TDK Corporation
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Consolidated results (U.S. GAAP) for the 3rd quarter of FY March 2021

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

Term / Item	The 9-month-period of FY2020 (Apr. 1, 2019 - Dec. 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Net sales	1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3
Operating income	109,240	10.3	107,484	9.9	1,033,500	(1,756)	-1.6
Income before income taxes	109,824	10.3	109,358	10.1	1,051,519	(466)	-0.4
Net income attributable to TDK	74,412	7.0	73,076	6.7	702,654	(1,336)	-1.8
Per common share :							
Net income attributable to TDK / Basic	Yen 589.16		Yen 578.49		U.S.$ 5.56		
Net income attributable to TDK / Diluted	Yen 587.81		Yen 577.30		U.S.$ 5.55		
Capital expenditures	129,874	-	154,433	-	1,484,933	24,559	18.9
Depreciation and amortization	91,368	8.6	100,960	9.3	970,769	9,592	10.5
Research and development	88,632	8.3	92,378	8.5	888,250	3,746	4.2
Result of financial income (loss)	4,682	-	4,186	-	40,250	(496)	-
Ratio of overseas production	86.3%	-	86.2%	-	-		
Number of employees	104,424	-	116,786	-	-		

3rd quarter consolidated results (October 1, 2020 - December 31, 2020)

Term / Item	3Q of FY2020 (Oct. 1, 2019 - Dec. 31, 2019)		3Q of FY2021 (October 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Net sales	355,634	100.0	395,686	100.0	3,804,673	40,052	11.3
Operating income	40,397	11.4	45,078	11.4	433,442	4,681	11.6
Income before income taxes	41,176	11.6	46,195	11.7	444,183	5,019	12.2
Net income attributable to TDK	29,474	8.3	30,851	7.8	296,644	1,377	4.7
Per common share :							
Net income attributable to TDK / Basic	Yen 233.35		Yen 244.22		U.S.$ 2.35		
Net income attributable to TDK / Diluted	Yen 232.84		Yen 243.72		U.S.$ 2.34		
Capital expenditures	39,027	-	57,304	-	551,000	18,277	46.8
Depreciation and amortization	31,684	8.9	36,233	9.2	348,394	4,549	14.4
Research and development	30,367	8.5	32,560	8.2	313,077	2,193	7.2
Result of financial income (loss)	1,945	-	1,293	-	12,433	(652)	-
Ratio of overseas production	87.4%	-	86.6%	-	-		

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

［Contents］

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

（1） Summary Information Regarding Consolidated Business Results ‥ P. 2
（2） Summary Information Regarding Consolidated Financial Position ‥ P. 6
（3） Summary Information Regarding Consolidated Projections ‥ P. 8

2. Other Information

（1） Changes in Significant Subsidiaries ‥ P.10
（2） Simplified Accounting Treatment and Special Accounting Treatment ‥ P.10
（3） Accounting Policy Changes, Accounting Estimate Changes and Restatements ‥ P.10
（4） Fundamental Policy for Distribution of Earnings, and Fiscal 2021 Dividends ‥ P.11

3. Consolidated Financial Statements

（1） Balance Sheets ‥ P.12
（2） Statements of Income and Statements of Comprehensive Income ‥ P.13
（3） Statements of Cash Flows ‥ P.15
（4） Notes Concerning Going Concern Assumptions ‥ P.16
（5） Segment Information ‥ P.16
（6） Notes Concerning Significant Changes in Stockholders’ Equity ‥ P.17
（7） Consolidated Supplementary Information ‥ P.18

[Summary Information and Financial Statements]

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

(1) Summary Information Regarding Consolidated Business Results

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

During the first nine months of fiscal 2021, the global economy was significantly affected by the resurgence of the COVID-19 pandemic and the ongoing serious conflict between the U.S. and China. Meanwhile, social and economic activities as well as production activities resumed globally during the second quarter, and this recovery trend continued through the third quarter.
In the electronics market, which has a large bearing on the consolidated performance of TDK, demand remained strong during the third quarter in the automotive market which has been recovering rapidly since the second quarter. In the Information and Communications Technology (ICT) market, demand also expanded significantly year on year for notebook PCs and tablets as more people worked and studied at home. Furthermore, demand continued to grow firmly for fifth-generation mobile communication system (5G) base stations and smartphones.

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

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

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

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

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

Sales by Product

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

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

1) Passive Components Segment

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

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

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

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

2) Sensor Application Products Segment

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

3) Magnetic Application Products Segment

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

4) Energy Application Products Segment

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

5) Other

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

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

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

[Sales by Region]

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

(2) Summary Information Regarding Consolidated Financial Position

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

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

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

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

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

2) Cash Flows

(Yen millions)

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

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

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

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

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2021 Consolidated Projections)

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

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

(Exchange Rate Forecast)

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

Cautionary Statements with Respect to Forward-Looking Statements

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

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

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

2. Other Information

(1) Changes in Significant Subsidiaries

TDK absorbed and merged TDK-EPC Corporation, a specific subsidiary, in the quarter ended September 30, 2020. TDK-EPC Corporation has been excluded from the scope of consolidation.
Also, in the quarter ended December 31, 2020, Amperex Technology (Singapore) Pte. Ltd., which falls under the category of specific subsidiary, has been established and included in the scope of consolidation.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

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

Amendments of fair value measurement disclosure requirements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13 “Amendments of fair value measurement disclosure requirements”. This ASU eliminates, amends and adds some of disclosure requirements for fair value measurement. TDK adopted this ASU from April 1, 2020.
The adoption of this ASU did not have an impact on TDK’s results of operations and financial position because this ASU is related to disclosure.

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

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

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

(Yen)

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

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS

Item \ Term	As of March 31, 2020		As of December 31, 2020			Change from March 31, 2020	As of September 30, 2020		Change from Sep 30, 2020
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	966,482	49.7	1,141,029	51.7	10,971,433	174,547	1,058,503	50.9	82,526
Cash and cash equivalents	332,717		383,255		3,685,144	50,538	342,572		40,683
Short-term investments	32,494		53,472		514,154	20,978	39,803		13,669
Marketable securities	56		53		510	(3)	54		(1)
Net trade receivables	310,142		395,306		3,801,019	85,164	379,442		15,864
Inventories	236,453		256,144		2,462,923	19,691	246,209		9,935
Other current assets	54,620		52,799		507,683	(1,821)	50,423		2,376
Noncurrent assets	976,897	50.3	1,067,340	48.3	10,262,884	90,443	1,023,111	49.1	44,229
Investments in securities	33,229		33,570		322,788	341	33,233		337
Net property, plant and equipment	611,150		711,326		6,839,673	100,176	664,363		46,963
Right-of-use assets of operating leases	39,215		39,829		382,971	614	37,574		2,255
Goodwill	160,945		155,662		1,496,750	(5,283)	158,002		(2,340)
Other assets	132,358		126,953		1,220,702	(5,405)	129,939		(2,986)
TOTAL	1,943,379	100.0	2,208,369	100.0	21,234,317	264,990	2,081,614	100.0	126,755

LIABILITIES AND EQUITY

Item \ Term	As of March 31, 2020		As of December 31, 2020			Change from March 31, 2020	As of September 30, 2020		Change from Sep 30, 2020
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	718,905	37.0	904,523	41.0	8,697,337	185,618	777,994	37.4	126,529
Short-term debt	216,601		211,918		2,037,673	(4,683)	141,374		70,544
Current installments of long-term debt	68,028		134,954		1,297,635	66,926	144,983		(10,029)
Current portion of operating lease obligations	7,252		7,867		75,644	615	7,994		(127)
Trade payables	201,825		270,627		2,602,183	68,802	238,073		32,554
Accrued expenses	201,591		251,419		2,417,490	49,828	220,937		30,482
Other current liabilities	23,608		27,738		266,712	4,130	24,633		3,105
Noncurrent liabilities	375,910	19.3	400,543	18.1	3,851,375	24,633	427,431	20.5	(26,888)
Long-term debt, excluding current installments	140,061		155,267		1,492,952	15,206	189,433		(34,166)
Long-term operating lease obligations	28,824		28,724		276,192	(100)	26,310		2,414
Retirement and severance benefits	142,958		138,978		1,336,327	(3,980)	139,632		(654)
Other noncurrent liabilities	64,067		77,574		745,904	13,507	72,056		5,518
Total liabilities	1,094,815	56.3	1,305,066	59.1	12,548,712	210,251	1,205,425	57.9	99,641
Common stock	32,641		32,641		313,856	-	32,641		-
Additional paid-in capital	1,783		-		-	(1,783)	-		-
Legal reserve	45,254		46,376		445,923	1,122	46,308		68
Retained earnings	971,140		1,017,746		9,786,019	46,606	998,357		19,389
Accumulated other comprehensive income (loss)	(190,055)		(179,601)		(1,726,933)	10,454	(187,863)		8,262
Treasury stock	(16,806)		(16,789)		(161,433)	17	(16,786)		(3)
Total TDK stockholders' equity	843,957	43.4	900,373	40.8	8,657,432	56,416	872,657	41.9	27,716
Noncontrolling interests	4,607	0.3	2,930	0.1	28,173	(1,677)	3,532	0.2	(602)
Total equity	848,564	43.7	903,303	40.9	8,685,605	54,739	876,189	42.1	27,114
TOTAL	1,943,379	100.0	2,208,369	100.0	21,234,317	264,990	2,081,614	100.0	126,755

Note:

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

(2) Statements of Income and Statements of Comprehensive Income

[9-month-period results]

Statements of Income

Term / Item	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Net sales	1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3
Cost of sales	736,835	69.3	754,115	69.4	7,251,106	17,280	2.3
Gross profit	325,828	30.7	332,682	30.6	3,198,865	6,854	2.1
Selling, general and administrative expenses	218,885	20.6	227,468	20.9	2,187,192	8,583	3.9
Other operating expense (income)	(2,297)	-0.2	(2,270)	-0.2	(21,827)	27	-
Operating income	109,240	10.3	107,484	9.9	1,033,500	(1,756)	-1.6
Other income (deductions):							
Interest and dividend income	7,361		6,698		64,404	(663)	
Interest expense	(2,679)		(2,512)		(24,154)	167	
Foreign exchange gain (loss)	(2,315)		(1,818)		(17,481)	497	
Other-net	(1,783)		(494)		(4,750)	1,289	
Total other income (deductions)	584	0.0	1,874	0.2	18,019	1,290	220.9
Income before income taxes	109,824	10.3	109,358	10.1	1,051,519	(466)	-0.4
Income taxes	35,310	3.3	36,135	3.4	347,452	825	2.3
Net income	74,514	7.0	73,223	6.7	704,067	(1,291)	-1.7
Less: Net income attributable to noncontrolling interests	102	0.0	147	0.0	1,413	45	44.1
Net income attributable to TDK	74,412	7.0	73,076	6.7	702,654	(1,336)	-1.8

Note:

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

Statements of Comprehensive Income

Term / Item	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)	The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)		Change
	(Yen millions)	(Yen millions)	(U.S.$ thousands)	(Yen millions)
Net income	74,514	73,223	704,067	(1,291)
Other comprehensive income (loss), net of taxes:				
Foreign currencies translation adjustments	(23,205)	5,465	52,548	28,670
Pension liability adjustments	3,309	4,978	47,865	1,669
Net unrealized gains (losses) on securities	(9)	112	1,077	121
Total other comprehensive income (loss)	(19,905)	10,555	101,490	30,460
Comprehensive income	54,609	83,778	805,557	29,169
Comprehensive income (loss) attributable to noncontrolling interests	(72)	181	1,740	253
Comprehensive income attributable to TDK	54,681	83,597	803,817	28,916

Note:

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

[3rd quarter results]

Statements of Income

Term / Item	3Q of FY2020 (October 1, 2019 - December 31, 2019)		3Q of FY2021 (October 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Net sales	355,634	100.0	395,686	100.0	3,804,673	40,052	11.3
Cost of sales	241,947	68.0	271,388	68.6	2,609,500	29,441	12.2
Gross profit	113,687	32.0	124,298	31.4	1,195,173	10,611	9.3
Selling, general and administrative expenses	74,244	20.9	81,634	20.6	784,942	7,390	10.0
Other operating expense (income)	(954)	-0.3	(2,414)	-0.6	(23,211)	(1,460)	-
Operating income	40,397	11.4	45,078	11.4	433,442	4,681	11.6
Other income (deductions):							
Interest and dividend income	2,626		2,189		21,048	(437)	
Interest expense	(681)		(896)		(8,615)	(215)	
Foreign exchange gain (loss)	(1,612)		(278)		(2,673)	1,334	
Other-net	446		102		981	(344)	
Total other income (deductions)	779	0.2	1,117	0.3	10,741	338	43.4
Income before income taxes	41,176	11.6	46,195	11.7	444,183	5,019	12.2
Income taxes	11,700	3.3	15,330	3.9	147,404	3,630	31.0
Net income	29,476	8.3	30,865	7.8	296,779	1,389	4.7
Less: Net income attributable to noncontrolling interests	2	0.0	14	0.0	135	12	600.0
Net income attributable to TDK	29,474	8.3	30,851	7.8	296,644	1,377	4.7

Note:

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

Statements of Comprehensive Income

Term / Item	3Q of FY2020 (October 1, 2019 - December 31, 2019)	3Q of FY2021 (October 1, 2020 - December 31, 2020)		Change
	(Yen millions)	(Yen millions)	(U.S.$ thousands)	(Yen millions)
Net income	29,476	30,865	296,779	1,389
Other comprehensive income (loss), net of taxes:				
Foreign currencies translation adjustments	31,134	6,638	63,826	(24,496)
Pension liability adjustments	1,228	1,610	15,481	382
Net unrealized gains (losses) on securities	27	53	510	26
Total other comprehensive income (loss)	32,389	8,301	79,817	(24,088)
Comprehensive income	61,865	39,166	376,596	(22,699)
Comprehensive income attributable to noncontrolling interests	96	53	509	(43)
Comprehensive income attributable to TDK	61,769	39,113	376,087	(22,656)

Note:

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

(3) Statements of Cash Flows

Term / Item	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)	The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)	
	(Yen millions)	(Yen millions)	(U.S.$ thousands)
Cash flows from operating activities:			
Net income	74,514	73,223	704,067
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	91,368	100,960	970,769
Gain on sale of business	(2,661)	(2,433)	(23,394)
Loss (gain) on securities, net	(445)	(2,035)	(19,567)
Deferred income taxes	8,530	11,463	110,221
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(62,385)	(84,983)	(817,144)
Decrease (increase) in inventories	(23,814)	(18,710)	(179,904)
Increase (decrease) in trade payables	48,907	62,907	604,875
Increase (decrease) in accrued expenses	8,564	13,850	133,173
Decrease (increase) in other assets and liabilities, net	195	664	6,385
Other-net	6,748	7,967	76,606
Net cash provided by operating activities	149,521	162,873	1,566,087
Cash flows from investing activities:			
Capital expenditures	(129,874)	(154,433)	(1,484,933)
Proceeds from sales of tangible and intangible assets	2,330	2,040	19,615
Proceeds from sale and maturity of short-term investments	61,682	70,624	679,077
Payment for purchase of short-term investments	(46,157)	(91,789)	(882,587)
Proceeds from sale and maturity of securities	1,185	766	7,365
Payment for purchase of securities	(1,412)	(1,779)	(17,106)
Proceeds from sale of business, net of cash transferred	-	7,017	67,471
Proceeds from sale of investments in affiliates	124,484	2,502	24,058
Other-net	(809)	165	1,588
Net cash provided by (used in) investing activities	11,429	(164,887)	(1,585,452)
Cash flows from financing activities:			
Proceeds from debt with maturities longer than three months	11,434	164,510	1,581,827
Repayment of debt with maturities longer than three months	(85,320)	(79,361)	(763,087)
Net increase (decrease) in debt with maturities of three months or less	10,970	(5,493)	(52,817)
Dividends paid	(21,448)	(22,714)	(218,404)
Acquisition of noncontrolling interests	(4,991)	(5,955)	(57,260)
Other-net	(15)	(782)	(7,519)
Net cash provided by (used in) financing activities	(89,370)	50,205	482,740
Effect of exchange rate changes on cash and cash equivalents	(7,305)	2,347	22,567
Net increase in cash and cash equivalents	64,275	50,538	485,942
Cash and cash equivalents at beginning of period	289,175	332,717	3,199,202
Cash and cash equivalents at end of period	353,450	383,255	3,685,144

Note:

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

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

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

[9-month-period results]

Sales by industry segment

		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	298,489	28.1	293,246	27.0	2,819,673	(5,243)	-1.8
	Intersegment	2,140		2,691		25,875	551	25.7
	Total	300,629		295,937		2,845,548	(4,692)	-1.6
Sensor Application Products	External customers	59,227	5.6	57,491	5.3	552,798	(1,736)	-2.9
	Intersegment	137		181		1,740	44	32.1
	Total	59,364		57,672		554,538	(1,692)	-2.9
Magnetic Application Products	External customers	167,853	15.8	144,650	13.3	1,390,866	(23,203)	-13.8
	Intersegment	4,074		639		6,144	(3,435)	-84.3
	Total	171,927		145,289		1,397,010	(26,638)	-15.5
Energy Application Products	External customers	479,354	45.1	552,889	50.9	5,316,240	73,535	15.3
	Intersegment	1		0		0	(1)	-100.0
	Total	479,355		552,889		5,316,240	73,534	15.3
Other	External customers	57,740	5.4	38,521	3.5	370,394	(19,219)	-33.3
	Intersegment	19,992		17,012		163,577	(2,980)	-14.9
	Total	77,732		55,533		533,971	(22,199)	-28.6
Intersegment eliminations		(26,344)		(20,523)		(197,336)	5,821	
Total		1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3

Note:

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

Segment profit (loss) by industry segment

	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		The 9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Passive Components	32,382	10.8	30,740	10.5	295,577	(1,642)	-5.1
Sensor Application Products	(18,038)	-30.5	(16,375)	-28.5	(157,452)	1,663	-
Magnetic Application Products	11,930	7.1	1,723	1.2	16,567	(10,207)	-85.6
Energy Application Products	109,485	22.8	122,354	22.1	1,176,481	12,869	11.8
Other	(2,773)	-4.8	(7,742)	-20.1	(74,442)	(4,969)	-
Sub total	132,986	12.5	130,700	12.0	1,256,731	(2,286)	-1.7
Corporate and Eliminations	(23,746)		(23,216)		(223,231)	530	
Operating income	109,240	10.3	107,484	9.9	1,033,500	(1,756)	-1.6

Note:

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

[3rd quarter results]

Sales by industry segment

		3Q of FY2020 (October 1, 2019 - December 31, 2019)		3Q of FY2021 (October 1, 2020 - December 31, 2020)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	98,349	27.7	109,450	27.7	1,052,404	11,101	11.3
	Intersegment	684		863		8,298	179	26.2
	Total	99,033		110,313		1,060,702	11,280	11.4
Sensor Application Products	External customers	20,308	5.7	23,000	5.8	221,154	2,692	13.3
	Intersegment	79		27		260	(52)	-65.8
	Total	20,387		23,027		221,414	2,640	12.9
Magnetic Application Products	External customers	57,859	16.3	55,949	14.1	537,971	(1,910)	-3.3
	Intersegment	716		234		2,250	(482)	-67.3
	Total	58,575		56,183		540,221	(2,392)	-4.1
Energy Application Products	External customers	161,177	45.3	195,372	49.4	1,878,577	34,195	21.2
	Intersegment	1		0		0	(1)	-100.0
	Total	161,178		195,372		1,878,577	34,194	21.2
Other	External customers	17,941	5.0	11,915	3.0	114,567	(6,026)	-33.6
	Intersegment	6,139		6,323		60,798	184	3.0
	Total	24,080		18,238		175,365	(5,842)	-24.3
Intersegment eliminations		(7,619)		(7,447)		(71,606)	172	
Total		355,634	100.0	395,686	100.0	3,804,673	40,052	11.3

Note:

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

Segment profit (loss) by industry segment

	3Q of FY2020 (October 1, 2019 - December 31, 2019)		3Q of FY2021 (October 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Passive Components	10,623	10.8	13,354	12.2	128,404	2,731	25.7
Sensor Application Products	(5,489)	-27.0	(4,055)	-17.6	(38,991)	1,434	-
Magnetic Application Products	5,182	9.0	4,209	7.5	40,471	(973)	-18.8
Energy Application Products	40,535	25.1	42,784	21.9	411,385	2,249	5.5
Other	(2,454)	-13.7	(3,031)	-25.4	(29,144)	(577)	-
Sub total	48,397	13.6	53,261	13.5	512,125	4,864	10.1
Corporate and Eliminations	(8,000)		(8,183)		(78,683)	(183)	
Operating income	40,397	11.4	45,078	11.4	433,442	4,681	11.6

Note:

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

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Item \ Term	As of December 31, 2019		As of December 31, 2020		As of March 31, 2020	
	US$=Yen	Euro=Yen	US$=Yen	Euro=Yen	US$=Yen	Euro=Yen
The end of the period	109.56	122.54	103.50	126.95	108.83	119.55

2) Sales by region

[9-month-period results]

Region \ Term	The-9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		The-9-month-period of FY2021 (April 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Americas	72,561	6.8	68,831	6.3	661,837	(3,730)	-5.1
Europe	108,886	10.2	102,731	9.4	987,798	(6,155)	-5.7
China	600,986	56.6	633,671	58.3	6,092,990	32,685	5.4
Asia and others	198,430	18.7	197,301	18.2	1,897,125	(1,129)	-0.6
Overseas sales total	980,863	92.3	1,002,534	92.2	9,639,750	21,671	2.2
Japan	81,800	7.7	84,263	7.8	810,221	2,463	3.0
Net sales	1,062,663	100.0	1,086,797	100.0	10,449,971	24,134	2.3

[3rd quarter results]

Region \ Term	3Q of FY2020 (October 1, 2019 - December 31, 2019)		3Q of FY2021 (October 1, 2020 - December 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)	(Yen millions)	Change(%)
Americas	22,687	6.4	26,141	6.6	251,356	3,454	15.2
Europe	35,172	9.9	38,162	9.7	366,942	2,990	8.5
China	206,792	58.1	227,570	57.5	2,188,173	20,778	10.0
Asia and others	62,848	17.7	72,057	18.2	692,856	9,209	14.7
Overseas sales total	327,499	92.1	363,930	92.0	3,499,327	36,431	11.1
Japan	28,135	7.9	31,756	8.0	305,346	3,621	12.9
Net sales	355,634	100.0	395,686	100.0	3,804,673	40,052	11.3

Notes:

1. U.S.$1=Yen 104, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of December 31, 2020, TDK Corporation had 140 consolidated subsidiaries (12 in Japan and 128 overseas). TDK Corporation also had 5 affiliates (3 in Japan and 2 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term / Product	1Q of FY2020 (April 1, 2019 - June 30, 2019)		2Q of FY2020 (July 1, 2019 - September 30, 2019)		3Q of FY2020 (October 1, 2019 - December 31, 2019)		4Q of FY2020 (January 1, 2020 - March 31, 2020)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	39,279	11.7	39,643	10.7	37,286	10.5	37,674	12.5
Inductive Devices	34,149	10.1	35,662	9.6	34,803	9.8	32,958	11.0
Other	24,841	7.4	26,566	7.2	26,260	7.4	26,335	8.8
Passive Components	98,269	29.2	101,871	27.5	98,349	27.7	96,967	32.3
Sensor Application Products	18,142	5.4	20,777	5.6	20,308	5.7	18,711	6.2
Magnetic Application Products	55,529	16.5	54,465	14.7	57,859	16.3	51,815	17.3
Energy Application Products	144,513	42.9	173,664	46.9	161,177	45.3	118,344	39.4
Other	20,362	6.0	19,437	5.3	17,941	5.0	14,537	4.8
Total	336,815	100.0	370,214	100.0	355,634	100.0	300,374	100.0

Term / Product	1Q of FY2021 (April 1, 2020 - June 30, 2020)		2Q of FY2021 (July 1, 2020 - September 30, 2020)		3Q of FY2021 (October 1, 2020 - December 31, 2020)		
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(U.S.$ thousands)
Capacitors	33,334	10.8	38,585	10.1	41,943	10.6	403,298
Inductive Devices	27,377	8.9	34,620	9.0	39,036	9.9	375,346
Other	23,646	7.6	26,234	6.9	28,471	7.2	273,760
Passive Components	84,357	27.3	99,439	26.0	109,450	27.7	1,052,404
Sensor Application Products	14,703	4.7	19,788	5.2	23,000	5.8	221,154
Magnetic Application Products	38,278	12.4	50,423	13.2	55,949	14.1	537,971
Energy Application Products	156,855	50.7	200,662	52.6	195,372	49.4	1,878,577
Other	15,200	4.9	11,406	3.0	11,915	3.0	114,567
Total	309,393	100.0	381,718	100.0	395,686	100.0	3,804,673

Note:

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