



TDK Corporation
April 28, 2021

Contact;

TDK Corporation (Tokyo)

Corporate Communications Group

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Consolidated results (U.S. GAAP) for FY March 2021

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

Term Item	FY2020 (Apr. 1, 2019 - Mar. 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5
Operating income	97,870	7.2	111,535	7.5	1,004,820	13,665	14.0
Income before income taxes	95,876	7.0	121,904	8.2	1,098,234	26,028	27.1
Net income attributable to TDK	57,780	4.2	79,340	5.4	714,775	21,560	37.3
Per common share :							
Net income attributable to TDK / Basic	Yen 457.47		Yen 628.08		U.S.\$ 5.66		
Net income attributable to TDK / Diluted	Yen 456.44		Yen 626.78		U.S.\$ 5.65		
Capital expenditures	173,429	-	212,355	-	1,913,108	38,926	22.4
Depreciation and amortization	124,984	9.2	140,285	9.5	1,263,829	15,301	12.2
Research and development	117,489	8.6	127,046	8.6	1,144,559	9,557	8.1
Result of financial income (loss)	6,495	-	6,201	-	55,865	(294)	-
Ratio of overseas production	84.4%	-	86.2%	-	-		
Number of employees	107,138	-	129,284	-	-		

Note:

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

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[Summary Information and Financial Statements]

1. Business Results

(1) Summary Information Regarding Consolidated Business Results

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

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

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

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

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

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Income before income taxes	95,876	7.0	121,904	8.2	1,098,234	26,028	27.1
Net income attributable to TDK	57,780	4.2	79,340	5.4	714,775	21,560	37.3
Per common share :							
Net income attributable to TDK / Basic	Yen 457.47		Yen 628.08		U.S.\$ 5.66		
Net income attributable to TDK / Diluted	Yen 456.44		Yen 626.78		U.S.\$ 5.65		

Note:

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

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

Sales by Product

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

Note:

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

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥407,126 million (U.S.\$ 3,667,802 thousand), up 3.0% year on year from ¥395,456 million.

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

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

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

2) Sensor Application Products Segment

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

3) Magnetic Application Products Segment

This segment is made up of Hard Disk Drive (HDD) Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased by 9.3% year on year from ¥219,668 million to ¥199,253 million (U.S.\$ 1,795,072 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the automotive market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 23.8% from ¥597,698 million to ¥740,227 million (U.S.\$ 6,668,711 thousand). Sales of Energy Devices increased significantly mainly to the ICT and the industrial equipment markets.

5) Other

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

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

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

[Sales by Region]

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

[Fiscal 2022 Consolidated Projections]

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

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

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

(Exchange Rate Forecast)

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

Cautionary Statements with Respect to Forward-Looking Statements

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

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

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

(2) Summary Information Regarding Consolidated Financial Position

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

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

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

Total liabilities increased by ¥300,321 million from March 31, 2020. Accrued expenses, trade payables, and long-term debt (including current installments of long-term debt) increased by ¥123,162 million, ¥122,548 million, and ¥82,309 million respectively. Issuance of bonds by ¥99,612 million in July 2020 is included in the increase of long-term debt.

Total TDK stockholders' equity, which is included in total equity, increased by ¥159,581 million from March 31, 2020. Accumulated other comprehensive income (loss) increased by ¥107,322 million, mainly from foreign currency translation adjustments. Retained earnings increased by ¥52,879 million.

2) Cash Flows

(Yen millions)

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

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

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

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

3) Trends in Cash Flow Indicators

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

[Notes]

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Management Policies

(1) Fundamental Management Policy

TDK was founded as a venture enterprise in 1935 for the purpose of industrializing a magnetic material called ferrite, which was invented at the Tokyo Institute of Technology. TDK's corporate motto is "Contribute to culture and industry through creativity," a message that embodies the company's founding spirit. Guided by this spirit, in the ensuing years TDK has sought to refine its materials and process technologies, as it develops new products that satisfy market needs. Concurrently, TDK has advanced globalization and diversification of its business operations while actively pursuing M&As, collaboration with external partners and other initiatives. As a result, TDK today is engaged in four main businesses: Passive Components, Sensor Application Products, Magnetic Application Products, and Energy Application Products.

Looking ahead, TDK would like to remain a dynamic company that continues to deliver even higher value to all stakeholders, including shareholders, customers, suppliers, employees and local communities, by bringing together the entire Group's strengths while taking full advantage of the strengths of each Group company, and constantly drawing on innovative thinking and a willingness to tackle new challenges.

(2) Targeted Management Indicators

To realize this fundamental management policy, TDK conducts its business activities with reference to the following indicators.

(Important Fundamental Management Indicator)

*** TVA (TDK Value Added)**

TVA measures the added value newly created by the company's business activities and is an important decision-making tool for management.

TVA is the TDK Group's proprietary value-added indicator that compares earnings after taxes but without deducting interest expenses with the minimum profit (cost of shareholders' equity) required for the business assets of each business.

(Indicator for Managing Environmental Performance)

*** CO₂ Emissions Reductions**

As part of its environmental action plan to promote business activities in harmony with the natural environment, TDK has set a target for CO₂ emissions reductions.

(3) Medium- and Long-Term Management Strategy

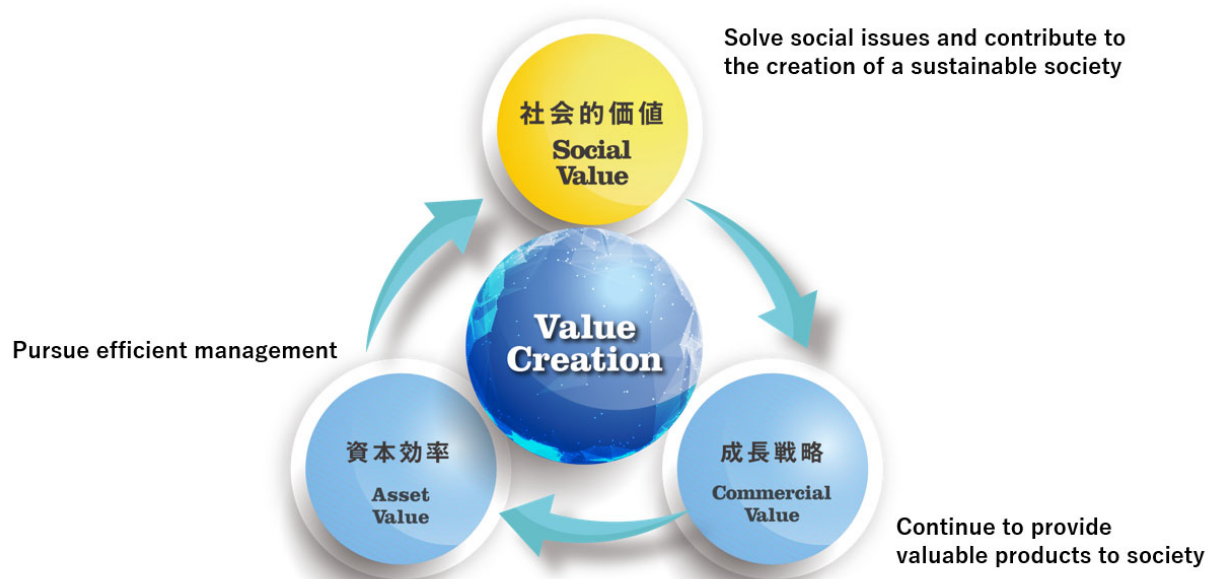
The business environment revolving around electronics is now standing on the threshold of a period of major upheaval. Transformation has begun in earnest, with an energy transformation (EX) driven by the shift from fossil fuels to renewable energy and a digital transformation (DX) driven by the

permeation of digital technologies, such as the Internet of Things (IoT) and Artificial Intelligence (AI), to every aspect of society.

The TDK Group 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, the Group 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, the Group 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, the Group will aim to create corporate value by implementing a cycle based on the following three pillars: “Social Value” that serves as a basis 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. The Group has positioned “social value” as a basis of its management plan and has identified the “TDK Group’s Materiality (key issues)” as priority management issues for the Group based on the Sustainable Development Goals (SDGs) adopted by the United Nations Summit 2015. The “TDK Group’s Materiality” has specified EX and DX as business areas to focus on and 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 materiality that should be addressed as the basis of corporate growth.

With the materiality and medium-term plan which are an integrated initiative based on social value, the Group will 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.



(4) Pressing Issues

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 the TDK Group 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 the Group’s business fields. Significant growth opportunities will be presented to the Group by trends that include the widespread adoption of renewable energy and electric vehicles in EX, and the growing use of 5G, the practical use of Advanced Driving Assistance Systems (ADAS) in automobiles, the growing use of IoT and wearable products, and cloud services in DX. 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 focused on launching competitive new products in a timely manner 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, the Group 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 the Group’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.

3. Basic Rationale for Selection of Accounting Standards

TDK started to prepare its consolidated financial statements using U.S. GAAP when it issued an American Depositary Receipt (“ADR”) in July 1974. In April 2009, TDK delisted its shares on the New York Stock Exchange but maintained its ADR program in the U.S., and continues to use U.S. GAAP when it prepares consolidated financial statements. This was done from the viewpoint of protecting shareholders or investors and enabling them to make comparisons with past disclosures of information.

As for the application of International Financial Reporting Standards (“IFRS”), TDK’s policy is to respond appropriately after taking into consideration the circumstances unfolding both in Japan and overseas.

4. Consolidated Financial Statements

(1) Balance Sheets

ASSETS						
Term Item	As of March 31, 2020		As of March 31, 2021			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	966,482	49.7	1,233,385	51.4	11,111,577	266,903
Cash and cash equivalents	332,717		380,387		3,426,910	47,670
Short-term investments	32,494		65,886		593,568	33,392
Marketable securities	56		56		505	-
Net trade receivables	310,142		429,454		3,868,955	119,312
Inventories	236,453		288,854		2,602,288	52,401
Other current assets	54,620		68,748		619,351	14,128
Noncurrent assets	976,897	50.3	1,168,048	48.6	10,522,955	191,151
Investments in securities	33,229		44,287		398,982	11,058
Net property, plant and equipment	611,150		784,371		7,066,405	173,221
Right-of-use assets of operating leases	39,215		42,325		381,306	3,110
Goodwill	160,945		165,096		1,487,352	4,151
Other assets	132,358		131,969		1,188,910	(389)
TOTAL	1,943,379	100.0	2,401,433	100.0	21,634,532	458,054

LIABILITIES AND EQUITY						
Term Item	As of March 31, 2020		As of March 31, 2021			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	718,905	37.0	1,011,476	42.1	9,112,396	292,571
Short-term debt	216,601		192,938		1,738,180	(23,663)
Current installments of long-term debt	68,028		135,125		1,217,342	67,097
Current portion of operating lease obligations	7,252		8,444		76,072	1,192
Trade payables	201,825		324,373		2,922,279	122,548
Accrued expenses	201,591		324,753		2,925,703	123,162
Other current liabilities	23,608		25,843		232,820	2,235
Noncurrent liabilities	375,910	19.3	383,660	16.0	3,456,397	7,750
Long-term debt, excluding current installments	140,061		155,273		1,398,856	15,212
Long-term operating lease obligations	28,824		29,833		268,766	1,009
Retirement and severance benefits	142,958		116,745		1,051,757	(26,213)
Other noncurrent liabilities	64,067		81,809		737,018	17,742
Total liabilities	1,094,815	56.3	1,395,136	58.1	12,568,793	300,321
Common stock	32,641		32,641		294,063	-
Additional paid-in capital	1,783		-		-	(1,783)
Legal reserve	45,254		46,403		418,045	1,149
Retained earnings	971,140		1,024,019		9,225,396	52,879
Accumulated other comprehensive income (loss)	(190,055)		(82,733)		(745,342)	107,322
Treasury stock	(16,806)		(16,792)		(151,279)	14
Total TDK stockholders' equity	843,957	43.4	1,003,538	41.8	9,040,883	159,581
Noncontrolling interests	4,607	0.3	2,759	0.1	24,856	(1,848)
Total equity	848,564	43.7	1,006,297	41.9	9,065,739	157,733
TOTAL	1,943,379	100.0	2,401,433	100.0	21,634,532	458,054

Note:

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

(2) Statements of Income and Statements of Comprehensive Income (Loss)**Statements of Income**

Term Item	FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5
Cost of sales	959,714	70.4	1,044,690	70.6	9,411,621	84,976	8.9
Gross profit	403,323	29.6	434,318	29.4	3,912,775	30,995	7.7
Selling, general and administrative expenses	289,771	21.3	317,302	21.5	2,858,577	27,531	9.5
Other operating expense (income)	15,682	1.1	5,481	0.4	49,378	(10,201)	-65.0
Operating income	97,870	7.2	111,535	7.5	1,004,820	13,665	14.0
Other income (deductions):							
Interest and dividend income	10,166		9,727		87,631	(439)	
Interest expense	(3,671)		(3,526)		(31,766)	145	
Foreign exchange gain (loss)	(4,020)		(1,302)		(11,730)	2,718	
Other-net	(4,469)		5,470		49,279	9,939	
Total other income (deductions)	(1,994)	-0.2	10,369	0.7	93,414	12,363	-
Income before income taxes	95,876	7.0	121,904	8.2	1,098,234	26,028	27.1
Income taxes	38,719	2.8	42,699	2.8	384,675	3,980	10.3
Net income	57,157	4.2	79,205	5.4	713,559	22,048	38.6
Less: Net loss attributable to noncontrolling interests	(623)	-0.0	(135)	-0.0	(1,216)	488	-
Net income attributable to TDK	57,780	4.2	79,340	5.4	714,775	21,560	37.3

Note:

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

Statements of Comprehensive Income (Loss)

Term Item	FY2020 (April 1, 2019 - March 31, 2020)	FY2021 (April 1, 2020 - March 31, 2021)		Change
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	57,157	79,205	713,559	22,048
Other comprehensive income (loss), net of taxes:				
Foreign currencies translation adjustments	(45,684)	78,559	707,739	124,243
Pension liability adjustments	(20,065)	28,852	259,928	48,917
Net unrealized gains (losses) on securities	(87)	123	1,108	210
Total other comprehensive income (loss)	(65,836)	107,534	968,775	173,370
Comprehensive income (loss)	(8,679)	186,739	1,682,334	195,418
Comprehensive income (loss) attributable to noncontrolling interests	(858)	10	90	868
Comprehensive income (loss) attributable to TDK	(7,821)	186,729	1,682,244	194,550

Note:

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

(3) Statements of Stockholders' Equity

(Yen millions)

FY2020 (April 1, 2019 - March 31, 2020)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2019	32,641	5,958	44,436	935,649	(124,435)	(16,959)	877,290
Equity transaction of consolidated subsidiaries and other		(4,175)			(19)	158	(4,036)
Cash dividends				(21,471)			(21,471)
Transferred to legal reserve			818	(818)			-
Transferred to retained earnings							-
Comprehensive income							
Net income				57,780			57,780
Other comprehensive income (loss)					(65,601)		(65,601)
Total comprehensive income (loss)							(7,821)
Acquisition of treasury stock						(5)	(5)
Sale of treasury stock							-
Balance as of March 31, 2020	32,641	1,783	45,254	971,140	(190,055)	(16,806)	843,957

FY2020 (April 1, 2019 - March 31, 2020)	Noncontrolling interests	Total equity
Balance as of March 31, 2019	6,466	883,756
Equity transaction of consolidated subsidiaries and other	(896)	(4,932)
Cash dividends	(105)	(21,576)
Transferred to legal reserve		-
Transferred to retained earnings		-
Comprehensive income		
Net income	(623)	57,157
Other comprehensive income (loss)	(235)	(65,836)
Total comprehensive income (loss)	(858)	(8,679)
Acquisition of treasury stock		(5)
Sale of treasury stock		-
Balance as of March 31, 2020	4,607	848,564

(Yen millions)

FY2021 (April 1, 2020 - March 31, 2021)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2020	32,641	1,783	45,254	971,140	(190,055)	(16,806)	843,957
Equity transaction of consolidated subsidiaries and other		(4,357)			(67)	22	(4,402)
Cash dividends				(22,738)			(22,738)
Transferred to legal reserve			1,149	(1,149)			-
Transferred to additional paid-in capital from retained earnings		2,574		(2,574)			-
Comprehensive income							
Net income				79,340			79,340
Other comprehensive income (loss)					107,389		107,389
Total comprehensive income (loss)							186,729
Acquisition of treasury stock						(8)	(8)
Sale of treasury stock							-
Balance as of March 31, 2021	32,641	-	46,403	1,024,019	(82,733)	(16,792)	1,003,538

FY2021 (April 1, 2020 - March 31, 2021)	Noncontrolling interests	Total equity
Balance as of March 31, 2020	4,607	848,564
Equity transaction of consolidated subsidiaries and other	(1,492)	(5,894)
Cash dividends	(366)	(23,104)
Transferred to legal reserve		-
Transferred to additional paid-in capital from retained earnings		-
Comprehensive income		
Net income	(135)	79,205
Other comprehensive income (loss)	145	107,534
Total comprehensive income (loss)	10	186,739
Acquisition of treasury stock		(8)
Sale of treasury stock		-
Balance as of March 31, 2021	2,759	1,006,297

TDK Corporation (6762) Consolidated FY March 2021 (U.S. GAAP)

(U.S.\$ thousands)

FY2021 (April 1, 2020 - March 31, 2021)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2020	294,063	16,063	407,694	8,749,008	(1,712,207)	(151,405)	7,603,216
Equity transaction of consolidated subsidiaries and other		(39,252)			(604)	198	(39,658)
Cash dividends				(204,847)			(204,847)
Transferred to legal reserve			10,351	(10,351)			-
Transferred to additional paid-in capital from retained earnings		23,189		(23,189)			-
Comprehensive income							
Net income				714,775			714,775
Other comprehensive income (loss)					967,469		967,469
Total comprehensive income (loss)							1,682,244
Acquisition of treasury stock						(72)	(72)
Sale of treasury stock							-
Balance as of March 31, 2021	294,063	-	418,045	9,225,396	(745,342)	(151,279)	9,040,883

FY2021 (April 1, 2020 - March 31, 2021)	Noncontrolling interests	Total equity
Balance as of March 31, 2020	41,505	7,644,721
Equity transaction of consolidated subsidiaries and other	(13,442)	(53,100)
Cash dividends	(3,297)	(208,144)
Transferred to legal reserve		-
Transferred to additional paid-in capital from retained earnings		-
Comprehensive income		
Net income	(1,216)	713,559
Other comprehensive income (loss)	1,306	968,775
Total comprehensive income (loss)	90	1,682,334
Acquisition of treasury stock		(72)
Sale of treasury stock		-
Balance as of March 31, 2021	24,856	9,065,739

Note:

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

(4) Statements of Cash Flows

Term Item	FY2020 (April 1, 2019 - March 31, 2020)	FY2021 (April 1, 2020 - March 31, 2021)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	57,157	79,205	713,559
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	124,984	140,285	1,263,829
Deferred income taxes	(4,437)	6,222	56,054
Impairment of long-lived assets	18,592	7,914	71,297
Gain on sale of business	(2,910)	(2,433)	(21,919)
Equity in earnings of affiliates, net of dividends received	2,553	(188)	(1,694)
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(13,198)	(96,966)	(873,568)
Decrease (increase) in inventories	(20,357)	(38,603)	(347,775)
Increase (decrease) in trade payables	23,090	99,098	892,775
Increase (decrease) in accrued expenses	16,563	43,882	395,333
Decrease (increase) in other assets and liabilities, net	6,667	(16,056)	(144,649)
Other-net	13,686	454	4,090
Net cash provided by operating activities	222,390	222,814	2,007,332
Cash flows from investing activities:			
Capital expenditures	(173,429)	(212,355)	(1,913,108)
Proceeds from sales of tangible and intangible assets	2,945	3,586	32,306
Proceeds from sale and maturity of short-term investments	80,328	90,606	816,270
Payment for purchase of short-term investments	(74,665)	(120,427)	(1,084,928)
Proceeds from sale and maturity of securities	1,608	1,080	9,730
Payment for purchase of securities	(2,380)	(3,994)	(35,982)
Proceeds from sale of business, net of cash transferred	-	7,017	63,216
Proceeds from sale of investments in affiliates	124,484	2,502	22,541
Other-net	(855)	497	4,478
Net cash used in investing activities	(41,964)	(231,488)	(2,085,477)
Cash flows from financing activities:			
Proceeds from debt with maturities longer than three months	21,407	178,619	1,609,180
Repayment of debt with maturities longer than three months	(95,087)	(93,994)	(846,793)
Net increase (decrease) in debt with maturities of three months	(21,613)	(25,938)	(233,676)
Dividends paid	(21,469)	(22,738)	(204,847)
Acquisition of noncontrolling interests	(4,991)	(5,955)	(53,649)
Other-net	(16)	(801)	(7,215)
Net cash provided by (used in) financing activities	(121,769)	29,193	263,000
Effect of exchange rate changes on cash and cash equivalents	(15,115)	27,151	244,605
Net increase in cash and cash equivalents	43,542	47,670	429,460
Cash and cash equivalents at beginning of period	289,175	332,717	2,997,450
Cash and cash equivalents at end of period	332,717	380,387	3,426,910

Note:

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

(5) Note Relating to the Going Concern Assumption

Nothing to report.

(6) Summary of Significant Accounting Policies

- 1) The consolidated financial statements are prepared in conformity with the U.S. GAAP.

Inventories are valued at the lower of cost or market as in the past, with cost mainly determined by the periodic average method.

- 2) As of March 31, 2021, TDK Corporation had 140 subsidiaries (12 in Japan and 128 overseas).

TDK Corporation also had 5 affiliates (3 in Japan and 2 overseas) whose financial statements are accounted for by the equity method.

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.

- 3) 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) The following items have been omitted from this earnings release because they are not deemed to be that necessary for disclosure.

Notes Concerning Consolidated Financial Statements

- Lease transactions
- Related-party transactions
- Tax-effect accounting
- Financial instruments
- Retirement benefits
- Stock options, etc.
- Business combinations, etc.
- Real estate for leasing
- Asset retirement obligations
- Hedge accounting
- Fair value of securities

(7) 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.

		FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	395,456	29.0	407,126	27.5	3,667,802	11,670	3.0
	Intersegment	2,886		3,547		31,955	661	22.9
	Total	398,342		410,673		3,699,757	12,331	3.1
Sensor Application Products	External customers	77,938	5.7	81,345	5.5	732,838	3,407	4.4
	Intersegment	215		223		2,009	8	3.7
	Total	78,153		81,568		734,847	3,415	4.4
Magnetic Application Products	External customers	219,668	16.1	199,253	13.5	1,795,072	(20,415)	-9.3
	Intersegment	5,730		652		5,874	(5,078)	-88.6
	Total	225,398		199,905		1,800,946	(25,493)	-11.3
Energy Application Products	External customers	597,698	43.9	740,227	50.0	6,668,711	142,529	23.8
	Intersegment	3		0		0	(3)	-100.0
	Total	597,701		740,227		6,668,711	142,526	23.8
Other	External customers	72,277	5.3	51,057	3.5	459,973	(21,220)	-29.4
	Intersegment	26,170		22,015		198,333	(4,155)	-15.9
	Total	98,447		73,072		658,306	(25,375)	-25.8
Intersegment eliminations		(35,004)		(26,437)		(238,171)	8,567	
Total		1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5

Note:

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

Segment profit (loss) by industry segment

		FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		39,072	9.9	40,201	9.9	362,171	1,129	2.9
Sensor Application Products		(25,024)	-32.1	(24,872)	-30.6	(224,072)	152	-
Magnetic Application Products		425	0.2	(2,382)	-1.2	(21,459)	(2,807)	-
Energy Application Products		124,149	20.8	147,375	19.9	1,327,703	23,226	18.7
Other		(8,590)	-11.9	(16,058)	-31.5	(144,667)	(7,468)	-
Sub total		130,032	9.5	144,264	9.8	1,299,676	14,232	10.9
Corporate and Eliminations		(32,162)		(32,729)		(294,856)	(567)	
Operating income		97,870	7.2	111,535	7.5	1,004,820	13,665	14.0

Note:

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

(8) Fair Value of Derivatives

(Yen millions)

	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2020			
Forward foreign exchange contracts	118,414	(1,235)	(1,235)
Currency swap contracts	13,051	1,102	1,102
As of March 31, 2021			
Forward foreign exchange contracts	336,943	774	774

(U.S.\$ thousands)

(U.S.\$ thousands)	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2021			
Forward foreign exchange contracts	3,035,523	6,973	6,973

Note:

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

(9) Net Income per Share

Term Item	FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)	
	Basic	Diluted	Basic	Diluted
Net income attributable to TDK	(Yen millions) 57,780	57,780	(Yen millions) 79,340	79,340
Weighted average common shares outstanding	Number of shares (Thousands) 126,305	126,305	Number of shares (Thousands) 126,322	126,322
Incremental shares arising from the exercise of stock options	-	284	-	261
Weighted average common shares outstanding - Total	126,305	126,589	126,322	126,583
Per common share :	(Yen)		(Yen)	
Net income attributable to TDK	457.47	456.44	628.08	626.78

Term Item	FY2021 (April 1, 2020 - March 31, 2021)	
	Basic	Diluted
Net income attributable to TDK	(U.S.\$ thousands) 714,775	714,775
Weighted average common shares outstanding	Number of shares (Thousands) 126,322	126,322
Incremental shares arising from the exercise of stock options	-	261
Weighted average common shares outstanding - Total	126,322	126,583
Per common share :	(U.S.\$)	
Net income attributable to TDK	5.66	5.65

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. The dilution of net income attributable to TDK was caused by presuming the exercise of stock options issued by a subsidiary of TDK Corporation.

(10) Significant Subsequent Events

In the Board of Directors held on April 28, 2021, TDK has resolved that Amperex Technology Limited (Headquarter: Hong Kong Special Administrative Region of China), which is a subsidiary of TDK, enter a business alliance along with establishment of a joint venture and a cross-licensing agreement, regarding the medium size rechargeable battery business such as Residential Energy Storage System (RESS), Electric Motorcycles, and other industrial applications, with Contemporary Amperex Technology Co., Limited (Headquarter: Fujian, China, hereinafter “CATL”). In addition, TDK has resolved on building a collaborative relationship with CATL; in the process, TDK will proceed with actions such as providing electronic components for electric vehicles and power supplies to CATL.

(11) Consolidated Supplementary Information

1) Exchange rates used for conversion

Term Item	As of March 31, 2020		As of March 31, 2021	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	108.83	119.55	110.71	129.80

2) Sales by region

Term Region	FY2020 (April 1, 2019 - March 31, 2020)		FY2021 (April 1, 2020 - March 31, 2021)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	96,135	7.0	96,666	6.5	870,865	531	0.6
Europe	148,254	10.9	148,443	10.1	1,337,324	189	0.1
China	714,011	52.4	840,129	56.8	7,568,730	126,118	17.7
Asia and others	294,234	21.6	276,565	18.7	2,491,576	(17,669)	-6.0
Overseas sales total	1,252,634	91.9	1,361,803	92.1	12,268,495	109,169	8.7
Japan	110,403	8.1	117,205	7.9	1,055,901	6,802	6.2
Net sales	1,363,037	100.0	1,479,008	100.0	13,324,396	115,971	8.5

Notes:

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

3) 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	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)		4Q of FY2021 (January 1, 2021 - March 31, 2021)		(U.S.\$ thousands)
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	
Capacitors	33,334	10.8	38,585	10.1	41,943	10.6	44,320	11.3	399,279
Inductive Devices	27,377	8.9	34,620	9.0	39,036	9.9	38,957	9.9	350,964
Other	23,646	7.6	26,234	6.9	28,471	7.2	30,603	7.8	275,703
Passive Components	84,357	27.3	99,439	26.0	109,450	27.7	113,880	29.0	1,025,946
Sensor Application Products	14,703	4.7	19,788	5.2	23,000	5.8	23,854	6.1	214,901
Magnetic Application Products	38,278	12.4	50,423	13.2	55,949	14.1	54,603	13.9	491,919
Energy Application Products	156,855	50.7	200,662	52.6	195,372	49.4	187,338	47.8	1,687,730
Other	15,200	4.9	11,406	3.0	11,915	3.0	12,536	3.2	112,936
Total	309,393	100.0	381,718	100.0	395,686	100.0	392,211	100.0	3,533,432

Note:

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