDK Xiamen Co., Ltd. (Xiamen, China)	RMB681,074 thousand	*100.0	Manufacture and sale of passive components
Amperex Technology Limited (Hong Kong, China)	US\$277,588 thousand	*100.0	Manufacture and sale of energy application products
TDK (Shanghai) International Trading Co., Ltd. (Shanghai, China)	RMB1,659 thousand	*100.0	Sale of passive components
TDK Taiwan Corporation (Taipei, Taiwan)	NT\$424,125 thousand	95.4	Manufacture and sale of products classified in "Other"
Magnecomp Precision Technology Public Co., Ltd. (Ayutthaya, Thailand)	US\$96,333 thousand	99.8	Manufacture and sale of magnetic application products
TDK Singapore (Pte) Ltd. (Singapore)	US\$126 thousand	*100.0	Sale of passive components and magnetic application products
TDK U.S.A. Corporation (New York, U.S.A.)	US\$1,975,155 thousand	100.0	Management and supervision of U.S. subsidiaries
InvenSense Inc. (California, U.S.A.)	US\$1,499,623 thousand	*100.0	Manufacture and sale of sensor application products
TDK Corporation of America (Illinois, U.S.A.)	US\$3,800 thousand	*100.0	Sale of passive components
TDK Europe S.A. (Windhof, Luxembourg)	Euro 20,974 thousand	100.0	Management and supervision of European subsidiaries

Name of Company	Capital	Percentage of Votes Held by the Company (%)	Outline of Principal Business
TDK Electronics AG (Munich, Germany)	Euro 66,682 thousand	*100.0	Manufacture and sale of passive components
TDK Europe GmbH (Munich, Germany)	Euro 46,545 thousand	*100.0	Sale of passive components
TDK-Micronas GmbH (Freiburg, Germany)	Euro 500 thousand	100.0	Manufacture and sale of sensor application products

Notes: 1. Capital and percentage of votes held by the Company have been rounded down to the nearest unit.

2. \* denotes percentage of votes held by the Company including indirect holdings.

## 2) Business Combinations

Classification	No. of Companies	YoY Change
Consolidated subsidiaries	Domestic	12 -1 company (-1 company)
	Overseas	128 — (+2 companies, -2 companies)
	Total	140 -1 company (+2 companies, -3 companies)
Equity-method affiliates	Domestic	3 —
	Overseas	2 — (+1 company, -1 company)
	Total	5 — (+1 company, -1 company)

## (12) Employees

### Employees of TDK:

Number of Employees	YoY Change
129,284	22,146

Notes: 1. The number of employees represents the number of employees who work in offices. Part-time employees are not included in the figure above.

2. The main factor for the increase in the number of employees compared to the previous fiscal year was due to an increase in employees in the Energy Application Products segment.

## (13) Other Important Matters Concerning the Corporate Group

### Business Alliance in the Rechargeable Batteries Business and Building a Collaborative Relationship in Products for Electric Vehicles

At a Board of Directors meeting held on April 28, 2021, the Company resolved for its subsidiary Amperex Technology Limited (“ATL”), based in Hong Kong, China, and Contemporary Amperex Technology Co., Limited (“CATL”), based in Fujian, China, to enter into a cross-licensing agreement and business alliance along with establishment of joint ventures related to the medium-sized battery business appropriate for Residential Energy Storage Systems, electric motorcycles, industrial applications and other applications. ATL concluded an agreement on a business alliance and cross-licensing with CATL on the same day.

In addition, the Company also resolved to work to build a collaborative relationship with CATL, providing it with items such as electronic components and power supplies for electric vehicles. The Company concluded an agreement to collaborate with CATL on April 28, 2021.

## 2. Matters Concerning Shares of the Company

### (1) Total Number of Shares Authorized to Be Issued by the Company

480,000,000 shares

### (2) Total Number of Issued Shares

129,590,659 shares (inclusive of 3,267,806 shares of treasury stock)

### (3) Number of Shareholders

21,782 shareholders (140 less than at the previous fiscal year-end)

### (4) Top 10 Largest Shareholders

Name of shareholder	Number of shares held	Percentage of shares held
	(thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	28,658	22.69
Custody Bank of Japan, Ltd. (Trust account)	14,313	11.33
Custody Bank of Japan, Ltd. (Securities investment trust account)	3,497	2.77
SSBTC CLIENT OMNIBUS ACCOUNT	3,325	2.63
Custody Bank of Japan, Ltd. (Trust account 9)	2,751	2.18
Custody Bank of Japan, Ltd. (Trust account 7)	2,279	1.80
STATE STREET BANK WEST CLIENT - TREATY 505234	2,161	1.71
STATE STREET BANK AND TRUST COMPANY 505025	1,647	1.30
Nippon Life Insurance Company	1,640	1.30
JP MORGAN CHASE BANK 385632	1,499	1.19

Notes: 1. The 3,267,806 shares of treasury stock were not considered when calculating the percentage of shares held.

2. Shares of treasury stock are not considered in the number of shares held by the largest shareholders above.

### 3. Matters Concerning Stock Acquisition Rights, Etc.

#### (1) Status of Stock Acquisition Rights, Etc., Granted to the Company's Directors and Audit & Supervisory Board Members as of the End of the Fiscal Year Under Review in Consideration for the Performance of Their Duties

##### Stock-Linked Compensation Stock Acquisition Rights

Issue	Issue resolution date	Number of stock acquisition rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Amount to be paid for stock acquisition rights (issue price)	Exercise period of stock acquisition rights (both days inclusive)	Directors' and Audit & Supervisory Board Members' holdings	
						Directors	Audit & Supervisory Board Members
2005	June 29, 2005	26	2,600 shares of common stock	Free of charge	From July 1, 2005 to June 30, 2025	—	—
2008	May 28, 2008	17	1,700 shares of common stock	¥5,967 (fair value)	From July 6, 2008 to July 5, 2028	—	—
2009	May 27, 2009	68	6,800 shares of common stock	¥4,021 (fair value)	From July 5, 2009 to July 4, 2029	—	—
2010	May 26, 2010	137	13,700 shares of common stock	¥4,213 (fair value)	From July 4, 2010 to July 3, 2030	1 person, 7 rights	—
2011	May 25, 2011	163	16,300 shares of common stock	¥3,925 (fair value)	From July 3, 2011 to July 2, 2031	1 person, 18 rights	1 person 3 rights
2012	June 21, 2012	184	18,400 shares of common stock	¥2,770 (fair value)	From July 8, 2012 to July 7, 2032	1 person, 25 rights	1 person 3 rights
2013	June 19, 2013	200	20,000 shares of common stock	¥3,112 (fair value)	From July 7, 2013 to July 6, 2033	1 person, 24 rights	1 person 15 rights
2014	June 18, 2014	291	29,100 shares of common stock	¥4,136 (fair value)	From July 6, 2014 to July 5, 2034	1 person, 24 rights	2 people 28 rights
2015	July 31, 2015	480	48,000 shares of common stock	¥6,806 (fair value)	From August 23, 2015 to August 22, 2035	3 people, 64 rights	2 people 42 rights
2016	June 17, 2016	400	40,000 shares of common stock	¥4,273 (fair value)	From July 10, 2016 to July 9, 2036	3 people, 126 rights	2 people 25 rights
2017	June 16, 2017	244	24,400 shares of common stock	¥6,584 (fair value)	From July 9, 2017 to July 8, 2037	3 people, 58 rights	2 people 17 rights
2018	March 23, 2018	812	81,200 shares of common stock	¥8,373 (fair value)	From April 8, 2018 to April 7, 2038	3 people, 286 rights	2 people 29 rights
2018	June 20, 2018	24	2,400 shares of common stock	¥10,410 (fair value)	From July 8, 2018 to July 7, 2038	1 person, 24 rights	—

Issue	Issue resolution date	Number of stock acquisition rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Amount to be paid for stock acquisition rights (issue price)	Exercise period of stock acquisition rights (both days inclusive)	Directors' and Audit & Supervisory Board Members' holdings	
						Directors	Audit & Supervisory Board Members
2019	March 26, 2019	187	18,700 shares of common stock	¥8,562 (fair value)	From April 7, 2019 to April 6, 2039	3 people, 39 rights	—
2019	June 19, 2019	32	3,200 shares of common stock	¥7,800 (fair value)	From July 7, 2019 to July 6, 2039	1 person, 32 rights	—
2020	March 25, 2020	10	1,000 shares of common stock	¥7,596 (fair value)	From April 12, 2020 to April 11, 2040	2 people, 4 rights	—
2020	May 25, 2020	2	200 shares of common stock	¥7,596 (fair value)	From June 14, 2020 to June 13, 2040	1 person, 2 rights	—

- Notes: 1. All of the stock acquisition rights listed above are stock-linked compensation stock acquisition rights with an exercise price of ¥1 per share.
2. Stock acquisition rights have not been granted to Outside Directors and Audit & Supervisory Board Members.
3. Stock acquisition rights held by Directors include stock acquisition rights granted when they were Corporate Officers of the Company.
4. Stock acquisition rights held by Audit & Supervisory Board Members were granted during appointment as Corporate Officers of the Company.
5. The stock-linked compensation stock option plan was abolished, with the exception of those stock options already granted, in connection with the introduction of the post-delivery type stock remuneration plan, as approved at the 124th Ordinary General Meeting of Shareholders held on June 23, 2020.

(Reference) Status of all stock acquisition rights, etc., held by Directors, Audit & Supervisory Board Members, Corporate Officers and employees, etc., of the Company and its subsidiaries as of March 31, 2021

Number of Stock-Linked Compensation Stock Acquisition Rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Percentage of the number of stock acquisition rights in the total number of the issued shares
3,277	327,700 shares of common stock	0.25%

**(2) Status of Stock Acquisition Rights, Etc., Granted to Employees, Etc., During the Fiscal Year Under Review in Consideration for the Performance of Their Duties**

Issue	Corporate Officers of the Company		Employees of the Company		Officers and Employees of the Subsidiaries of the Company	
	Number of holders	Number granted	Number of holders	Number granted	Number of holders	Number granted
2020 Stock-Linked Compensation Stock Acquisition Rights	1	6 stock acquisition rights (600 shares)	—	—	—	—



#### 4. Matters Concerning Directors and Audit & Supervisory Board Members

##### (1) Names and Other Details of Directors and Audit & Supervisory Board Members

Position	Name	Duties at the Company and situation regarding significant concurrent posts
Representative Director (President)	Shigenao Ishiguro	<ul style="list-style-type: none"> <li>• General Manager of Humidifier Countermeasures HQ of the Company</li> </ul>
Representative Director (Executive Vice President)	Tetsuji Yamanishi	<ul style="list-style-type: none"> <li>• Global Chief Compliance Officer of the Company</li> <li>• General Manager of Finance &amp; Accounting HQ of the Company</li> </ul>
Director (Chairman)	Makoto Sumita	<ul style="list-style-type: none"> <li>• Chairman &amp; Director of INNOTECH CORPORATION</li> </ul>
Director (Executive Vice President)	Seiji Osaka	<ul style="list-style-type: none"> <li>• General Manager of Corporate Strategy HQ of the Company</li> </ul>
Outside Director	Kazuhiko Ishimura	<ul style="list-style-type: none"> <li>• Outside Director of IHI Corporation</li> <li>• Outside Director of Nomura Holdings, Inc.</li> <li>• President of the National Institute of Advanced Industrial Science and Technology</li> </ul>
Outside Director	Kazunori Yagi	<ul style="list-style-type: none"> <li>• Outside Audit &amp; Supervisory Board Member of Yokogawa Bridge Holdings Corp.</li> <li>• Outside Audit &amp; Supervisory Board Member of Sojitz Corporation</li> </ul>
Outside Director	Kozue Nakayama	<ul style="list-style-type: none"> <li>• Outside Audit &amp; Supervisory Board Member of Imperial Hotel, Ltd.</li> <li>• Outside Director of the Board of Isuzu Motors Limited</li> </ul>
Full-time Audit & Supervisory Board Member	Satoru Sueki	
Full-time Audit & Supervisory Board Member	Takakazu Momozuka	
Outside Audit & Supervisory Board Member	Jun Ishii	
Outside Audit & Supervisory Board Member	Douglas K. Freeman	<ul style="list-style-type: none"> <li>• Principal of Law Offices of Douglas K. Freeman</li> </ul>
Outside Audit & Supervisory Board Member	Michiko Chiba	<ul style="list-style-type: none"> <li>• Principal of Chiba Certified Public Accountant Office</li> <li>• Outside Director, Audit &amp; Supervisory Committee Member of CASIO COMPUTER CO., LTD.</li> <li>• Outside Audit &amp; Supervisory Board Member of DIC Corporation</li> </ul>

Notes: 1. Directors Messrs. Kazuhiko Ishimura, Kazunori Yagi and Ms. Kozue Nakayama are Outside Directors pursuant to Article 2, item 15 of the Companies Act of Japan and also Independent Directors pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

2. Audit & Supervisory Board Members Messrs. Jun Ishii, Douglas K. Freeman and Ms. Michiko Chiba are Outside Audit & Supervisory Board Members pursuant to Article 2, item 16 of the Companies Act of Japan and also Independent Audit & Supervisory Board Members pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.
3. After March 31, 2021, the following changes in position, duties and significant concurrent posts occurred:

Date of change	Position	Name	Duties at the Company and situation regarding significant concurrent posts
April 1, 2021	Director (Chairman)	Makoto Sumita	• Director of INNOTECH CORPORATION

4. Transactions between the Company and other parties where Outside Directors/Audit & Supervisory Board Members concurrently hold significant positions were as follows:
- Although the Company has a business relationship with IHI Corporation, where Mr. Kazuhiko Ishimura is an Outside Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of sales of TDK to the IHI Group represented less than 1% of the consolidated net sales of TDK.
  - Although the Company has a business relationship with the National Institute of Advanced Industrial Science and Technology (“AIST”), where Mr. Kazuhiko Ishimura is President, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of contracted research fees, etc. that TDK paid to AIST represented less than 1% of the total revenue of AIST.
  - Although the Company has a business relationship with Sojitz Corporation, where Mr. Kazunori Yagi is an Outside Audit & Supervisory Board Member, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of sales of the Sojitz Group to TDK represented less than 1% of the consolidated net sales of the Sojitz Group.
  - Although the Company has a business relationship with CASIO COMPUTER CO., LTD. where Ms. Michiko Chiba is an Outside Director and Audit & Supervisory Committee Member, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2021, the ratio of sales of TDK to the CASIO COMPUTER Group represented less than 1% of the consolidated net sales of TDK.
5. Audit & Supervisory Board Members, Mr. Takakazu Momozuka and Ms. Michiko Chiba both have considerable knowledge of financing and accounting as stated below:
- Full-time Audit & Supervisory Board Member Mr. Takakazu Momozuka has the experience of serving for many years in the field of financing and accounting of the Company; thus, he has considerable knowledge in this field.
  - Outside Audit & Supervisory Board Member Ms. Michiko Chiba is a certified public accountant; thus she has considerable knowledge in the field of financing and accounting.
6. The Company entered into contracts with all Outside Directors and all Audit & Supervisory Board Members pursuant to Article 427, paragraph 1 of the Companies Act of Japan to limit their liabilities under Article 423, paragraph 1 of the same Act. The amount of liability set forth in each such contract, which shall be equal to the Minimum Liability Amount as provided for in Article 425, paragraph 1 of the same Act.

## (2) Remuneration for Directors and Audit & Supervisory Board Members

### 1) Matters Concerning the Policy on Determining the Details of Remuneration for Individual Directors

#### (i) Policy on Determining the Details of Remuneration for Individual Directors

Regarding the Company's policy on determining the details of remuneration for individual Directors (hereinafter, "Determining Policy"), the Board of Directors passed a resolution on the Determining Policy after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee, an advisory body to the Board of Directors. Outline of the Determining Policy is as follows.

#### <Basic Policy>

The Company designs its remuneration system through deliberation and examination of the Compensation Advisory Committee, an advisory body to the Board of Directors, for the following purposes.

To promote as much as possible behavior on the part of Directors geared towards enhancing corporate results and stock value and sustainably increase the corporate value of the overall TDK by constantly pursuing the formulation of a competitive remuneration system to secure diverse and excellent human resources that focuses on linkage with short-term as well as medium to long-term results.

#### <Policy, Etc. Concerning Determination of Each Remuneration>

The remuneration of Directors is comprised of basic remuneration, results-linked bonus and stock-linked compensation. The policy, etc. on determining the amounts or numbers for each type of the remuneration or the method of calculation thereof is described below.

#### a. **Policy on determining the amount of remuneration for individual Directors (excluding results-linked compensation and non-monetary compensation; hereinafter "fixed compensation") or the method of calculation thereof (including the policy on determining the timing and conditions for compensation, and the method of determining the details; same through c. below)**

For fixed compensation, the Company pays basic remuneration on a monthly basis. Remuneration amounts for individual Directors are determined based on remuneration tables approved by the Board of Directors for each rank after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee, while referring to studies, etc. on corporate management remuneration performed by third parties and comparisons of compensation levels at other companies of similar scale, mainly in the same business category.

#### b. **Policy on determining the details of performance indicators for results-linked compensation and the method of calculation of amounts or numbers of said results-linked compensation**

Results-linked compensation shall be results-linked bonuses (monetary compensation). The payment amounts are linked to the degree of attainment of targets, using the consolidated results for the fiscal year and the indicators set for each division in charge, with an emphasis placed on short-term performance. Results-linked bonuses are paid out at a certain time each year, as determined by the Board of Directors after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee.

#### c. **Policy on determining the details of non-monetary compensation and the amounts or numbers or the method of calculation thereof**

Non-monetary compensation shall be stock-linked compensation. The system emphasizes the linkage with medium- to long-term results and uses some consolidated performance indicators from the Medium-Term Plan, where the number of shares to be delivered fluctuates based on the degree of achievement of the targets. Details are determined by the Board of Directors after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee.

Stock-linked compensation to be granted after the fiscal year ended March 31, 2021 shall be post-delivery type stock remuneration. Post-delivery type stock remuneration will be paid with approximately half of the number of shares to be delivered in shares and the remainder in monetary form after the end of a period of three (3) years from the first day of the first year to the

last day of the last year of the Medium-Term Plan or a period of three (3) years of more as determined by the Board of Directors of the Company.

Note: In accordance with the introduction of the post-delivery type stock remuneration plan that was approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020, the stock-linked compensation stock option plan was abolished, except for those that had already been granted. As a result, the stock-linked compensation stock option plan is not included in the Determining Policy in regard to non-monetary compensation.

**d. Policy on determining the ratio of amounts of fixed compensation, results-linked compensation and non-monetary compensation to amounts of remuneration for individual Directors**

Regarding the ratio of remuneration, by type, for Directors concurrently serving as Corporate Officers, the ratio of results-linked compensation is structured so that the higher the rank, the higher the ratio of performance-linked remuneration, based on comparisons of compensation levels at other companies of similar scale, mainly in the same business category, while referring to studies, etc. on corporate management remuneration performed by third parties, and is consulted with the Compensation Advisory Committee. While respecting the report from the Compensation Advisory Committee, the Board of Directors determines remuneration tables for each rank based on the ratio of remuneration by type indicated in the report.

The guideline for the ratio of remuneration by type is basic remuneration : results-linked bonus : stock-linked compensation = 1 : approximately 0.5-0.6 : approximately 0.6-0.8 (assuming 100% achievement of performance targets).

**e. Other important matters concerning determinations about details of remuneration for individual Directors**

In the event that the Company's performance sharply and significantly deteriorates, or there are illegal activities or violations of laws and regulations, remuneration may be reduced or returned to the Company based on deliberations by the Compensation Advisory Committee and a resolution by the Board of Directors.

(ii) Structure and Role of Compensation Advisory Committee

A majority of the members and the Chairman of the Compensation Advisory Committee are Independent Outside Directors. The Compensation Advisory Committee deliberates the framework and levels of remuneration for Directors and Corporate Officers and reports to the Board of Directors, thereby contributing to ensuring the transparency in the remuneration decision-making process and the appropriateness of individual remuneration.

(iii) Reason for Board of Directors judging the details of remuneration for individual Directors for the fiscal year under review are in accordance with the Determining Policy

As the Compensation Advisory Committee had conducted a multi-faceted examination of the original proposal, including from the viewpoint of accordance with the Determining Policy, the Board of Directors basically respected the Committee's report and judged that the details of remuneration for individual Directors for the fiscal year under review are in accordance with the Determining Policy. In addition, for the fiscal year under review, stock-linked compensation stock options had been granted before the Board of Directors' resolution on the Determining Policy, but the concept which is basically the same as the Determining Policy had been adopted for stock-linked compensation stock options. Details of stock-linked compensation stock options are shown on pages 38 through 39 3) Total Amount of Remuneration for the Fiscal Year Under Review.

As explained in (i) above, at the Company, the Board of Directors determined the details of remuneration for individual Directors, and does not delegate this determination to a Director or other third party.

## 2) Structure of Remuneration for Directors and Audit & Supervisory Board Members

Type of Remuneration	Details of Remuneration	Fixed/Fluctuating
Basic remuneration	Monetary compensation paid monthly	Fixed
Results-linked bonus	Monetary compensation which is paid at predetermined times each year with an emphasis on the linkage with short-term performance. The amount of the bonus fluctuates within a range of 0% to 200% of the standard payment amount depending on the degree of attainment of the consolidated results for the fiscal year under review (operating income, ROE) and the targets set for each division.	Fluctuating (single fiscal year)
Post-delivery type stock remuneration	<p>Restricted Stock Unit (RSU)</p> <p>RSU is a type of stock remuneration which is issued based on continuous service. In case of RSU, subject to continuous service for a period of three years from the first day of the first year to the last day of the last year of the Medium-Term Plan (or a period of three years or more as determined by the Board of Directors of the Company, the "Target Period"), a pre-determined amount of the Company's shares and money is delivered after the end of the Target Period.</p> <p>Performance Share Unit (PSU)</p> <p>PSU is a type of stock remuneration which is issued based on performance. In case of PSU, an amount of the Company's shares and money calculated in accordance with the degree of achievement of performance targets set by the Medium-Term Plan is delivered after the end of the Target Period. The degree of achievement of performance targets shall vary from 0% to 100% depending on the degree of achievement of consolidated performance targets (operating income, ROE) outlined in the Medium-Term Plan.</p>	<p>Fixed</p> <p>Fluctuating (medium- to long-term)</p>

- Notes: 1. In accordance with the introduction of the post-delivery type stock remuneration plan that was approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020, the stock-linked compensation stock option plan was abolished, except for those that had already been granted, and is not shown in the above table.
2. The RSU plan came into operation from the fiscal year ended on March 2021. The PSU plan is scheduled to come into operation from the fiscal year ending on March 2022.
3. Directors and Audit & Supervisory Board Members remuneration classification for results-linked compensation, non-monetary compensation and other remuneration is as follows.

Classification	Basic Remuneration	Results-linked Bonus	Stock-linked Compensation Stock Options*	RSU**	PSU***
Results-linked compensation	—	●	●	—	●
Non-monetary compensation	—	—	●	●	●
Compensation other than the above	●	—	—	●	—

\* Stock-linked compensation stock options are classified as “non-monetary compensation” and the portion with the results achievement condition attached is also classified as “results-linked compensation.”

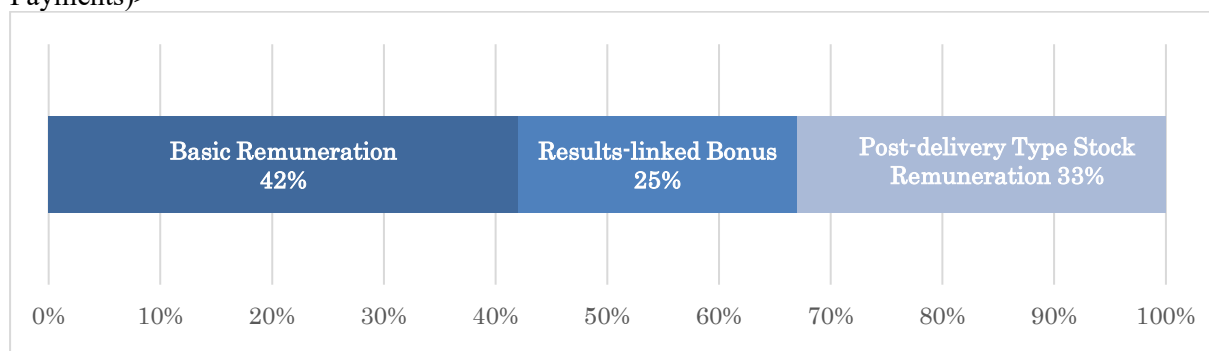
\*\* Under RSU, the stock remuneration portion is classified as “non-monetary compensation” and the monetary compensation portion is classified under “compensation other than the above.”

\*\*\* PSU is classified as “results-linked compensation” and the stock remuneration portion is also classified as “non-monetary compensation.”

<Eligible for Payment>

Classification	Basic Remuneration	Results-linked Bonus	Post-delivery Type Stock Remuneration	
			RSU	PSU
Directors concurrently serving as Corporate Officers	●	●	●	●
Directors not concurrently serving as Corporate Officers	●	-	●	-
Outside Directors	●	-	-	-
Audit & Supervisory Board Members	●	-	-	-

<Breakdown of Remuneration for Directors Concurrently Serving as Corporate Officers (for Standard Payments)>



### 3) Total Amount of Remuneration for the Fiscal Year Under Review

Classification	Total number of payees	Total amount of remuneration (¥ in millions)	Remuneration breakdown							
			Basic remuneration		Results-linked bonus		Stock-linked compensation stock options		Restricted Stock Units (RSU)	
			Number of payees	Amount paid (¥ in millions)	Number of payees	Amount paid (¥ in millions)	Number of payees	Amount paid (¥ in millions)	Number of payees	Amount paid (¥ in millions)
Directors	8	544	8	269	3	181	4	77	4	17
(including Outside Directors)	(4)	(48)	(4)	(48)	Not eligible for the above remuneration					
Audit & Supervisory Board Members	5	96	5	96	Not eligible for the above remuneration					
(including Outside Audit & Supervisory Board Members)	(3)	(35)	(3)	(35)						
Total	13	641	13	365	3	181	4	77	4	17

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review were seven (7) and five (5), respectively. The total number of payees, the total amount of remuneration and the basic remuneration in the breakdown thereof regarding Directors as shown above include one (1) Outside Director who retired at the close of the 124th Ordinary General Meeting of Shareholders held on June 23, 2020, and the amount of remuneration paid to him.

2. As for the results-linked bonuses, stock-linked compensation stock options and RSUs for Directors for the fiscal year under review, the amounts shown above are those recorded as an expense for the fiscal year under review.

3. In calculating results-linked bonuses, the amount is designed to fluctuate within a range of 0% to 200% of the standard payment amount depending on the degree of attainment of targets, using the consolidated results for each fiscal year (operating income, ROE) and the indicators set for each division in charge. The reason for selecting these indicators is to use the same indicators as management targets with an emphasis on the linkage with short-term performance. The targets and results for the main indicators that relate to results-linked bonuses in the fiscal year under review are as follows.

Consolidated operating income ¥70,900 million (target), ¥111,535 million (result)

Consolidated ROE 5.6% (target), 8.6% (result)

Trends in consolidated operating income and consolidated ROE, including those for the fiscal year under review, are shown on page 23 1. (7) Assets and Earnings in the Last Four Fiscal Years.

4. Some stock-linked compensation stock options have a results achievement condition attached to them. The results achievement condition takes consolidated results under the Medium-Term Plan (operating income, ROE) as an indicator, and varies the number of exercisable options within a range of 0% to 100% of the number of options granted, depending on the degree of attainment of targets. The reason for selecting this indicator is to use the same indicator as management targets under Medium-Term Plan with an emphasis on the linkage with medium-to long-term performance and corporate value. The targets and results for the indicator that relate to stock-linked compensation stock options during the Medium-Term Plan, which ended in the fiscal year ended March 31, 2021, are as follows.

Consolidated operating income (cumulative amount for three-years)

¥419,515 million (target), ¥317,228 million (result)

Consolidated ROE (amount for the last year)

14.0% (target), 8.6% (result)

5. For details and current holdings of stock-linked compensation stock options, refer to 4. above,

and pages 30 through 31 3. Matters Concerning Stock Acquisition Rights, Etc. In accordance with the introduction of the post-delivery type stock remuneration plan that was approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020, the stock-linked compensation stock option plan was abolished, except for those that had already been granted, and the RSU plan came into operation from the fiscal year ended March 31, 2021. The PSU plan is scheduled to come into operation from the fiscal year ending March 31, 2022. The Company plans to deliver its shares and cash from the fiscal year ending March 31, 2024 onward for the RSU plan and from the fiscal year ending March 31, 2025 onward for the PSU plan.

6. For classifications of results-linked compensation, non-monetary compensation and other remuneration regarding the remuneration breakdown in the above table, refer to page 36 Note 3 in 2) Structure of Remuneration for Directors and Audit & Supervisory Board Members.



#### 4) Matters Concerning Resolutions of General Meeting of Shareholders

##### (i) Basic remuneration

- The amount of basic remuneration for Directors is ¥25 million or less per month, as approved by the 106th Ordinary General Meeting of Shareholders held on June 27, 2002. There were seven (7) Directors (including one (1) Outside Director) as of the close of the said Ordinary General Meeting of Shareholders.
- The amount of basic remuneration for Audit & Supervisory Board Members is ¥120 million or less per year, as approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020. There were five (5) Audit & Supervisory Board Members (including three (3) Outside Audit & Supervisory Board Members) as of the close of the said Ordinary General Meeting of Shareholders.

##### (ii) Results-linked bonuses

The amount of results-linked bonuses for Directors concurrently serving as Corporate Officers is ¥350 million or less per year, as approved by the 119th Ordinary General Meeting of Shareholders held on June 26, 2015. There were four (4) Directors concurrently serving as Corporate Officers as of the close of the said Ordinary General Meeting of Shareholders.

##### (iii) Stock-linked compensation stock options

The amount of stock-linked compensation stock options for Directors, excluding Outside Directors, is ¥457 million or less per year (as for the number of shares, 77,500 shares or less per year), as approved by the 119th Ordinary General Meeting of Shareholders held on June 26, 2015. There were four (4) Directors, excluding Outside Directors, as of the close of the said Ordinary General Meeting of Shareholders. In accordance with the introduction of the post-delivery type stock remuneration plan that was approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020, the stock-linked compensation stock option plan was abolished, except for those that had already been granted.

##### (iv) Post-delivery Type Stock Remuneration

The amount of compensation as post-delivery type stock remuneration (RSU and PSU) is ¥457 million or less per year (as for the number of shares, 39,000 shares or less per year), as approved by the 124th Ordinary General Meeting of Shareholders held on June 23, 2020. RSU is granted to Directors, excluding Outside Directors, and there were four (4) Directors as of the close of the said Ordinary General Meeting of Shareholders. PSU is granted to Directors concurrently serving as Corporate Officers and there were three (3) Directors as of the close of the said Ordinary General Meeting of Shareholders.

**(3) Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members**

1) Situation regarding Significant Concurrent Posts and Relationships between the Company and the Entities Concerned

Please refer to “(1) Names and Other Details of Directors and Audit & Supervisory Board Members” noted from page 32 through page 33.

2) Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members during the Fiscal Year Under Review

Name (Position)	Attendance at meetings of the Board of Directors and other meetings	Situation regarding opinions in meetings of the Board of Directors, outline of duties conducted regarding roles expected of Outside Directors and other activities
Kazuhiko Ishimura (Outside Director)	Meetings of the Board of Directors: 13 of the 14 meetings Nomination Advisory Committee: 10 out of the 10 meetings Compensation Advisory Committee: 7 out of the 7 meetings	Mr. Ishimura has fulfilled the role and duties expected of an Outside Director, proactively expressing his opinions while overseeing, advising and guiding management, based on his abundant experience and knowledge of corporate management and global business at a materials manufacturer. Mr. Ishimura is the Chairman of the Compensation Advisory Committee. He therefore plays a key role in ensuring the transparency of the decision-making process of the remuneration to Directors and Corporate Officers, and the appropriateness of the compensation. He is also a member of the Nomination Advisory Committee.
Kazunori Yagi (Outside Director)	Meetings of the Board of Directors: 14 of the 14 meetings Nomination Advisory Committee: 10 out of the 10 meetings Compensation Advisory Committee: 7 out of the 7 meetings	Mr. Yagi has fulfilled the role and duties expected of an Outside Director, proactively expressing his opinions while overseeing, advising and guiding management, based on his extensive experience in corporate management in the electronics field, as well as his expert insight into financing and accounting. Mr. Yagi is the Chair of the Board of Directors, and plays a vital role in strengthening supervisory function of the Board of Directors while aiming to clearly separate management oversight and business execution. He is also the Chairman of the Nomination Advisory Committee, and a member of the Compensation Advisory Committee.
Kozue Nakayama (Outside Director)	Meetings of the Board of Directors: 10 of the 10 meetings Nomination Advisory Committee: 9 out of the 9 meetings Compensation Advisory Committee: 5 out of the 5 meetings  (following appointment in June 2020)	Ms. Nakayama has fulfilled the role and duties expected of an Outside Director, proactively expressing her opinions while overseeing, advising and guiding management, based on her abundant experience and knowledge concerning global business related to the automotive industry and corporate management. Ms. Nakayama serves as a member of the Nomination Advisory Committee, playing an important role in ensuring the appropriateness in the selection of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency in the decision-making process. She is also a member of the Compensation Advisory Committee.

Name (Position)	Attendance at meetings of the Board of Directors and other meetings	Situation regarding opinions in meetings of the Board of Directors, outline of duties conducted regarding roles expected of Outside Directors and other activities
Jun Ishii (Outside Audit & Supervisory Board Member)	Meetings of the Audit & Supervisory Board: 14 of the 14 meetings Meetings of the Board of Directors: 14 of the 14 meetings	Mr. Ishii has fulfilled the role and duties expected of an Outside Audit & Supervisory Board Member, such as auditing management, while proactively stating opinions based on his extensive experience and knowledge about group governance and risk management and other matters in a global electronics company.
Douglas K. Freeman (Outside Audit & Supervisory Board Member)	Meetings of the Audit & Supervisory Board: 14 of the 14 meetings Meetings of the Board of Directors: 14 of the 14 meetings	Mr. Freeman has fulfilled the role and duties expected of an Outside Audit & Supervisory Board Member, such as auditing management, while proactively stating opinions based on his specialized knowledge about law as a lawyer and his profound experience about international corporate legal affairs.
Michiko Chiba (Outside Audit & Supervisory Board Member)	Meetings of the Audit & Supervisory Board: 14 of the 14 meetings Meetings of the Board of Directors: 14 of the 14 meetings	Ms. Chiba has fulfilled the role and duties expected of an Outside Audit & Supervisory Board Member, such as auditing management, while proactively stating opinions based on her specialized knowledge in finance and accounting as a certified public accountant and her extensive experience in auditing.

## 5. Accounting Auditor

(1) Name KPMG AZSA LLC

### (2) Remuneration

(¥ in millions)

Classification	Amounts payable
The amount of remuneration payable to the Accounting Auditor by the Company with respect to duties provided under Article 2, paragraph 1 of the Certified Public Accountants Act	357
The aggregate amount of remuneration and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	406

- Notes: 1. The Company's Audit & Supervisory Board has consented to the remuneration of the Accounting Auditor as required under Article 399 paragraph 1 of the Companies Act, after examining matters such as details of the Accounting Auditor's audit plan, the status of duties conducted in previous fiscal years, and the basis for calculation of the remuneration estimate by receiving the necessary materials and hearing reports from Directors, relevant in-house departments, and the Accounting Auditor.
2. The amount of remuneration for audit pursuant to the Companies Act and the amount of remuneration for audit pursuant to the Financial Instruments and Exchange Act are not divided in the Auditing Agreement concluded between the Company and the Accounting Auditor. Therefore, the amount of remuneration payable to the Accounting Auditor by the Company with respect to duties provided under Article 2, paragraph 1 of the Certified Public Accountants Act represents the total amount to be paid by the Company.
3. The Company pays remuneration to the Accounting Auditor for advice regarding the application of accounting standards and other duties aside from those provided under Article 2, paragraph 1 of the Certified Public Accountants Act.
4. Of the Company's principal subsidiaries, TDK U.S.A. Corporation, SAE Magnetics (Hong Kong) Limited and other companies are audited by KPMG member firms overseas, and TDK Electronics AG is audited by another foreign audit firm.

### (3) Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

If all of the Audit & Supervisory Board Members acknowledge that the Company's Accounting Auditor falls under any of the conditions set forth in Article 340 paragraph 1 of the Companies Act of Japan and it is difficult for the Accounting Auditor to properly execute auditing, the Company shall dismiss the Accounting Auditor by a unanimous resolution of the Company's Audit & Supervisory Board.

In addition to cases falling under any of the statutory reasons for dismissal of accounting auditors, if any fact occurs that is recognized as casting doubt upon important factors relating to the Accounting Auditor's execution of duties, such as the Accounting Auditor's qualifications, independency and ethics, the Company's Audit & Supervisory Board will, in accordance with the Regulations of the Audit & Supervisory Board and Standards for Appointment, Dismissal, and Reappointment of Accounting Auditors, decide as to whether the Company's Accounting Auditor shall be dismissed or shall not be re-appointed, comprehensively taking the facts into account.

## 6. TDK's System and Policy

**[Establishment of systems for ensuring the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the properness of operations of a stock company and operations of a corporate group consisting of such stock company and its subsidiaries]**

With respect to the statement above, the Board of Directors of the Company resolved as follows:  
(Latest revision date: April 28, 2020)

### **(1) Systems for ensuring the execution of duties by Directors of the Company complies with laws and regulations and the Articles of Incorporation:**

The Company was established in 1935 as an entrepreneurial venture to industrialize a magnetic material called ferrite invented at Tokyo Institute of Technology. Since then, the Company has unremittingly pursued originality and increased corporate value through supplies of products and services which have created new value, based on the founding spirit “Contribute to culture and industry through creativity” as its Corporate Motto. In addition, TDK will continue to build satisfaction, trust, and support among all stakeholders (shareholders, customers, suppliers, employees and communities, among others), continue to be helpful to the society by resolving social issues and contribute to the development of a more sustainable society. TDK clearly declares as “TDK Charter of Corporate Behavior” that TDK will continue to respect human rights; comply with relevant laws, regulations and international rules and the spirit thereof; and carry out its social responsibility with a strong sense of ethics, domestically and overseas. All Directors, Audit & Supervisory Board Members, Corporate Officers and employees constituting TDK seek to behave in strict compliance with the “Corporate Standards of Business Conduct” prescribed by the “TDK Code of Conduct”.

In addition, the Company aims to achieve its management targets and further improve corporate value through the creation of products by adhering to the Corporate Motto. At the same time, the Company strives to foster a sound corporate culture and sincerely conduct business activities, always aware of its place as a member of society. Moreover, the Company will be accountable to stakeholders through comprehensive, accurate, timely and impartial disclosure of information.

As mentioned above, the Company sincerely and devotedly seeks to achieve its management philosophy and to establish the following effective and orderly corporate governance systems to continue to ensure soundness, compliance and transparency in its business operations.

#### ① Adoption of the Audit & Supervisory Board Member System and Strengthening of the Supervisory Function:

The Company has adopted the Audit & Supervisory Board Member System pursuant to the Companies Act of Japan and has appointed independent Outside Audit & Supervisory Board Members who are disinterested in the Company to strengthen the supervision of the Company's management.

#### ② Strengthening the Supervisory Function of the Board of Directors:

The Company has a small number of Directors to expedite the management decision-making process. At the same time, the Company appoints disinterested, independent Outside Directors in order to enhance the supervision of the Company's management. In addition, the Company's basic policy is to elect independent Outside Directors which account for one-third (1/3) or more of the Directors and from the perspective of ensuring clear separation between management oversight and business execution, an independent Outside Director serves as the Chair of the Board of Directors in principle. Furthermore, the Directors' terms of office are set at one (1) year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every fiscal year.

③ Adoption of a Corporate Officer System for Expeditious Business Execution:

The Company has adopted a Corporate Officer system that separates the management decision making and Director supervisory functions of the Board of Directors from the execution of business. This aims to accelerate decision-making by delegation of authority and to clarify the authority and responsibility of business execution. Corporate Officers are in charge of business execution and carrying out decisions made by the Board of Directors and thereby expeditiously execute business operations in accordance with management decisions.

④ Establishment of Advisory Bodies to the Board of Directors (Nomination Advisory Committee, Compensation Advisory Committee, Corporate Governance Committee and Business Ethics Committee):

The Nomination Advisory Committee is chaired by an Outside Director of the Company and a half or more of the members are Outside Directors. The said Committee reviews the conditions expected for the post of Director, Audit & Supervisory Board Member, and Corporate Officer and makes nominations. In this way, the Nomination Advisory Committee ensures the appropriate election of Directors, Audit & Supervisory Board Members and Corporate Officers and provides transparency in the decision-making process.

The Compensation Advisory Committee is chaired by an Outside Director of the Company and a half or more of the members are Outside Directors. The said Committee examines the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers, as well as presidents and qualifying officers of the Company's principal subsidiaries. It also reviews the transparency of the remuneration decision-making process and verifies whether such remuneration is reasonable in light of corporate business performance, individual performance and general industry standards.

The Corporate Governance Committee conducts deliberations on matters concerning corporate governance, internal control system and its operation, etc. and continuously strives to enhance corporate governance for the Company's sustainable growth and increase of its corporate value over the mid- to long-term.

The aim of the Business Ethics Committee is to ensure compliance with the TDK Corporate Motto, understanding of corporate ethics and improvement of awareness of corporate social responsibility. To achieve this aim, the Directors, Audit & Supervisory Board Members, Corporate Officers and all other members of TDK are made fully aware of the "TDK Code of Conduct", which stipulates concrete standards of business conduct in compliance with the TDK's management philosophy, including the TDK Corporate Motto and Corporate Principle, and social norms, including relevant laws, regulations and international rules and the spirit thereof.

Under the foregoing corporate systems, the Audit & Supervisory Board Members in charge of supervising management, ensure soundness, compliance and transparency in the Company's business operations by executing their duties pursuant to the Regulations of the Audit & Supervisory Board, the Code of Audit & Supervisory Board Members' Auditing Standards and Audit Practice Standards for Internal Control Systems and by auditing whether the Directors' performance is appropriately and reasonably in compliance with relevant laws and regulations and the Articles of Incorporation.

Similarly, Directors in charge of management decision-making and supervision of business execution ensure soundness, compliance and transparency in the Company's business operations by executing their duties pursuant to the Regulations of the Directors' Business and the Regulations of the Board of Directors established in accordance with relevant laws and regulations and the Articles of Incorporation. In addition, Corporate Officers in charge of business execution ensure soundness, compliance and transparency in the Company's business

operations by executing their duties pursuant to the Regulations of the Corporate Officers' Business.

The Company establishes the Disclosure Committee as well as the following procedures and system to ensure compliance with all applicable securities and exchange laws and other similar laws and regulations of all relevant countries, as well as the rules and regulations of the stock exchange on which the Company's shares are listed (hereinafter collectively referred to as the "Securities Regulations").

- (i) Internal control and other procedures to collect, record, analyze, process, summarize and report all information required to be disclosed under the Securities Regulations and warrant timely disclosures within the deadlines stipulated by the Securities Regulations.
- (ii) System to ensure that the Company has procedures designed to obtain reasonable assurance that all the transactions that the Company conducts are properly authorized, that the Company's assets are protected from unauthorized or improper use and that all trading activities are appropriately recorded and reported for the purpose of enabling the Company to prepare financial statements in accordance with the accounting standards applied by the Company.
- (iii) System to ensure that the Company is in compliance with the requirements of the Securities Regulations with respect to corporate governance systems.

**(2) System under which information regarding the execution of business by Directors of the Company shall be preserved and controlled:**

The President, who is responsible for the business execution of the Company, has established the Document Control Regulations, which are applicable to TDK and provide basic rules for the preservation and control of information regarding the execution of business by Directors.

**(3) Regulations and other systems for managing the risk of loss(es) of the Company and its subsidiaries:**

To enhance the risk management system of TDK, the Company has established the following four committees (which is chaired by a Corporate Officer appointed by the President) under the direct control of the Executive Committee.

(i) Disclosure Committee

The Disclosure Committee deliberates on and examines important corporate information and disclosure materials of the Company that are required for investment decisions by shareholders and investors, to ensure that the Company discloses appropriate information in a comprehensive, accurate, timely and impartial manner, in accordance with various laws and regulations regarding securities transactions and the rules and regulations of the stock exchange on which the Company's shares are listed.

(ii) ERM\* Committee

For the purpose of the company-wide measures against factors that obstruct the achievement of the business targets and business operations of the Company, the Company has established the ERM Committee and promotes enterprise risk management. Corporate regulations, bylaws, guidelines and departmental guidelines established in each department provide for operating rules for specific risks, including legal, financial and IT-related risks. These risks are managed by managers in charge of the particular areas of operation.

\*ERM (Enterprise Risk Management)

(iii) Crisis Management Committee

The Crisis Management Committee has been established and operates with the aim of implementing preventive measures for serious accidents, incidents, disasters, etc. that may impede the survival or development of the Company as well as reducing subsequent damage and preventing the expansion of damage. In the event of an emergency, the Company will quickly set up a Crisis Management Headquarters and, while giving first priority to ensuring the safety of its employees, it

will resume business as soon as possible and fulfill its responsibility to supply its customers in accordance with the Business Continuity Plan (BCP).

(iv) Information Security Committee

The Information Security Committee properly manages important information such as information provided by customers and personal information in compliance with laws and regulations and implements measures against cyber-attacks, and in the event of an attack, will promptly assess the situation, recover, and take measures.

The Company has ensured that a structure for receiving advice in relation to enhancing the risk management system and increasing its effectiveness (including, but not limited to, identifying, evaluating and reviewing material management risks at TDK and establishing effective countermeasures) is in place through regular confirmation and audit by the Audit & Supervisory Board Members and the internal audit department of the management operations described above. In addition, the Company will seek advice from specialists, including outside legal counsel and other experts, as needed regarding risks surrounding TDK.

**(4) System for ensuring Directors of the Company and Directors, etc. of the Company's subsidiaries execute their duties efficiently and system for reporting matters concerning the execution of duties of Directors, etc. of the Company's subsidiaries to the Company:**

The Company has a small number of Directors and has adopted the Corporate Officer system to facilitate the Directors' ability to make quick and efficient management decisions.

At the same time, policies and measures with respect to business execution, such as development, manufacturing, marketing and financing of TDK, are deliberated and decided upon by the Executive Committee which consists of Corporate Officers and General Managers designated by the President. All Corporate Officers perform their duties expeditiously pursuant to the decisions made by the Executive Committee. As to the status of the execution of their duties, the Company ensures efficient management via regular reports to the Board of Directors and regular reports from Corporate Officers to the Executive Committee.

In addition, the Company establishes midterm management targets shared by all members of TDK and strives to inform them of such targets. The Company also establishes systems that enable it to understand the targets and implementation plans of each department as well as the progress of each department in relation to such targets. With respect to the business management of subsidiaries, the Company establishes systems that enable it to understand their business conditions through quarterly reports submitted by each subsidiary. The Company establishes a system to ensure that appropriate reports are made by stipulating matters to be reported periodically or as necessary on the management situation of the subsidiaries and the status of the execution of duties by Directors, etc. of the subsidiaries in the "Global Common Regulations" for the entire TDK.

**(5) System for ensuring performance of duties by employees of the Company and Directors, etc. and employees of the Company's subsidiaries are in compliance with laws and regulations and the Articles of Incorporation:**

The Company strives to ensure that all members of TDK are fully familiar with TDK's management philosophy, "TDK Code of Conduct" and "TDK Charter of Corporate Behavior" in order to ensure improved soundness, compliance and transparency of management, as well as compliance with laws, regulations and the Articles of Incorporation throughout the performance of duties by all members of TDK.

Furthermore, the Company has established a corporate ethics management system under the Business Ethics Committee, to regularly monitor the Company's compliance with corporate ethics, including the Company's subsidiaries worldwide. The Consultations and Help Lines also enable employees to directly report all relevant information and opinions concerning corporate ethics, etc.



within TDK.

In addition, the Company appoints a Global Chief Compliance Officer from among Corporate Officers upon resolution of the Board of Directors and establishes a compliance promotion department under the direct control of the President. The Global Chief Compliance Officer and compliance promotion department, together with Regional Chief Compliance Officers appointed in each region of the world as well as in Japan, operate in order to establish and strengthen a compliance system of TDK.

Especially as to compliance with cartel regulations in each country, the Company establishes a system of checks, monitoring, etc., achieves thorough compliance with the applicable code of conduct and ensures a strict performance of duties.

**(6) System for ensuring proper business execution by the corporate group consisting of the Company and its subsidiaries:**

Each Director, Corporate Officer and manager in charge of operations of TDK strives to achieve proper business operations by making and executing business decisions in compliance with the “TDK Code of Conduct” and the “Global Common Regulations”, which summarizes the responsibilities and authorities of each organization.

The Audit & Supervisory Board Members audit, on a regular basis, the condition of the business operations of each department of TDK by inspecting the departments, examining important documents, and attending important meetings. In addition, the internal audit department audits and supports each department of TDK in order to promote consistency in relation to business operations and management policies, efficiency of management, and compliance with relevant laws and regulations.

**(7) Matters relating to employees who support the duties of Audit & Supervisory Board Members of the Company when Audit & Supervisory Board Members request such employees:**

The Audit & Supervisory Board Members Office, consisting of designated full-time employees who do not perform any business execution duties, assists duties of the Audit & Supervisory Board Members.

**(8) Matters regarding the independence of employees in the preceding item from Directors and the ensuring of the effectiveness of instructions of Audit & Supervisory Board Members of the Company to such employees:**

The authority to instruct or order the employees who serve as members of the Audit & Supervisory Board Members Office belongs exclusively to the Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members directly evaluate the performance of such employees and any transfer or discipline of these employees is determined pursuant to the operating rules of the Company subject to the consent of the Audit & Supervisory Board Members.

**(9) System for ensuring Directors or employees of the Company report to Audit & Supervisory Board Members of the Company and system for ensuring Directors, Audit & Supervisory Board Members, employees of the Company’s subsidiaries or persons who have received reports from these persons report to Audit & Supervisory Board Members of the Company:**

All members of TDK provide an appropriate report immediately, if an Audit & Supervisory Board Member requests a report regarding the execution of business. Information regarding management policies of TDK and conditions of business execution by Corporate Officers is timely provided to Audit & Supervisory Board Members who attend important meetings such as Executive Committee meetings and business plan review meetings, and minutes of such meetings are also

provided to the Audit & Supervisory Board Members immediately. Furthermore, Audit & Supervisory Board Members may receive explanations directly from Corporate Officers and other personnel as necessary. Audit & Supervisory Board Members may review reports prepared by each department of the Company or company of TDK, and Audit & Supervisory Board Members may thereby confirm the conditions of the business operations of TDK.

In addition, all members of TDK may report any fact which may cause significant damage to TDK, such as violation of law or regulation, to the Business Ethics Committee through the Consultations and Help Lines established by the said Committee and covering the whole of TDK. In cases where the Business Ethics Committee finds any fact which may cause significant damage to TDK, such as violation of law or regulation, it will immediately report such fact to Audit & Supervisory Board Members or the Audit & Supervisory Board.

Furthermore, information regarding the activities of the ERM Committee and other committees is provided to Audit & Supervisory Board Members from time to time, enabling the Audit & Supervisory Board Members to confirm the overall status of corporate activities.

**(10) System for ensuring persons who have reported as provided in the preceding item will not be treated unfavorably on grounds of such reporting**

The Company prohibits any member of TDK who has reported to the Consultation and Help Line from being treated unfavorably on the grounds of such reporting, and stipulates to that effect in the “TDK Code of Conduct” and clearly informs all members of TDK of that fact.

**(11) Matters concerning policies for disposal of expenses and obligations associated with the execution of duties by Audit & Supervisory Board Members**

When Audit & Supervisory Board Members demand payment of expenses or obligations associated with execution of their duties from the Company pursuant to Article 388 of the Companies Act of Japan, the Company shall pay such expenses or obligations immediately after deliberation at the department in charge unless the expenses or obligations concerning such demand are proven to be unnecessary for the execution of such duties of the Audit & Supervisory Board Members.

**(12) System for ensuring Audit & Supervisory Board Members of the Company conduct audits effectively:**

The Audit & Supervisory Board Members and the Audit & Supervisory Board meet with the President on a regular basis to confirm management policies and exchange opinions on pressing issues and risks affecting TDK and other important matters from the perspective of the Audit & Supervisory Board Members’ audits. These meetings also strengthen the mutual understanding between the Audit & Supervisory Board Members and the President.

The Audit & Supervisory Board Members and the internal audit department meet regularly and receive regular audit reports from the Accounting Auditor. Audit & Supervisory Board Members conduct efficient audits by sharing information regarding initial audit plans and results. Furthermore, the Audit & Supervisory Board has entered into an advisory contract with an attorney who is independent from the business execution department and has established a system to ensure that it receives advice with respect to matters which need to be reviewed or confirmed from the perspective of the Audit & Supervisory Board Members or the Audit & Supervisory Board.

## **[Overview of operation of systems to ensure appropriate business operations]**

### **(1) Internal audit and internal control over financial reporting**

The Management Review & Support Group, which is an internal audit department of the Company, conducted hearings from the four committees under the direct control of the Executive Committee regarding their activities and verified compliance with relevant laws and regulations, internal regulations, etc. and the efficiency and effectiveness of the operation at operating departments and principal subsidiaries. Also, the Management Review & Support Group conducted the evaluation of the “effectiveness of internal controls over financial reporting” in accordance with the Financial Instruments and Exchange Act of Japan at important bases and important subsidiaries in Japan and overseas. The Management Review & Support Group regularly reports about the results thereof to the President, the Board of Directors and the Audit & Supervisory Board Members.

The Management Review & Support Group and full-time Audit & Supervisory Board Members share information. The Management Review & Support Group submits internal audit reports to full-time Audit & Supervisory Board Members, receives results of Audit & Supervisory Board Members’ audit from full-time Audit & Supervisory Board Members and seeks to conduct effective internal audits.

The Management Review & Support Group regularly confirms the Accounting Auditor’s audit activities through quarterly financial statements, etc. and regularly exchanges opinions with the Accounting Auditor regarding status of evaluation of the “effectiveness of internal controls over financial reporting” in accordance with the Financial Instruments and Exchange Act of Japan.

### **(2) Corporate ethics**

Basically, the Company’s top management themselves stand at the forefront and demonstrate leadership in order to instill and enhance awareness of corporate ethics and compliance among Directors, Audit & Supervisory Board Members, Corporate Officers and employees constituting TDK, and in particular, the Chairman of the Business Ethics Committee from time to time creates occasions to directly educate and enlighten employees, etc. of TDK in order to notify them of TDK’s management philosophy, “TDK Code of Conduct” and “TDK Charter of Corporate Behavior”. Also, TDK implements collective education, e-learning, etc. regarding corporate ethics generally in overseas locations as well as in Japan each year.

Furthermore, under the corporate ethics management system that centers on the Business Ethics Committee and includes the Company’s subsidiaries worldwide, compliance with corporate ethics is regularly monitored and the said Committee reports about the result thereof to the Board of Directors each quarter.

Moreover, the Consultations and Help Lines have been established as a system through which issues related to corporate ethics may be reported or consulted in a manner other than regular reporting lines. The Consultations and Help Lines directly collect information and opinions concerning corporate ethics, etc. within TDK. In addition to such internal reporting channel, another reporting channel using an outside law firm has been established in Japan, China, Asia (excluding Japan and China), Europe and Americas regions. An employee who wants to report may choose a channel which he/she thinks best among the multiple reporting channels mentioned above.

### **(3) Compliance**

The Company has established the legal and compliance headquarters under the direct control of the President as well as appoints the Global Chief Compliance Officer and Regional Chief Compliance Officers in Japan and the other four regions around the world. The Company thereby fosters a sincere, fair and transparent corporate culture and meets the expectations and trust of its customers and society as well as further strengthens its system to ensure that all members of TDK act in compliance with a common standard around the world.

Furthermore, the Company identifies compliance risks of TDK which it deems material from the perspective of legal risk management, and among such risks, focuses on risks related to cartel, bribery, product quality fraud, etc. which may have a significant impact in developing its business globally. With respect to various issues arising in connection with corporate compliance, a department in charge verifies the facts regarding such issues, takes appropriate measures and provides timely reports to the Board of Directors. Also, such department in charge analyzes the causes of such issues and develops preventive measures for each company of TDK, in cooperation with the legal and compliance headquarters.

#### **(4) Risk management**

The Company has established the ERM Committee to promote countermeasures against risks which may prevent the achievement of an organizational goal and appropriately manage such risks on a company-wide basis in striving for sustainable growth. The ERM Committee analyzes and evaluates risks and promotes the company-wide risk management including identification of risks that need to be addressed on a cross-functional basis and introduction of countermeasures in cooperation with relevant departments. Such analysis and evaluation of risks and countermeasures are deliberated on at the Executive Committee and reported to the Board of Directors.

Also, the Crisis Management Committee conducts the regular check of operations and shares the results thereof with the Company's top management in a timely manner in order for the Business Continuity Plan (BCP) of each operating department established based upon the company-wide basic policy to work properly in time of emergency such as occurrence of natural disasters and spread of infectious diseases.

In addition, the Information Security Committee continuously verifies information security risks and implements appropriate countermeasures. For example, in preparation for cyber-attacks and other risks, the Information Security Committee provides information security education programs to employees and implements protection, detection, recovery and other countermeasures in line with the Cyber Security Framework.

Furthermore, the Company has established the Disclosure Committee, which examines and deliberates on important disclosure materials that are required for investment decisions by shareholders and investors, including the Summary of Financial Reports, to ensure appropriate disclosure of information.

#### **(5) Group business management**

The Company has established the "Global Common Regulations," which provide for the roles of and matters to be implemented by each organization of TDK as well as the rules to be complied with by all members of TDK. Each company of TDK, including the Company, applies and operates the "Global Common Regulations" as its own rules.

Based on the "Global Common Regulations," the Executive Committee, which is held twice a month as a general rule, discusses about policies and measures with respect to business execution of TDK and monitors the targets and implementation plans of operating departments and headquarters and the progress of each department in relation to such targets by regularly receiving reports from each department. With respect to subsidiaries, the Company specifies departments responsible for each subsidiary and clarifies their authorities and responsibilities, and such departments manage and supervise subsidiary businesses. Also, headquarters manage and supervise a subsidiary in relation to their respective responsibilities.

Furthermore, TDK has established regional headquarters in Americas, Europe and China which are key areas and develops a more effective group governance system by managing and supervising subsidiaries within each region in accordance with the regional characteristics through the said regional headquarters as part of their headquarters functions.

## **(6) Directors and Board of Directors**

The Board of Directors of the Company consists of seven (7) Directors including three (3) Independent Outside Directors, and an Independent Outside Director presides over the procedures of the Board of Directors meetings as the Chair of the Board of Directors. The Board of Directors makes decisions on important management matters as well as matters specified in the applicable laws and regulations, the Articles of Incorporation and internal regulations based on careful discussions and supervises the conditions of business execution. Also, the Nomination Advisory Committee and the Compensation Advisory Committee have been established as advisory bodies to the Board of Directors and the Chairman and majority of the members of each Committee are Independent Outside Directors. This promotes the transparency and objectivity of decision-making process regarding nomination and compensation of Directors and Corporate Officers, etc. Furthermore, the Company has established the Corporate Governance Committee, which conducts deliberations on matters concerning corporate governance, internal control system and its operation, etc. and seeks continuous enhancement of corporate governance.

In each fiscal year, the Board of Directors conducts the Board of Directors evaluation and evaluates the Board of Directors including its advisory committees (Nomination Advisory Committee and Compensation Advisory Committee) in order to further enhance its effectiveness. During the fiscal year under review, the Board of Directors meetings were held fourteen (14) times.

## **(7) Audit & Supervisory Board Member and Audit & Supervisory Board**

The Audit & Supervisory Board Members timely collect information regarding management policies of TDK and conditions of business execution by Corporate Officers, etc. by attending the Board of Directors meetings as well as through regular attendance at the Executive Committee meetings, business plan review meetings and other important meetings and inspection of management reports and applications for internal decision-making by the full-time Audit & Supervisory Board Members. The Audit & Supervisory Board Members share and deliberate such information among themselves. Also, the full-time Audit & Supervisory Board Members conducted hearings from operating department managers and headquarter function managers regarding the conditions of business execution and conducted audit of the Company's operating departments and headquarters and the subsidiaries selected according to importance based on the audit policy setting forth the priority audit items in the fiscal year under review. The full-time Audit & Supervisory Board Members share the issues identified through such hearings and audit and confirm the countermeasures therefor with the relevant operating department managers and headquarters. Furthermore, the Audit & Supervisory Board Members receive the internal audit report from the internal audit department and promote information sharing and collaboration with them through establishing regular meetings. These audit results summary, identified issues, confirmed countermeasures and internal audit status are shared among all Audit & Supervisory Board Members at the Audit & Supervisory Board meetings, and the issues are deliberated at the Audit & Supervisory Board meetings and reported to the Directors when appropriate. In addition, the Audit & Supervisory Board Members have meetings with an attorney with whom the Audit & Supervisory Board has entered into an advisory contract from time to time and receive legal advice regarding Audit & Supervisory Board Members' duties timely, and thereby improve the effectiveness of Audit & Supervisory Board Members' duties.

The Audit & Supervisory Board confirms the Company's business conditions through regular meetings with the Board of Directors and Representative Director, etc., and expresses opinions and provides recommendations from time to time regarding tasks to be addressed by TDK (including matters concerning corporate governance and compliance), development and operation status of internal control, risks surrounding TDK, important issues in the Audit & Supervisory Board Members' audit and other issues. On the other hand, the Audit & Supervisory Board promotes collaboration with the Accounting Auditor by discussing about audit plan with the Accounting Auditor, holding multiple meetings (including audit results report meeting and liaison meeting), and exchanging opinions regarding key audit matters. Based on these activities, the Audit & Supervisory Board meetings were held fourteen (14) times during the fiscal year under review.

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Note: Unless otherwise noted, each item in this business report describes the status as of the fiscal year ended March 2021 (from April 1, 2020 to March 31, 2021) or as of the end of the fiscal year ended March 2021 (March 31, 2021).

Also, Monetary amounts, numbers of shares, proportions and other figures contained in this business report are rounded to the nearest unit unless otherwise stated or no rounding is required.

**Attached Document (2)**

CONSOLIDATED BALANCE SHEETS  
(prepared in accordance with U.S. GAAP)

Item	As of March 31, 2020 (reference)	As of March 31, 2021	Item	As of March 31, 2020 (reference)	As of March 31, 2021
<b>(ASSETS)</b>	(¥ in millions)		<b>(LIABILITIES)</b>	(¥ in millions)	
<b>Current assets</b>	<b>966,482</b>	<b>1,233,385</b>	<b>Current liabilities</b>	<b>718,905</b>	<b>1,011,476</b>
Cash and cash equivalents	332,717	380,387	Short-term debt	216,601	192,938
Short-term investments	32,494	65,886	Current installments of long-term debt	68,028	135,125
Marketable securities	56	56	Current portion of operating lease obligations	7,252	8,444
Net trade receivables	310,142	429,454	Trade payables	201,825	324,373
Inventories	236,453	288,854	Accrued expenses	201,591	324,753
Other current assets	54,620	68,748	Income taxes payables	7,341	9,232
<b>Noncurrent assets</b>	<b>976,897</b>	<b>1,168,048</b>	Other current liabilities	16,267	16,611
Investments in affiliates	14,888	12,764	<b>Noncurrent liabilities</b>	<b>375,910</b>	<b>383,660</b>
Other investments	18,341	31,523	Long-term debt	140,061	155,273
Net property, plant and equipment	611,150	784,371	Long-term operating lease obligations	28,824	29,833
Right-of-use assets of operating lease	39,215	42,325	Retirement and severance benefits	142,958	116,745
Goodwill	160,945	165,096	Deferred income taxes	38,329	52,172
Other intangible assets	79,748	73,280	Other noncurrent liabilities	25,738	29,637
Deferred income taxes	34,862	41,024	<b>(Total liabilities)</b>	<b>1,094,815</b>	<b>1,395,136</b>
Other assets	17,748	17,665	<b>(EQUITY)</b>		
			<b>Common stock</b>	<b>32,641</b>	<b>32,641</b>
			<b>Additional paid-in capital</b>	<b>1,783</b>	<b>-</b>
			<b>Legal reserve</b>	<b>45,254</b>	<b>46,403</b>
			<b>Retained earnings</b>	<b>971,140</b>	<b>1,024,019</b>
			<b>Accumulated other comprehensive income (loss)</b>	<b>(190,055)</b>	<b>(82,733)</b>
			<b>Treasury stock</b>	<b>(16,806)</b>	<b>(16,792)</b>
			<b>(Total TDK stockholders' equity)</b>	<b>843,957</b>	<b>1,003,538</b>
			<b>Noncontrolling interests</b>	<b>4,607</b>	<b>2,759</b>
			<b>(Total equity)</b>	<b>848,564</b>	<b>1,006,297</b>
<b>Total assets:</b>	<b>1,943,379</b>	<b>2,401,433</b>	<b>Total liabilities and equity:</b>	<b>1,943,379</b>	<b>2,401,433</b>

Note: Amounts less than ¥1 million have been rounded to the nearest unit.

**Attached Document (3)**

CONSOLIDATED STATEMENTS OF INCOME  
(prepared in accordance with U.S. GAAP)

Item	From: April 1, 2019 To: March 31, 2020 (reference)	From: April 1, 2020 To: March 31, 2021
	(¥ in millions)	(¥ in millions)
<b>Net sales</b>	<b>1,363,037</b>	<b>1,479,008</b>
Cost of sales	959,714	1,044,690
<b>Gross profit</b>	<b>403,323</b>	<b>434,318</b>
Selling, general and administrative expenses	289,771	317,302
Other operating expense (income)	15,682	5,481
<b>Operating income</b>	<b>97,870</b>	<b>111,535</b>
<b>Other income (deductions)</b>		
Interest and dividend income	10,166	9,727
Interest expense	(3,671)	(3,526)
Equity in earnings of affiliates	(2,329)	(890)
Gain (loss) on sale of investments in affiliates	(183)	1,093
Foreign exchange gain (loss)	(4,020)	(1,302)
Other - net	(1,957)	5,267
<b>Total other income (deductions)</b>	<b>(1,994)</b>	<b>10,369</b>
<b>Income before income taxes</b>	<b>95,876</b>	<b>121,904</b>
Income taxes	38,719	42,699
<b>Net income</b>	<b>57,157</b>	<b>79,205</b>
Less: Net loss attributable to noncontrolling interests	(623)	(135)
<b>Net income attributable to TDK</b>	<b>57,780</b>	<b>79,340</b>

Note: Amounts less than ¥1 million have been rounded to the nearest unit.



## REFERENCE

### CONSOLIDATED STATEMENTS OF CASH FLOWS (prepared in accordance with U.S. GAAP)

Item	From: April 1, 2019 To: March 31, 2020	From: April 1, 2020 To: March 31, 2021
	(¥ in millions)	
<b>Cash flows from operating activities:</b>		
Net income	57,157	79,205
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	124,984	140,285
Deferred income taxes	(4,437)	6,222
Impairment of long-lived assets	18,592	7,914
Gain on sale of business	(2,910)	(2,433)
Equity in earnings of affiliates, net of dividends received	2,553	(188)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(13,198)	(96,966)
Decrease (increase) in inventories	(20,357)	(38,603)
Increase (decrease) in trade payables	23,090	99,098
Increase (decrease) in accrued expenses	16,563	43,882
Decrease (increase) in other assets and liabilities, net	6,667	(16,056)
Other-net	13,686	454
Net cash provided by operating activities	222,390	222,814
<b>Cash flows from investing activities:</b>		
Capital expenditures	(173,429)	(212,355)
Proceeds from sale of tangible and intangible assets	2,945	3,586
Proceeds from sale and maturity of short-term investments	80,328	90,606
Payment for purchase of short-term investments	(74,665)	(120,427)
Proceeds from sale and maturity of securities	1,608	1,080
Payment for purchase of securities	(2,380)	(3,994)
Proceeds from business transfer, net of cash transferred	—	7,017
Acquisition of investments in affiliates	124,484	2,502
Other-net	(855)	497
Net cash used in investing activities	(41,964)	(231,488)
<b>Cash flows from financing activities:</b>		
Proceeds from debt with maturities longer than three months	21,407	178,619
Repayment of debt with maturities longer than three months	(95,087)	(93,994)
Net increase (decrease) in debt with maturities of three months	(21,613)	(25,938)
Dividends paid	(21,469)	(22,738)
Acquisition of noncontrolling interests	(4,991)	(5,955)
Other-net	(16)	(801)
Net cash provided by (used in) financing activities	(121,769)	29,193
Effect of exchange rate changes on cash and cash equivalents	(15,115)	27,151
Net increase in cash and cash equivalents	43,542	47,670
Cash and cash equivalents at beginning of period	289,175	332,717
Cash and cash equivalents at end of period	332,717	380,387

Note: Amounts less than ¥1 million have been rounded to the nearest unit.

## Attached Document (6)

### CERTIFIED COPY OF ACCOUNTING AUDITORS' REPORT FOR CONSOLIDATED FINANCIAL STATEMENTS

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

#### Independent Auditor's Report

May 18, 2021

The Board of Directors  
TDK Corporation

KPMG AZSA LLC  
Tokyo Office

Yutaka Terasawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroto Yamane (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kohei Shingaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

#### **Opinion**

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statements of income, the consolidated statement of equity and the related notes of TDK Corporation (the "Company") for the fiscal year from April 1, 2020 to March 31, 2021 in accordance with Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of some disclosure items required under accounting principles generally accepted in the United States of America in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, present fairly, in all material respects, the financial position and the results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in

Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, that allows companies to prepare consolidated financial statements with the omission of some disclosure items required under accounting principles generally accepted in the United States of America, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, that allows companies to prepare consolidated financial statements with the omission of some disclosure items required under accounting principles generally accepted in the United States of America.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may

cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are prepared in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, that allows companies to prepare consolidated financial statements with the omission of some disclosure items required under accounting principles generally accepted in the United States of America, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weakness in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan regarding independence as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

### **Interest**

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Attached Document (8)

### CERTIFIED COPY OF AUDIT REPORT OF AUDIT & SUPERVISORY BOARD

[English Translation of the Audit Report of Audit & Supervisory Board  
Originally Issued in the Japanese Language]

#### **Audit Report of Audit & Supervisory Board**

The Audit & Supervisory Board (the "Board") of TDK Corporation (the "Company") has reviewed and discussed the audit report prepared by each Audit & Supervisory Board Member with respect to the execution of the duties by the Directors during the 125th fiscal year commencing on April 1, 2020 and ending on March 31, 2021 and prepared the following audit report of the Board.

#### 1. Means and methods of audits employed by the Audit & Supervisory Board Members and the Board

(1) The Board established audit policies, schedules, duty allocation policies and other relevant guidance for the relevant fiscal year pursuant to the Code of Audit & Supervisory Board Members' Auditing Standards established by the Board; received reports from each Audit & Supervisory Board Member regarding their execution of audits and the results thereof, as well as reports from Directors, etc. and the Accounting Auditor regarding the execution of their duties; and sought explanations as necessary.

(2) In accordance with the audit policies, schedules, duty allocation policies set forth above, each Audit & Supervisory Board Member communicated with the Directors, Corporate Officers, internal audit department and other employees; made efforts to develop the audit environment and collect information; and conducted audits as set forth below while utilizing the online conference system, etc.

- i Each Audit & Supervisory Board Member participated in meetings of the Board of Directors and other important meetings; received reports from Directors, Corporate Officers and employees regarding the execution of their duties; sought explanations as necessary; examined important approval records and associated information; and investigated the status of operations and property. In addition, with respect to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with their Directors and Audit & Supervisory Board Members; and received business reports from subsidiaries as necessary.
- ii With respect to the contents of the resolution of the Board of Directors regarding the development of systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the Articles of Incorporation and other systems prescribed as necessary for ensuring the properness of operations of a corporate group consisting of a stock company and its subsidiaries under Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act of Japan and the operations of the systems developed based on such resolution (the "Internal Control Systems"), in accordance with the Standards for Conducting Internal Control Audit established by the Board, each Audit & Supervisory Board Member received reports regarding the situation of the establishment and operations of such systems from Directors, Corporate Officers and other employees on a regular basis; sought explanations as necessary; and expressed opinions as Audit & Supervisory Board Member.
- iii While monitoring and verifying whether the Accounting Auditor maintained its independence and implemented appropriate audits, each Audit & Supervisory Board Member received reports from the Accounting Auditor regarding the execution of its duties; and sought explanations as necessary. In addition, each Audit & Supervisory Board Member in charge of receiving a notice of accounting audit reports from the

Accounting Auditor received a notice from the Accounting Auditor that it had developed the "systems necessary to ensure proper execution of duties", prescribed under Article 131 of the Ordinance of Companies Accounting of Japan, in accordance with the "Quality Management Standards Regarding Audits", published by the Business Accounting Council as of October 28, 2005, and other relevant standards; and sought explanations as necessary.

Based on the above means and methods, each Audit & Supervisory Board Member examined the business reports and the supplementary schedules thereof, the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets and list of notes to financial statements) and the supplementary schedules thereof, and the consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of equity and list of notes to consolidated financial statements) for the relevant fiscal year.

## 2. Audit results

### (1) Results of audits of the business reports and other subjects

- i The Board has confirmed that the business reports and the supplementary schedules thereof accurately indicate the status of the Company in compliance with applicable laws and regulations and the Articles of Incorporation.
- ii The Board has found no misconduct or material facts in violation of laws and regulations or the Articles of Incorporation in connection with the execution of the duties by the Directors.
- iii The Board has confirmed that the content of the resolution of the Board of Directors regarding the Internal Control Systems is appropriate and there is no matter on which to remark in regard to the description of business report and the execution of the duties by the Directors regarding the Internal Control Systems.

### (2) Results of audits of the non-consolidated financial statements and the supplementary schedules thereof

The Board has confirmed that the methods and results of the audits by the Accounting Auditor, audit firm of KPMG AZSA LLC, are appropriate.

### (3) Results of audits of the consolidated financial statements

The Board has confirmed that the methods and results of the audits by the Accounting Auditor, audit firm of KPMG AZSA LLC, are appropriate.

May 20, 2021

Audit & Supervisory Board  
TDK Corporation

Full-time Audit & Supervisory Board Member  
Satoru Sueki (Seal)

Full-time Audit & Supervisory Board Member  
Takakazu Momozuka (Seal)

Outside Audit & Supervisory Board Member  
Jun Ishii (Seal)

Outside Audit & Supervisory Board Member  
Douglas K. Freeman (Seal)

Outside Audit & Supervisory Board Member  
Michiko Chiba (Seal)

End