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Document to be filed:	Annual Securities Report
Provision to base upon:	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	June 19, 2025
Fiscal year:	129th term (from April 1, 2024 to March 31, 2025)
Company name (Japanese):	TDK *Kabushiki-Kaisha*
Company name (English):	TDK CORPORATION
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Place where the document to be filed is available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo, Japan)

A. COMPANY INFORMATION

I. Overview of the Company

1. Trends in principal management benchmarks

(1) Management benchmarks (consolidated)

Term	International Financial Reporting Standards				
	125th term	126th term	127th term	128th term	129th term
Accounting period	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Net sales (Millions of yen)	1,479,008	1,902,124	2,180,817	2,103,876	2,204,806
Profit from continuing operations before tax (Millions of yen)	117,263	172,490	167,219	179,241	237,808
Net profit attributable to owners of parent (Millions of yen)	74,681	131,298	114,187	124,687	167,161
Comprehensive income (loss) attributable to owners of parent (Millions of yen)	186,008	365,418	194,903	290,832	140,941
Equity attributable to owners of parent (Millions of yen)	958,929	1,300,317	1,458,446	1,707,332	1,800,070
Net assets (Millions of yen)	961,687	1,303,755	1,462,867	1,714,941	1,811,254
Total assets (Millions of yen)	2,359,663	3,041,653	3,147,027	3,415,304	3,541,415
Equity attributable to owners of parent per share (Yen)	506.07	686.14	769.06	900.04	948.59
Net profit attributable to owners of parent per share (Yen)	39.41	69.29	60.24	65.74	88.10
Diluted net profit attributable to owners of parent per share (Yen)	39.33	69.13	60.13	65.64	87.98
Ratio of equity attributable to owners of parent (%)	40.6	42.8	46.3	50.0	50.8
Return on equity attributable to owners of parent (%)	8.5	11.6	8.3	7.9	9.5
Price earnings ratio (PER) (Times)	25.9	12.9	15.7	22.8	17.5
Net cash provided by operating activities (Millions of yen)	230,855	178,987	262,772	447,007	445,839
Net cash used in investing activities (Millions of yen)	(231,418)	(281,546)	(234,402)	(216,592)	(244,842)
Net cash provided by (used in) financing activities (Millions of yen)	21,082	113,743	14,947	(146,368)	(143,333)
Cash and cash equivalents at end of term (Millions of yen)	380,387	439,339	506,185	649,998	697,307
Number of employees (Person)	129,284	116,808	102,908	101,453	105,067

Notes: 1. From the 126th term, TDK Corporation prepared the consolidated financial statements based on International Financial Reporting Standards ("IFRS").

2. TDK Corporation split one share of its common stock into three shares, with the effective date of October 1, 2021, and split one share of its common stock into five shares, with the effective date of

October 1, 2024. “Equity attributable to owners of parent per share,” “Net profit attributable to owners of parent per share,” and “Diluted net profit attributable to owners of parent per share” are calculated based on the assumption that these share splits were conducted at the beginning of the 125th fiscal year.

Term	U.S. GAAP	
	125th term	126th term
Accounting period	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Net sales (Millions of yen)	1,479,008	1,902,124
Income from continuing operations before income taxes (Millions of yen)	121,904	234,185
Net income attributable to TDK (Millions of yen)	79,340	183,632
Comprehensive income (loss) attributable to TDK (Millions of yen)	186,729	367,182
TDK stockholders’ equity (Millions of yen)	1,003,538	1,346,683
Net assets (Millions of yen)	1,006,297	1,350,130
Total assets (Millions of yen)	2,401,433	3,086,924
TDK stockholders’ equity per share (Yen)	529.62	710.60
Net income attributable to TDK per share (Yen)	41.87	96.91
Diluted net income attributable to TDK per share (Yen)	41.79	96.68
Stockholders’ equity ratio (%)	41.8	43.6
Return on stockholders’ equity (%)	8.6	15.6
Price earnings ratio (PER) (Times)	24.4	9.2
Net cash provided by operating activities (Millions of yen)	222,814	169,620
Net cash used in investing activities (Millions of yen)	(231,488)	(281,194)
Net cash provided by (used in) financing activities (Millions of yen)	29,193	122,758
Cash and cash equivalents at end of term (Millions of yen)	380,387	439,339
Number of employees (Person)	129,284	116,808

Notes: 1. The consolidated financial statements prepared under U.S. GAAP for the 126th term has not been audited under the Financial Instruments and Exchange Act article 193 2-1.

2. TDK Corporation split one share of its common stock into three shares, with the effective date of October 1, 2021, and split one share of its common stock into five shares, with the effective date of October 1, 2024. “Equity attributable to owners of parent per share,” “Net profit attributable to owners of parent per share,” and “Diluted net profit attributable to owners of parent per share” are calculated based on the assumption that these share splits were conducted at the beginning of the 125th fiscal year.

(2) Filing company's management benchmarks (non-consolidated)

Term	125th term	126th term	127th term	128th term	129th term
Accounting period	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023	From April 1, 2023 to March 31, 2024	From April 1, 2024 to March 31, 2025
Net sales (Millions of yen)	329,300	420,379	504,931	477,863	495,235
Current income (loss) (Millions of yen)	1,378	106,315	137,952	109,083	53,267
Net income (loss) (Millions of yen)	119,224	105,525	134,654	69,283	65,857
Capital stock (Millions of yen)	32,641	32,641	32,641	32,641	32,641
Total number of issued shares (Thousands of shares)	129,591	388,772	388,772	388,772	1,943,860
Net assets (Millions of yen)	316,879	398,212	496,326	526,391	538,830
Total assets (Millions of yen)	1,081,338	1,239,402	1,424,028	1,499,459	1,537,353
Net assets per share (Yen)	166.36	209.31	260.94	276.76	283.50
Cash dividends per share (Yen)	180.00	145.00	106.00	116.00	86.00
[Interim dividends per share] (Yen)	[90.00]	[100.00]	[53.00]	[58.00]	[70.00]
Net income (loss) per share (Yen)	62.92	55.69	71.04	36.53	34.71
Diluted net income per share (Yen)	62.79	55.56	70.91	36.47	34.66
Equity ratio [%]	29.2	32.0	34.8	35.0	35.0
Return on equity [ROE] [%]	44.7	29.7	30.2	13.6	12.4
Price earnings ratio [PER] [Times]	16.2	16.0	13.3	41.0	44.5
Dividend payout ratio [%]	19.1	28.1	29.9	63.5	86.4
Number of employees [Person]	5,689	5,719	5,902	6,037	6,241
Total shareholder return (%) (Benchmark: TOPIX index)	185.1 (142.1)	164.6 (145.0)	177.9 (153.4)	280.7 (216.8)	295.0 (213.4)
Highest(Yen)	18,240	4,880 (17,270)	5,300	8,228	2,114 (11,205)
Lowest(Yen)	7,280	3,560 (11,220)	3,765	4,460	1,490 (6,745)

Notes:1. "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No.29 March 31,2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Guidance No.30) have been implemented from the beginning of 126th term. For major management benchmarks from 126th term, these accounting standards are implemented.

2. TDK Corporation split one share of its common stock into three shares on effective date of October 1, 2021, and split one share of its common stock into five shares, with the effective date of October 1, 2024. "Net assets per share", "Net income (loss) per share", and "Diluted net income per share" are calculated based on the assumption that these share splits were conducted at the beginning of the 125th term.

3. The cash dividends per share, 145.00 yen, for the 126th term is comprised of an interim dividend (before the share split) of 100.00 yen and a year-end dividend (after the share split) of 45.00 yen.

4. The cash dividends per share, 86.00 yen, for the 129th term is comprised of an interim dividend (before the share split) of 70.00 yen and a year-end dividend (after the share split) of 16.00 yen.

5. A year-end dividend of 16.00 yen out of the cash dividends per share, 86.00 yen, will be a matter for resolution at Ordinary General Meeting of Shareholders scheduled on June 20, 2025.
6. Highest and lowest share prices were those recorded on Tokyo Stock Exchange Prime Marked from April 4, 2022 and before then recorded on the first section of the Tokyo Stock Exchange. The highest and lowest share prices for the 126th term and 129th term are based on the numbers after the share split, and the highest and lowest share prices before the share split are listed in brackets.

2. Description of business operations

TDK Corporation prepares its consolidated financial statements according to IFRS. It discloses information based on these consolidated financial statements pertaining to its subsidiaries and affiliates based on the definitions of IFRS. The same applies to “II. Review of operations” and “III. Facilities.”

As of March 31, 2025, the TDK Group is comprised of TDK Corporation (the “Company”), 147 consolidated subsidiaries and 6 equity-method affiliates. Segment categories are manufacturing and sales of “Passive Components,” “Sensor Application Products,” “Magnetic Application Products,” “Energy Application Products” and “Other” (not included in the other four segments).

The following table presents a description of business operations and the respective placement of the Company and subsidiaries and affiliates with respect to these business operations.

Category	Main products	Major companies
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency components, Piezoelectric material products and Circuit protection components	The Company TDK Electronics AG TDK Europe GmbH TDK(Shanghai)International Trading Co., Ltd. TDK HONG KONG COMPANY LIMITED 57 other companies (Domestic: 1, Overseas: 56) (Total: 62 companies)
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors	The Company TDK-Micronas GmbH InvenSense, Inc. 23 other companies (Domestic: 2, Overseas: 21) (Total: 26 companies)
Magnetic Application Products	HDD Heads, HDD suspension assemblies, Magnets	The Company SAE Magnetics (H.K.) Ltd. Magnecomp Precision Technology Public Co., Ltd. Headway Technologies, Inc. Acrathon Precision Technologies (HK) Ltd. 20 other companies (Domestic: 0, Overseas: 20) (Total: 25 companies)
Energy Application Products	Energy devices (Rechargeable batteries), Power supplies	The Company Amperex Technology Ltd. Navitasys Technology Limited Xiamen Ampeak Technology Limited Navitasys India Private Limited TDK (Malaysia) Sdn. Bhd. 31 other companies (Domestic: 2, Overseas: 29) (Total: 37 companies)
Other	Mechatronics (production equipment), Camera Module Micro Actuators for smartphones, other	The Company TDK Taiwan Corporation 33 other companies (Domestic: 9, Overseas: 24) (Total: 35 companies)

3. Status of subsidiaries and affiliates

Name	Location	Capital	Principal business	Holding rate of voting rights (%)	Business relationship
(Consolidated subsidiaries – Overseas) Ningde Amperex Technology Ltd. *1	Ningde, China	RMB 996,492,652	Energy Application Products	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
Amperex Technology Ltd.*1 , *2	Hong Kong, China	US$ 267,588,100	Energy Application Products	100 (57.6)	Manufacturing and sales of TDK products Loans to TDK Loans from TDK Interlocking directorate: Yes
Navitasys Technology Ltd. *1	Hong Kong, China	US$ 10,000,000	Energy Application Products	100 (57.6)	Manufacturing and sales of TDK products Interlocking directorate: Yes
Dongguan Amperex Technology Ltd. *1	Dongguan, China	RMB 485,509,727	Energy Application Products	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
SAE Magnetics (H.K.) Ltd.	Hong Kong, China	HK$ 50,000	Magnetic Application Products	100 (100)	Manufacturing and sales of TDK products Loans to TDK Interlocking directorate: Yes
TDK HONG KONG COMPANY LIMITED *1	Hong Kong, China	HK$ 25,500,000	Passive Components	100	Manufacturing and sales of TDK products Loans to TDK Interlocking directorate: Yes
TDK (Shanghai) International Trading Co., Ltd.	Shanghai, China	RMB 1,659,160	Passive Components	100 (100)	Sales of TDK products Interlocking directorate: No
Xiamen Ampeak Technology Limited*1	Xiamen, China	US$ 242,604,520	Energy Application Products	100 (100)	Holding company for joint ventures Interlocking directorate: Yes
TDK Xiamen Co., Ltd. *1	Xiamen, China	RMB 770,098,932	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK (Zhuhai FTZ) Co., Ltd.	Zhuhai, China	RMB 29,390,675	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK Electronics Hong Kong Limited	Hong Kong, China	HK$ 2,000,000	Passive Components	100 (100)	Sales of TDK products Interlocking directorate: Yes
TDK (Shanghai) Electronics Ltd.	Shanghai, China	RMB 13,081,180	Passive Components	100 (100)	Sales of TDK products Interlocking directorate: Yes
TDK (Zhuhai) Co., Ltd.	Zhuhai, China	RMB 161,627,185	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK (Suzhou) Co., Ltd.	Suzhou, China	RMB 93,324,615	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK (Xiamen) Electronics Co., Ltd.	Xiamen, China	RMB 144,667,400	Passive Components	60 (60)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK China Co., Ltd. *1	Shanghai, China	RMB 2,070,910,099	Investment in and financing to subsidiaries and affiliates and their management	100	——— Loans to TDK Interlocking directorate: Yes
TDK Europe GmbH *1	Munich, Germany	EUR 46,545,000	Passive Components	100 (100)	Sales of TDK products Interlocking directorate: No
TDK Electronics AG *1	Munich, Germany	EUR 66,682,270	Passive Components	100	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK-Micronas GmbH	Freiburg, Germany	EUR 500,000	Sensor Application Products	100	Manufacturing and sales of TDK products Loans from TDK Interlocking directorate: Yes
TDK Hungary Components Kft.	Szombathely, Hungary	EUR 9,737,293	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK Electronics GmbH & Co OG	Deutschlandsberg, Austria	EUR 14,500,000	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Sensors AG & Co. KG	Berlin, Germany	EUR 256,629	Passive Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Europe S.A. *1	Windhof, Luxembourg	EUR 20,974,825	Investment in and financing to subsidiaries and affiliates and their management	100	——— Loans to TDK Interlocking directorate: No
TDK Corporation of America *1	Illinois, U.S.A	US$ 3,800,000	Passive Components	100 (100)	Sales of TDK products Interlocking directorate: Yes

Name	Location	Capital	Principal business	Holding rate of voting rights (%)	Business relationship
Headway Technologies, Inc. *1	California, U.S.A.	US$ 163,161,945	Magnetic Application Products	100	Manufacturing and sales of TDK products Loans from TDK Interlocking directorate: Yes
InvenSense,Inc.	California, U.S.A.	US$ 79,923	Sensor Application Products	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK U.S.A. Corporation *1	New York, U.S.A.	US$ 850	Investment in and financing to subsidiaries and affiliates and their management	100	——— Interlocking directorate: Yes
Magnecomp Precision Technology Public Co., Ltd. *1	Ayutthaya, Thailand	US$ 96,333,296	Magnetic Application Products	99.9	Manufacturing and sales of TDK products Interlocking directorate: Yes
Navitasys India Private Limited *1	Bawal, India	US$ 58,029,540	Energy Application Products	100 (0.1)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Electronics Korea Corporation	Seoul, Republic of Korea	KRW 10,000,000,000	Passive Components	100	Sales of TDK products Interlocking directorate: No
TDK Taiwan Corporation	Taipei, Taiwan	NT$ 424,125,200	Products classified in "Other"	95.4	Manufacturing and sales of TDK products Loans from TDK Interlocking directorate: Yes
(Consolidated subsidiaries – Domestic) TDK-Lambda Corporation	Chuo-ku, Tokyo	(Millions of yen) 2,976	Energy Application Products	100	Manufacturing and sales of TDK products Loans from TDK Interlocking directorate: No
TDK Service Corporation	Chuo-ku, Tokyo	34	Insurance and real estate agency	100	Consignment of insurance agency and property management for TDK Interlocking directorate: No
TDK Electronics Factories Corporation	Yurihonjo City, Akita Prefecture	200	Passive Components	100	Manufacturing and sales of TDK products Loans to TDK Interlocking directorate: Yes
113 other companies					
(Equity-method affiliates – Overseas) Xiamen Ampcore Technology Limited	Xiamen, China	RMB 3,610,000,000	Development, manufacture and sale of rechargeable battery cells	30 (30)	——— Interlocking directorate: Yes
(Equity-method affiliates – Domestic) TODA KOGYO CORP.,	Hiroshima City, Hiroshima Prefecture	(Millions of yen) 7,477	Manufacturing and sales of a magnetic material	25.4	——— Interlocking directorate: Yes
Semiconductor Energy Laboratory Co., Ltd.	Atsugi City, Kanagawa Prefecture	100	Research and development of semiconductor products	31.9	——— Interlocking directorate: No
3 other companies					

Notes:
1. Descriptions in the "Principal business" column are names of business segments or other specific business activities.
2. Figures in parentheses in the "Holding rate of voting rights" column indicate indirect holding rates included in the figures outside the parentheses.
3. Descriptions of "Interlocking directorate" include corporate officers of the Company.
4. *1: Applies to specific subsidiaries.
5. *2: Net sales of Amperex Technology Ltd. exceeded 10% of net sales of TDK.
   The major items of income are as follows:
   i. Net sales ¥508,935 million
   ii. Income before income taxes ¥189,997 million
   iii. Net income ¥179,464 million
   iv. Total equity ¥259,218 million
   v. Total assets ¥550,068 million
6. Status of subsidiaries and affiliates listed is a part of the IFRS requirement, and "Part V. Financial Information, 1. Consolidated Financial Statements and Notes to the Consolidated Financial Statements Footnote 31 Subsidiaries" is referring to the above.

4. Status of employees

(1) Status of consolidated companies

(As of March 31, 2025)

Name of business segment	Number of employees (Person)
Passive Components	33,338
Sensor Application Products	6,725
Magnetic Application Products	9,670
Energy Application Products	47,875
Other	4,828
Corporate (Common)	2,631
Total	105,067

(2) Status of filing company (the Company)

(As of March 31, 2025)

Number of employees (Person)	Average age (Years old)	Average years of service (Years)	Average annual salary (Yen)
6,241	43.2	17.2	8,302,532

Name of business segment	Number of employees (Person)
Passive Components	2,289
Sensor Application Products	567
Magnetic Application Products	591
Energy Application Products	254
Other	241
Corporate (Common)	2,299
Total	6,241

Notes:
1. The number of employees indicates the number of working employees.
2. Average annual salary includes bonuses and surplus wages.
3. The number of employees shown as Corporate (Common) is the number of employees who belong to the administrative departments.

(3) Status of labor union

The filing company and some of its subsidiaries have labor unions.

(4) The percentage of female workers in managerial positions, the rate of childcare leave taken by male workers, and the wage differences between male and female workers.

Filing company (the Company)

Fiscal year ended March 31, 2024				
Percentage of female workers in managerial positions (%) (Note 1,3)	Percentage of childcare leave taken by male workers (%) (Note 2)	Wage differences between male and female workers (Note 1)		
		All workers (%)	Regularly employed workers (%)	Non- regularly employed workers (%)
5.3	54.5	72.2	71.9	66.3

Domestic consolidated subsidiaries

Fiscal year ended March 31, 2024					
Name	Percentage of female workers in managerial positions (%) (Note 1,3)	Percentage of childcare leave taken by male workers (%) (Note 2)	Wage differences between male and female workers (Note 1)		
			All workers (%)	Regular workers (%)	Nonregular workers (%) (Note 6,7)
TDK Electronics Factories Corporation	1.9	42.4	78.2	78.5	84.9
TDK-Lambda Corporation	6.0	100.0	58.7	73.5	49.1
TDK Service Corporation	20.7	-	65.8	82.8	62.7

Notes: 1. Calculated based on the provisions of the “Act on the Promotion of Women's Active Engagement in Professional Life” (Act No. 64 of 2015).
2. Percentage of childcare leave taken by male workers, prescribed in Article 71-6, item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) in Article 71-6, item (i) is calculated based on the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members”(Act No. 76 of 1991).
3. Calculated as of April 2025.
4. The secondees are calculated as employees of the sending companies.
5. Regarding the wage differences between male and female workers of the Corporation, the compensation system and treatment are the same for both male and female workers; however, the higher rate of male workers in management positions compared to women is the primary factor. The Company recognizes the expansion of opportunities for women and the improvement of the female workers in managerial position as important issues. The Company aims to achieve a female management ratio of 15% by 2035, which will mark our 100th anniversary. We are continuously working on promoting DE&I, creating an inclusive work environment, and developing female leaders through various seminars and mentoring programs. As a result, since the start of these activities in 2020, the percentage of females works in managerial position has more than doubled.
6. The wage difference between male and female nonregular workers is significant in TDK-Lambda Corporation. This is because the male nonregular workers primarily consist of reemployed workers after retirement, who tend to have higher wage levels.
7. The wage difference between male and female nonregular workers is significant in TDK Service Corporation. This is due to a larger number of male workers in contracted positions that require specialized skills and physical strength, which tend to offer higher wage levels, while female workers are more commonly found in part-time positions that involve simpler tasks and supportive roles.

II. Review of operations

1. Management policies, Management environment and Pressing issues

The forward looking statements in this report are based on judgment current as of March 31, 2025.

(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 currently known as the Institute of Science Tokyo. 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 continuously pursued originality and enhanced enterprise value through offering the creation of new value (products/services) by promotion of innovation. In addition, 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 brings together the entire TDK Group's strengths while taking full advantage of the strengths of each TDK group company, and constantly drawing on innovative thinking and a willingness to tackle new challenges. By this, TDK aims to achieve satisfaction, trust, and support of all stakeholders, including shareholders, customers, suppliers, employees and local communities. Additionally, we strive to contribute to the resolution of social issues through our business and remain a socially beneficial entity, thereby contributing to the development of a sustainable society.

(2) Medium- and Long-Term Management Strategy and Pressing Issues of TDK

① Long-Term Vision

The global economy is facing a crisis of fragmentation due to the ongoing opposition between the U.S. and China against a backdrop of a struggle for hegemony in economic security, including technology. However, even in the face of this crisis, the shift to renewable energy and the transition to decarbonization are expected to continue from the perspective of countermeasures against global warming, energy security, and other issues. Moreover, the sophistication and permeation of technologies such as AI, the metaverse (virtual online space), robotics, and ADAS (Advanced Driver Assistance System) have led to major social changes such as labor savings and greater efficiency in industry, as well as advancement of urban functions. This transformation of society, including GX and DX, is expected to further accelerate in the future.
Amid such circumstances, TDK has formulated its new long-term vision in 2024 to contribute to the transformation of society through business based on the Corporate Motto to "Contribute to culture and industry through creativity."

<Long-Term Vision>

TDK will strive to "capture a position that can detect change ahead of time" and "establish and operate a system that can respond rapidly to change" to realize the long-term vision. In the aim to "capture a position that can detect change ahead of time", TDK will further auger the strengths it has already cultivated in domains such as materials, processes and software technology (Intellectual capital・Manufactured capital・Natural capital), and seek out new strengths as well as carry out various initiatives to establish a leading position in the electronic device domain (Social and relationship capital・Intellectual capital). In the aim to "establish and operate a system that can respond quickly to change", TDK will leverage having captured "a position of being able to detect change ahead of time" and strengthen its capability to envision the future and focus on acquiring and training diverse and outstanding human resources, thus reinforcing the ability to execute the envisioned future in a speedy and efficient manner (Human capital・Intellectual capital). Through these initiatives, TDK will secure permanent investment capacity (Financial capital) and realize optimal investments to aim for further enhancement in its position to detect change ahead of time.

② Key issues (Materiality)

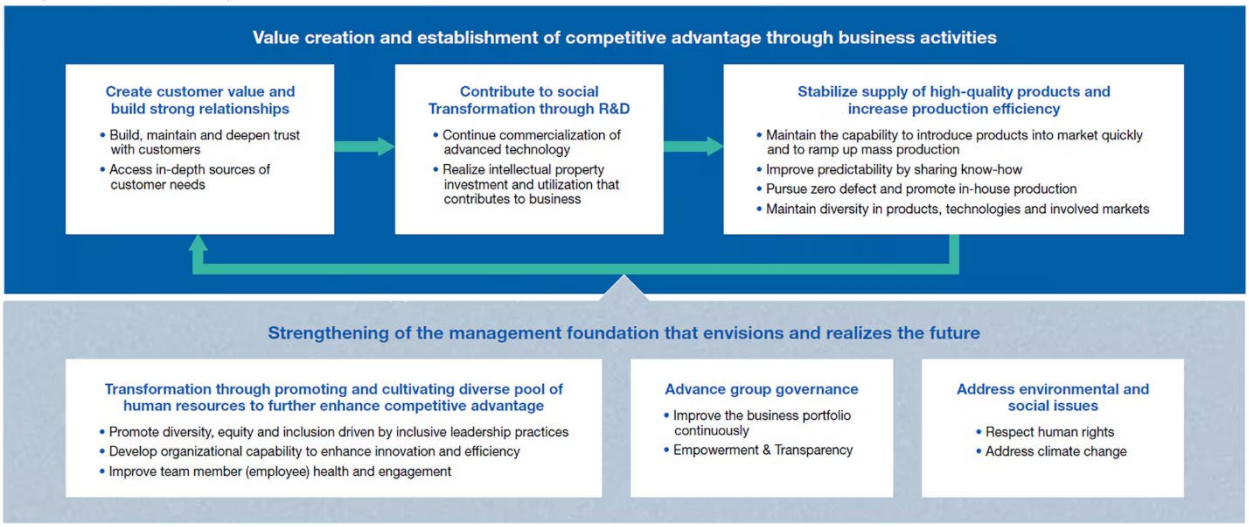
Considering the current global situation, with the political tensions between the United States and China persisting, the United States is continuously restricting exports of semiconductors and other goods to China. Since the formation of the new administration, the United States has advanced policies such as imposing additional tariffs on imported goods from countries around the world. In response, China has implemented retaliatory tariffs and restrictions on the export of critical minerals, furthering the separation in the economic field. This economic separation could significantly impact the supply chain and potentially have a negative impact on global economic growth. In addition, as the utilization of AI expands, an increase in electricity demand is anticipated, while the global energy situation remains continuously uncertain due to the complex factors such as Russia's invasion of Ukraine, which has persisted for three years, and the tensions in the Middle East.

However, even amid these changes in the social and industrial landscape, the trends of GX 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 examples, significant growth opportunities will be presented to TDK by trends that include the widespread adoption of renewable energy and electric vehicles towards the realization of a decarbonized society in GX, and transition to upgraded current 5G i.e. new cellular technology (beyond 5G), the practical use of ADAS in automobiles, the growing use of IoT (Internet of Things) products and AI, 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 has identified materiality as key issues that should be addressed based on the Longterm Vision to further improve corporate value. TDK identified the following three areas for "value creation and establishment of competitive advantage through business activities": "create customer value and build strong relationships", "contribute to social transformation through R&D", "stabilize supply of high-quality products and increase production efficiency". Then, TDK identified the following three areas to support "strengthening of the management foundation that envisions and realizes future": "transformation through promoting and cultivating a diverse pool of human resources to further enhance competitive advantage"; "advance group governance"; and "address environmental and social issues". TDK will establish themes in each area and implement specific measures for each of those themes. For example, to "advance corporate governance" TDK defined the following two themes: evaluate the business portfolio continuously and Empowerment & Transparency. Under the theme of evaluate the business portfolio continuously, TDK will establish a business portfolio management system and operate it continuously. In this way, TDK aims to achieve sustainable growth and increase corporate value by advancing initiatives to address key issues and continuously operating a cycle of creating value through business activities.

From a financial aspect, TDK will allocate management resources and expand free cash flow while considering business risks. By maintaining an appropriate balance between capital efficiency, shareholder returns, and financial soundness, TDK aims to build a strong financial foundation that supports TDK's sustainable growth and improves corporate value.

<Key issues (Materiality)>



* Materiality is identified aiming to enhance enterprise value. The concept of synchronizing the sustainability of both society and the company is adopted and it consists of financial materiality (important matters for TDK) and impact materiality (important matters for stakeholders). After deriving financial materiality and impact materiality, we carefully examined both and selected the key issues (materiality).

Chart: Examples of opportunities brought forth by GX and DX within TDK operations

	GX	DX
Passive Components	<Industrial Equipment> Widespread adoption of renewable energy Aluminum Electrolytic Capacitors, Film Capacitors, Piezoelectric Material Products, Circuit Protection Components, Inductive Devices <Automotive> Widespread adoption of electric vehicles Inductive devices, Ceramic capacitors, Aluminum Electrolytic Capacitors, Film Capacitors	<ICT> Growing use of 5G High-Frequency Devices, Inductive Devices, Ceramic capacitors Growing use of IoT and AI High-Frequency Devices, Inductive Devices, Piezoelectric Material Products, Circuit Protection Components, Ceramic capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, <Automotive> Growing use of ADAS Ceramic capacitors, Inductive Devices
Sensor Application Products	<Automotive> Widespread adoption of electric vehicles Temperature and Pressure Sensors, Magnetic Sensors	<ICT> Growing use of 5G, Growing use of IoT and AI All Sensor Application Products <Automotive> Growing use of ADAS Magnetic Sensors, MEMS Sensors
Magnetic Application Products	<Automotive> Widespread adoption of electric vehicles Magnets <Industrial Equipment> Widespread adoption of renewable energy Magnets	<ICT> Growing use of cloud services and AI HDD Heads, HDD Suspension Assemblies
Energy Application Products	<Automotive> Widespread adoption of electric vehicles Power Supplies <Industrial Equipment> Widespread adoption of renewable energy Rechargeable Batteries, Power Supplies	<ICT> Growing use of 5G, Growing use of IoT and AI Rechargeable Batteries
Other	-	<ICT> Growing use of 5G, Growing use of IoT and AI Mechatronics (Production Equipment), Edge AI device solutions

③ Medium-term plan (fiscal 2025–2027)

Medium-term plan (fiscal 2025–2027) was formulated by back-casting from Long-Term Vision as a 3-year-activity plan to realize Long-term Vision. As we work towards achieving our long-term vision, we position the period of this medium-term plan as a time to strengthen our fundamental business (Strengthening profitability of core business, Addressing turnaround business). It is vital for enhancing our enterprise value to maximize free cash flow (FCF) generation, reduce the cost of capital, and increase the expected growth rate. Based on the idea, we will pursue these three pillars below in the medium-term plan.

1. Strengthen management focusing on cash flows
2. Enhance business portfolio management (Emphasizing ROIC)
3. Evolve the Ferrite Tree (Pre-financial capital).

With these three pillars, the medium-term plan has set the pre-financial KPIs in addition to the financial KPIs; it is based on the ways of thinking to enhance our enterprise value through pursuing not only the financial value but the pre-financial value, the source of future financial value, and balancing between the achievement of the short to medium-term target and the activities to continuously generate value in the long-term.

* TDK considers technological capabilities, organizational strength, human capital, customer base and so on, which are called "non-financial capital" in general, to be capital that generates future cash flows and expresses it "pre-financial capital".

<List of KPIs for the medium-term plan >

			FY 2025 Result	FY 2027 Plan	How we want to be in the medium-to long-term
Financial indices	Growth	Net sales [¥ bn] (CAGR)	2,204.8	2,500.0 (approx. 5%)	(10% or more)
	Efficiency	ROE	9.5%	10% or more	15% or more
		Business ROA (ROIC) (>WACC) *1	6.7% (<7.0%)	8% or more	12% or more
		Operating profit margin (OPM)	10.2%	11% or more	15% or more
	Financial soundness	Shareholders' equity ratio	50.8%	50% level	-
		D/E ratio	0.34 x	0.3-0.4 x	-
	(Exchange rate assumptions)		(¥152.66/US$)	(¥135/US$)	(¥135/US$)
Pre-financial indices	KPIs	Team member engagement (TME)			
		- Communication score	68 pts.	75 pts. or more	-
		- Response rate	90%	80% or more	-
		CO2 emission reductions ratio *2 (SBTi Scope 1+2) (vs. FY 2022)	-	23.3%	42.0%

*1 Please refer to 4. Analysis of financial position, operating results and cash flow position by management (2) Analysis and discussion regarding operating results, etc. from a management viewpoint ② Recognition, analysis and discussion regarding operating results, etc. in the fiscal year "Management policy, management strategy, indicator to judge achievement status of management goal, etc." for the detail of Business ROA (ROIC).

*2 SBTi is an initiative that supports companies in setting scientifically based environmental goals. In order to achieve the goal stated in the Paris Agreement of limiting the rise in global average temperature to within 1.5℃ compared to pre-industrial levels, SBTi provides companies with criteria that can be used in goal setting. We have set the gradually required CO2 emission reduction rate calculated based on these criteria as the target for FY 2027 Plan. TDK received SBT certification by SBTi in June 2024. FY 2025 Result will be disclosed in other disclosure documents after July 2025.

2. Views and initiatives regarding sustainability

The forward looking statements in this report are based on judgment current as of March 31, 2025.

＜Sustainability in general *＞

(1) Governance

Under the supervision of the Board of Directors, the Sustainability Promotion HQ, which was established under the direct authority of the President and CEO, cooperates and coordinates with each headquarters functions to propose action policies and measures on sustainability. The Chief People and Sustainability Officer (CPSO *), the officer (and member of the Executive Committee) who is responsible for human resources and sustainability works with the Sustainability Promotion HQ to promote TDK sustainability strategies that will lead to increased corporate value.

(Functions and Roles of the Sustainability Promotion HQ)

・Cooperate with regional headquarters in China, Europe, and the Americas to promote global action by business divisions, Group companies, and manufacturing sites.

・Monitor the status of action, disclose sustainability-related information, engage in dialogue with stakeholders, and take other action. Encourage improvement by providing feedback on identified issues to relevant parties within the company based on opinions obtained through dialogues with stakeholders and from promoting action.

・Report monthly on the progress of action to the President and CEO.

(Deliberation and Decisions on Sustainability)

・Following deliberation on company-wide issues and topics relating to sustainability, a report is made to the Board of Directors. Based on the report, the Board deliberates or adopts a resolution and performs supervision to ensure that appropriate action is taken.

(Disclosure regarding remuneration)

・TDK adopts Performance Share Unit (PSU) out of Post-delivery Type Share Remuneration Plan. Under this plan, TDK shares and cash, which are determined based on the degree of achievement of the performance targets of the Medium Term Plan, are delivered to directors who also serve as corporate officers and corporate officers of TDK after the end of the Target Period. Indices regarding Climate Change and Human Capital are included as Pre financial indices in PSUs. As for the detail, please refer to IV. Filing company 4. Status of corporate governance, etc. (4) Remuneration for Directors and Audit & Supervisory Board Members.

(2) Risk management

In aiming for sustainable growth, the TDK Group promotes company-wide measures against factors (risks) that hinder the achievement of organizational goals and implements company-wide risk management (ERM) activities to appropriately manage them and ERM Committee is established in which the chair person is appointed by President and CEO from directors. In ERM Committee, we promote company-wide risk in a way we analyze and evaluate company-wide risk, identify risks which require countermeasures and decide a responsible function to be in charge of risks. As for each risk, the responsible function takes the lead in countermeasures and the progress is monitored in ERM Committee. We discuss the risk analysis evaluations and countermeasure situations at the Executive Committee and report them to the Board of Directors.

Risks concerning sustainability, such as risks concerning the environment including climate change, securing personnel and training personnel and human rights are also allocated to risk owner departments and director is assigned for it.

* We positioned initiatives in response to the various sustainability fields located both inside and outside of TDK (climate change, human capital, human rights, etc.) as key issues of the entire TDK Group. To identify these risks and opportunities and properly build strategy and business model, we developmentally dissolved the Sustainability Promotion HQ, which was a separate body from the Corporate Strategy HQ, and in April 2025 placed it within the Corporate Strategy HQ as the Sustainability Promotion Group.

Moreover, to promote management for the above purpose, we newly established the Sustainability Committee, comprising members from across multiple organizations, in April 2025. With the aim of synchronizing the sustainability of society and the sustainability of the TDK Group (the long-term enhancement of corporate value), the Sustainability Committee identifies risks and opportunities relating to sustainability, sets the key issues (materiality) of the TDK Group, undertakes progress management, and makes revisions to them at times of change in the internal or external environment, and responds to sustainability-related regulations.

According to the reorganization, we also developmentally dissolved CPSO and appointed CHRO that is in charge of the People Strategy in April 2025.

＜Climate Change＞

Anthropogenic greenhouse gas emissions, which contribute to global warming, are on the rise, and the sense of crisis about climate change is increasing, as represented by the Paris Agreement adopted at the COP21 in December 2015. Above all, carbon dioxide (CO2) is a major emission source that makes up 76% (from the IPCC 5th Assessment Report) of greenhouse gases, so it is necessary to implement reliable CO2 reduction measures in business activities.

In the TDK Group, the environmental officer serves as the manager of the Group's environmental activities, including climate change issues, and the Safety, Environment and Social Group of the Sustainability Promotion HQ leads the promotion of and support for the Group's environmental activities. We make decisions on important matters for management of the Group's environmental activities based on deliberation by the Executive Committee and, if necessary, the Board of Directors. The TDK Environmental Vision 2035 was established as the goals of specific activities, and we strive to reduce the environmental load from a life-cycle perspective, from the use of raw materials to the use and disposal of products.

TDK joined the RE100* in November 2022. 100% of the electricity used in all manufacturing sites in Japan is from renewable energy sources since July 1, 2023 and TDK achieved that electricity use at all of its business facilities around the world to be 55% renewable energy in March 2024. TDK plans to convert electricity use at all of its business facilities around the world to 50% renewable energy by 2025 and 100% renewable energy by 2050.

*International initiative operated by Climate Group, an international environmental NGO, in partnership with CDP. It consists of companies committed to converting electricity use in business activities to 100% renewable energy..

(1) Governance

(Board’s oversight of climate-related risks)

At TDK, under the supervision of the Board of Directors, the CPSO carries out a management review more than 4 times a year of the state of progress in environment-related matters, including climate change, as well as plans and risks. The results of the management review and matters requiring management decisions are deliberated in the Executive Committee and, if necessary, the Board of Directors.

(Management’ s role in assessing and managing climate-related risks)

・Responsibilities

Regarding a company’s social responsibility, TDK recognizes that coexistence with the global environment is an important issue in management and has established the post of environmental officer. Appointed by the President and CEO, the CPSO takes responsibility for environmental management in general, including climate change. In addition, the head of the Safety, Environment and Social Group of the Sustainability Promotion HQ, which has been established under the environmental officer, is given responsibility for implementing environmental management, including climate change.

In the TDK Group, all business groups, departments, sites, manufacturing subsidiaries, and head office functions come together in unison to work toward realizing the goals of the TDK Environmental Vision 2035 (operate under an environmental load within natural circulation and halve the life-cycle CO2 emission intensity by 2035).

Among environmental risks, including climate change, important matters are reported through the ERM Committee to the Executive Committee and the Board of Directors.

・Content of responsibilities

The Safety, Environment and Social Group of the Sustainability Promotion HQ sets Group-wide targets for environmental matters, including climate change, and identifies environment-related risks for the Group. The ERM Committee identifies Group-wide risks in accordance with “Enterprise Risk Management Regulation” and handles problems relating to climate change as one aspect of Group-wide risks.

・Monitoring

The achievements of environmental activities, including activities relating to climate change, are reported in the management report, and more than once a year the CPSO carries out a management review, discussing and deciding important matters in the promotion of environmental activities, such as the compilation of reports and medium- to long-term targets for major KPIs and energy-saving investment. In addition, matters in this management review that are deemed to exert an important impact on management, such as visions and large-scale investment, are discussed in the Executive Committee and, if necessary, the Board of Directors.

(2) Risk Management

Risks which are significant for management is assessed as a part of comprehensive risks in the ERM Committee. Regarding risks deemed by the assessment to require Group-wide efforts, including climate change risk, the ERM Committee checks the progress of countermeasures approved by the Executive Committee and, after completion of the countermeasures, obtains the approval of the Executive Committee.

(3) Strategy, Metrics and Targets

TDK has designated the vision of what we want to be for TDK in 10 years as our long-term vision since fiscal 2025, the "TDK Transformation." which declares "Contribute to the transition towards a sustainable future by accelerating the transformation of society and advancements in technology enabled by electronic devices developed through leveraging cutting-edge innovation in materials, processes, and software technology" and "Become the No.1 partner growing alongside our worldwide customers by pursuing continuous "transformation"". This long-term vision holds two meanings: The first is contributing to the social transformation; the second is continuously pursing internal transformation, in other words, to transform ourselves. "TDK Transformation" represents our commitment to accelerating these two cycles towards contributing to a sustainable future.
To realize it, TDK reidentified Materiality and addresses climate change by strengthening our activities to reduce greenhouse gas emissions and promoting measures to address climate change in order to realize a net-zero CO2 emissions society by 2050.

* Based on TDK Group's Materiality which is linked to medium-term plan (fiscal 2022–2024).

-Results of scenario analysis-

In accordance with the Practical guide for Scenario Analysis in line with the TCFD recommendations issued by the Ministry of the Environment, TDK implemented scenario analysis based on the following preconditions:

<Preconditions>

Assumed period	: Fiscal 2031
Applicable scope	: Entire TDK Group
Adopted scenarios	: 1.5°C scenario (Net Zero Emissions by 2050 [NZE] of the International Energy Agency [IEA]), 4°C scenario (the IEA's Current Policies Scenario [CPS], Stated Policies Scenario [STEPS], and Representative Concentration Pathway [RCP] 6.0 scenario)

The following are the main risks and opportunities identified based on the scenario analysis. Under the 1.5°C scenario, in which countries' regulations through decarbonization policies become stricter, we understood the possibility of transitional risks occurring with the introduction of carbon pricing and higher cost of renewable energy. The analysis estimated the financial impact of these risks in fiscal 2031 to be 11.4 billion yen in the case of carbon pricing and 15.5 billion yen for renewable energy. In the automotive market, which is one of TDK's key markets, since the shift to electric vehicles will progress, we also recognized the possibility of expanded sales opportunities for EV-related products and battery-related risks and opportunities. Under the 4°C scenario, the analysis also showed the possibility of increased risks of flooding due to the frequent outbreak of abnormal weather.

Classification		Risks and opportunities	Occurrence*	Main countermeasures
Transition risks	Carbon pricing / carbon-emission targets of each country	Risk	Medium-long term	・Promotion of the effective use of energy, expanded use of renewable energy, etc. at manufacturing sites toward the realization of net-zero CO2 emissions in 2050
	Increase of energy costs due to rise in renewable energy ratio	Risk and opportunity	Medium-long term	・Promotion of the effective use of energy at manufacturing sites toward the realization of net-zero CO2 emissions in 2050 ・Promotion of the development of products for renewable energy, etc.
	Increase of new business chances due to expansion of EV market	Opportunity	Medium-long term	・Promotion of product development with an eye on EV market expansion
	Development of next generation battery materials	Risk and opportunity	Long term	・Promotion of the development of all-solid-state batteries
	Increase of customer demands regarding RE100	Risk and opportunity	Short-long term	・Analysis of customer initiatives to respond to climate change ・Compilation of plan to introduce renewable energy, etc.
Physical risks	Increase of business risks due to rise in flooding	Risk	Medium-long term	・Implementation at sites of measures to counter flooding risks ・Promotion of BCP response, building of BCM framework, etc.

*Time horizon: "short-term" is expected to be less than 1 year, "medium-term" between 1 and 3 years, and "long-term" between 3 and 20 years.

TDK has stated its aim to achieve net-zero CO2 emissions by 2050 in the "TDK Group's Materiality" and has also set the goal of "halving the life-cycle CO2 emission intensity by 2035(compared with fiscal 2015)" in the "TDK Environmental Vision 2035". Based on this vision, we have established the action items and target values in the "TDK Environmental, Health and Safety Activities 2025" as our basic environmental plan through 2025, and are monitoring progress. TDK obtained SBT certification for our Near Term target in June 2024 and for our Net Zero target in February 2025.

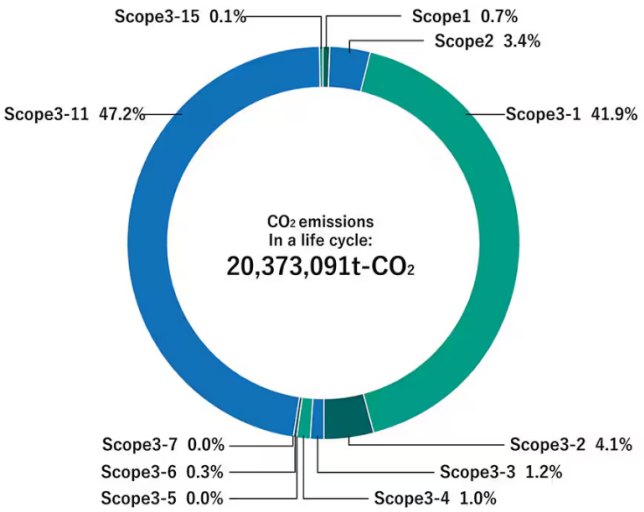
GHG emission (kt-CO2)	Fiscal 2024 result
Total emission	20,373
Scope 1	134
Scope 2	694
Scope 3	19,546

*Results of fiscal 2025 will be disclosed in our Sustainability Website after third-party verification from July 2025.
*Calculation is consolidated basis.

TDK Group's materiality	Effective use of energy and expanded use of renewable energy (Scope 1, 2) toward the realization of net zero CO2 emissions by 2050 (Scope 1, 2, 3)
TDK Environmental Vision 2035	Halving the CO2 emissions intensity from a life-cycle perspective by 2035, compared with fiscal 2015 (Scope 1, 2, 3)
Action Plan in TDK Environment, Health and Safety Action 2025	・Improve CO2 emissions intensity by 30% by 2025, compared with fiscal 2015 (Scope 1, 2, 3) ・Achieve renewable energy target of 50% by 2025 (Scope 2)

Fiscal 2024 Goals	Fiscal 2024 Achievements
(Reduction of CO2 emissions at manufacturing sites)	
Improve CO2 emission intensity from energy use by 1.8% compared with the previous fiscal year	Improved by 38.0% compared with the previous fiscal year
Improve energy consumption intensity by 1.0% of the previous fiscal year	Improved by 2.9% compared with the previous fiscal year
Installation rate of renewable energy electricity in fiscal 2026 : 50% (Scope 2)	55.2% introduced compared to target of 40% in fiscal 2024
(Reduction of CO2 emissions through Scope 3 category-specific initiatives)	
Promote reduction of environmental load through activity of Scope 3	Reduction of CO2 emissions in global logistics Improved CO2 emission intensity in logistics by 12.0% compared with the previous fiscal year (Japan)

Breakdown of Environmental Impact (CO_2 Emissions)



*Results of fiscal 2025 will be disclosed in our Sustainability Website after third-party verification from July 2025.
*Calculation is consolidated basis.

[Reference]
In addition to the disclosure of information based on TCFD (Task Force on Climate-related Financial Disclosures), TDK has begun conducting an analysis, assessment and disclosure of dependencies, impacts, risks, and opportunities related to natural capital in general, including biodiversity, based on the final recommendations of TNFD (Task Force on Nature-Related Financial Disclosures) published in September 2023.

＜Human Capital＞

TDK Group comprises more than 100 companies with over 250 sites in more than 30 countries around the world. TDK Group has about 100,000 employees, and more than 90% of them work outside Japan. About 80% of these employees have joined the TDK Group through M&A. TDK established long-term vision as “TDK Transformation” in fiscal 2025, which means both contributing to the transformation of society and accelerating our own transformation. The fundamental basis of this transformation and growth is people, and the diversity of the TDK Group can be described as one of its major strengths. It is essential to create an environment in which these diverse Group companies and their excellent human resources can maximize and fulfil their potential as members of the TDK Group, and to build a human resources development system based on a common foundation for the TDK Group in order to improve our corporate value.

Under this recognition, in TDK the German General Manager of Human Resources HQ proceeds many measures to maximize Human capital of TDK Group from inclusive perspective as Chief People and Sustainability Officer (CPSO). Under this leadership, we set Human Resources HQ’s long-term vision as " Foster a corporate culture that values diversity, promotes inclusive leadership practices, and creates an environment where all team members feel valued & included and create impact.", and set materialities as “Promote diversity, equity and inclusion driven by inclusive leadership practices” , “Develop organizational capability to enhance innovation and efficiency” and “Improve team member (employee) health and engagement”.

In order to achieve the long-term vision, to encourage diverse human resources to transcend corporate and national differences, we will continue to enhance the Group’s awareness of unity and engagement through a team member engagement survey worldwide. In addition, we have established the TDK Health Declaration and are also working on Well-being. We are also promoting the improvement of workplace environments for individual team members, such as Diversity, Equity and Inclusion, throughout the Group. By approaching from these both sides of human and environment, TDK will build a corporate culture in which group members share mutual respect and can freely exchange opinions regardless of such factors as culture, nationality, age, race, ability, gender, gender identity, gender expression, gender orientation, presence or absence of disabilities and religions.

(1) Governance

Under the supervision of the Board of Directors, the CPSO has accountability to the Board of Directors to plan and deliver the People Strategy in partnership with the corporate officers, business companies, and functional leaders. Moreover, the Global HR functions which reports into the CPSO collaborate together across global, regional, and local subsidiaries to plan, develop, and deliver coordinated people practices, technology, and services. These are regularly reported from CPSO into and discussed at corporate and executive staff meetings.

(2) Risk management

To mitigate risks, we involve and engage all Team Members to in an annual listening process where we measure engagement, identify areas of improvement, and take action. Our business leaders are empowered to deliver results while being open and transparent in all aspects of building a sustainable future: environmental, social, and governance. The TME survey data and resulting action is a core risk management process. Additionally, each of our People Strategy focus areas is regularly measured, challenged, and communicated to ensure that it is linked to material efforts.

(3) Strategy・Metrics and Targets

Transformation through promoting and cultivating diverse pool of human resources to further enhance competitive advantage

(Promote diversity, equity and inclusion driven by inclusive leadership practices)
Ensure the diversity of the TDK Group's human resources and promote leadership practices that enable each individual to fully develop their abilities and strengths.

Main KGIs/KPIs*for long/mid-term	Target* for mid-term KPI	Result for fiscal 2025
Long-term: Improve diversity in management team Mid-term: Female ratio of participants in Global Management Development Programs	30%	26%

(Develop organizational capability to enhance innovation and efficiency)
Develop business entrepreneurs who can identify market needs and propose value to our customers to maximize the use of the TDK Group's assets and enhance the organization's ability to create new businesses.

Main KGIs/KPIs*for long/mid-term	Target* for mid-term KPI	Result for fiscal 2025
Long-term: Number of business entrepreneurs developed ** Mid-term: Number of overall participants in Global Management Development Programs	500 participants or more (3 years total)	179 participants (1 year total)

(Improve team member (employee) health and engagement)
Promote an environment in which team members (employees) can work enthusiastically to ensure the diversity of the TDK Group's human resources by enhancing team members (employees) engagement and health so that each individual can fully demonstrate their abilities.

Main KGIs/KPIs*for long/mid-term	Target* for mid-term KPI	Result for fiscal 2025
Long-term: Improve Engagement survey score Mid-term: 1) Engagement survey measurement (communication) 2) Participant rate of engagement survey	1) 75pts. or more 2) 80% or more	1) 68 pts. 2) 90%

* KGIs for Long-term, KPIs for Mid-term, long-term is assumed to for approx. 10 years (fiscal 2025-2034) and mid-term approx. 3 years (fiscal 2025-2027).
** A certain business company only

3. Business Risks

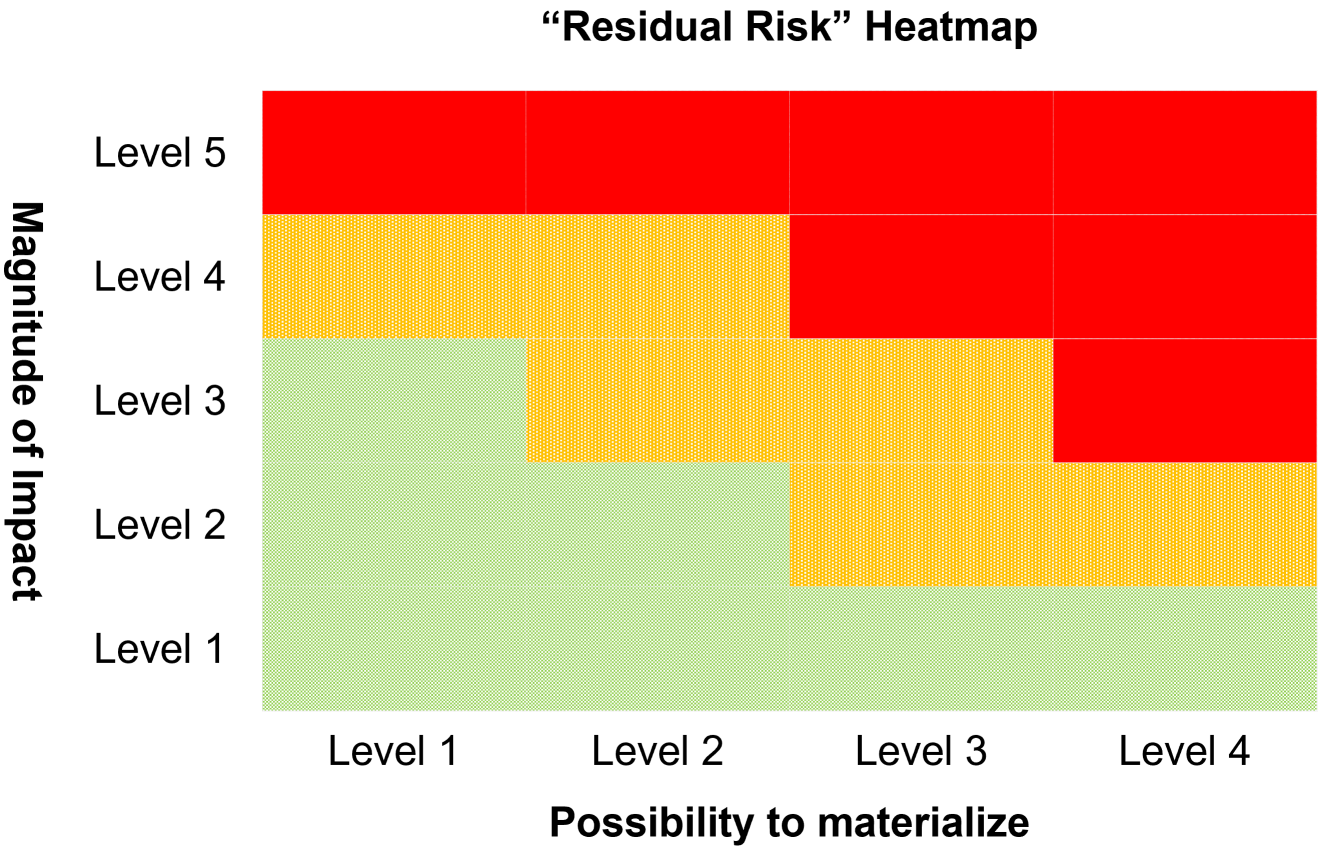
In aiming for sustainable growth, the TDK Group promotes company-wide measures against factors (risks) that hinder the achievement of organizational goals and implements company-wide risk management (ERM) activities to appropriately manage them. TDK's basic policy for risk management is to ensure that each organization within the TDK Group takes appropriate risks in order to create corporate value and prevent damage to corporate value by appropriately identifying and responding to opportunities and risks.

In order to consider and implement measures related to ERM activities and strengthen risk management activities, we have established an ERM Committee under the direct control of the Executive Committee, which is chaired by a corporate officer appointed by the president. The ERM Committee clarifies the role of each organization in risk management activities and promotes the PDCA cycle of a series of risk management activities, from identification of risks to evaluation, consideration of countermeasures, implementation, monitoring, and improvement. The appropriateness of these risk management activities is confirmed through oversight by the Board of Directors and the Executive Committee, as well as through the participation of the Management Audit group as an observer in ERM Committee meetings and audits by Full-time Corporate Auditors.

Step	Purpose of activity
Identify	Identifying risks surrounding the TDK Group
Assess	Among the identified risks, from the perspective of the magnitude of the impact on the TDK Group if they occur, narrow down and prioritize the risks that should be strengthened from the perspective of both management (top-down) and on-site (bottom-up)
Draft Measure	To prevent risks from materializing, consider measures from the perspective of avoidance, transfer, reduction, acceptance, etc.
Execute	Implement measures to prevent risks from materializing
Monitor	Monitor whether the measures are functioning properly and whether there are any signs of manifestation
Improve	Review the results of risk management activities and consider improvements

As a risk assessment, each term the residual risk (i.e., after control by the measures taken so far) is estimated from the perspective of the three elements of management resources (people, goods, and money), relationships with internal and external stakeholders, reputation, and BCP. We calculate the magnitude of the impact on the TDK Group from the above and combine it with the possibility of the risk materializing to create a residual risk heat map to identify critical risks. In addition, we have

identified risks that may hinder the implementation of measures to achieve the TDK Group's important issues (Materiality) set for this fiscal year and have designated these as critical risks as well. Among these critical risks, those for which it is considered possible to reduce the likelihood of occurrence or mitigate the impact in the event they materialize through the enhancement of our internal control systems are evaluated by each risk owner and the ERM Committee to determine whether the risk management systems are sufficient. The results of these risk assessments and the status of countermeasures are deliberated at the Executive Committee and reported to the Board of Directors. In addition, the validity of the heat map is verified at least once during the period, and the assessment of residual risk is reviewed if necessary.



Listed below are items that, among those relating to "Review of operations" and "Consolidated Financial Statements and Notes to Consolidated Financial Statements" stated in the Annual Securities Report, may significantly influence investor decisions. The following risks include forward-looking statements based on judgments current as of the filing date of the Annual Securities Report on June 19, 2025. However, it is difficult to reasonably predict when each risk will materialize if at all.

(1) Risks concerning changes in economic trends

The electronics industry, TDK's field of operations, is highly susceptible to social and economic trends in the U.S., Europe, Asia, and particularly China and Japan, which are the main markets for end products. In addition, markets in these countries and regions are constantly exposed to various risk factors such as political issues, international issues, and economic fluctuations. Although TDK monitors such world risk trends and takes timely measures in response to them, there is no guarantee that adequate and timely measures can always be taken. And, if changes beyond our expectations occur in such business environments, such changes could significantly affect business results.

(Major Countermeasures)
In order to minimize the negative impact on TDK's business performance caused by economic trend changes, we are conducting several measures to improve our management structure, such as optimization of manufacturing sites, examination of capital investment plan, improvement of business efficiency in headquarters, etc.

(2) Risks concerning fluctuations in currency exchange

TDK conducts business activities globally. Indeed, more than 92% of net consolidated sales are accounted for by overseas sales, and many transactions are conducted in currencies other than the yen, such as the U.S. dollar or euro. A sudden appreciation of the yen against these currencies could affect earnings such as by reducing net sales and operating income. In order to mitigate these risks, TDK is working to purchase more raw materials in foreign currencies and increase the local procurement of supplies consumed overseas. Foreign currency fluctuations also give rise to conversion differences with respect to our investments in overseas assets and liabilities, which are converted into yen in our consolidated financial statements. We estimate that appreciation of one yen against the U.S. dollar and euro would push down TDK Group's annual operating profit by about 2 billion yen and 300 million yen respectively. Measures are taken against fluctuations in foreign currency exchange rates, including procuring foreign currency-denominated funds and concluding forward foreign exchange contracts; however, sudden or significant fluctuations in exchange rates could have a significant adverse effect on TDK's financial position and business results.

(Major Countermeasures)
Transactions between overseas subsidiaries and the headquarters (Japan) are carried out in the local currency as much as possible to reduce the risk of foreign currency exchange fluctuations of overseas subsidiaries. The risk is consolidated at the headquarters and comprehensive exchange contracts are made from Japan to reduce the risk of overall currency exchange fluctuations. Overseas subsidiaries also use foreign exchange contracts, etc., as necessary to mitigate that risk. In order to reduce the impact of foreign currency fluctuations at the operating income stage, we are promoting U.S. dollar-based purchasing and Japanese yen-based sales or Chinese yuan-based sales.

(3) Risks concerning interest rate fluctuation

TDK, as necessary, has financial assets, such as cash deposits and government bonds, and financial liabilities such as loans from banks, corporate bonds, and lease obligations. Fluctuations in interest rates over such assets and debts could affect the interest income, and interest expense, and the value of financial assets and liabilities, which could have a significant effect on TDK's financial position and business results.

(Major Countermeasures)
Regarding the risk of rising interest rates, we are working to reduce the risk of interest rate fluctuations by raising low-interest and fixed-rate funds through corporate bonds and bank loans. With regard to the risk of declining interest rates, we focus on guaranteeing principal and invest mainly in time deposits. While watching interest rate trends, we control the risk by investing for a relatively short period of time when interest rates are rising and a relatively long period of time when interest rates are falling.

(4) Risks concerning natural disasters and pandemics

TDK has many production factories and research and development facilities in Japan and overseas. These facilities and plants have taken disaster-protection and infection-control measures and purchased their own power generation facilities to cope with electricity shortages in preparation for unexpected natural disasters and infection outbreaks. However, significant damage could be incurred at these facilities and plants due to an event beyond assumptions, such as a large earthquake, tsunami, typhoon, flood, or volcanic eruption, or a large-scale blackout or electricity shortages caused by them. In the event of interruption to manufacturing, disruption of transportation routes, damage to or disconnection of information and communications infrastructure, impairment of central functions, or significant damage to our customers themselves due to the impact of such occurrences, orders and supply could be affected for a long period of time. This situation could have a significant effect on business results.

Furthermore, if the economy deteriorates, our offices are closed, or the supply chain is disrupted due to spread of the COVID-19 or other infections, it may have a significant impact on our business performance.

(Major Countermeasures)
TDK is formulating BCP (Business Continuity Planning) for each major business and promoting BCM (Business Continuity Management) activities so that production at the manufacturing site can be resumed as soon as possible in the event of an emergency. In the same way, the sales and headquarters staff functions also have a BCP to prepare for emergencies so that the entire functions of the company will not be suspended. In terms of securing the supply chain in the

event of a disaster, even if business cannot be continued due to a large-scale disaster, we will follow the procedures stipulated in the BCP and establish alternative bases for priority operations in emergency such as payment to suppliers and continuation of the supply of materials. Furthermore, regarding initial response, TDK has globally introduced a system that enables rapid information sharing between our overseas subsidiaries and the headquarters to quickly grasp the damage situation in the event of an emergency.

Regarding infectious diseases, each of the TDK Group's business sites will maintain the usual infection control system, and in the event of an outbreak or cluster outbreak, we will implement the infection prevention system developed through our experience with COVID-19 countermeasures.

(5) Risks in international business activities

TDK conducts operations globally, and its overseas sales accounts for more than 92% of total sales on a consolidated basis. In many of our target markets and emerging countries that are expected to see economic development going forward, TDK may be exposed to international political risks such as war, terrorism or other events, domestic political and economic risks such as fluctuations in currency exchange, tariff raising, import/export restrictions, and social risks including labor problems stemming from differences in cultures and customs, and diseases. There may be unknown risks in building relationships with trading partners due to differences in commercial and business customs. If these risks materialize, they could reduce or halt manufacturing activities, force the stagnation of sales activities and in turn have a significant adverse effect on business results.

In particular, TDK Group's sales to China account for 54% of total sales on a consolidated basis. In order to establish a system for supplying both local customers and foreign-owned companies that have been setting up operations in China, we have many factories in China. As a result, the amount of production at our Chinese factories is approximately 59% of the total amount of production of the entire the TDK Group. If problematic events occur in China due to above-mentioned political factors (such as changes in laws and regulations), economic factors (such as the continuity of high growth and status of infrastructure development such as electric power supply) or social environment factors, there could be a significant effect on business results.

(Major Countermeasures)

To deal with risks in international business activities, the government relations function established in the headquarters and the regional headquarters in the Americas, Europe, and China are used to grasp and analyze risk-related information in each region and changes in laws and regulations in each country. In particular, we recognize that global geopolitical risks, such as the recent conflict between the United States and China, are critical risks, and are working on taking appropriate measures. Furthermore, while most production is in the areas of demand, we are appropriately reviewing the location of factories, considering country risks and other factors. Although we continue implementing our site optimization strategy with regard to our dependence on China, the tangible fixed assets held by the TDK Group in China have slightly increased from 381.2 billion yen in the fiscal year ending March 31, 2024 to 391.1 billion yen in the fiscal year ending March 31, 2025.

In response to Russia's invasion of Ukraine, we have continued to freeze business activities in Russia and Belarus since the incident happened.

(6) Risks concerning human rights

TDK has, for the sustainable development of society and SDGs as an indicator, recognized corporate social responsibility, such as improvement of the working environment and respect for human rights, as important management issues. Also, TDK has been working to understand and continuously improve issues through self-assessment, auditing, training, and dialogue according to the action standards of RBA (Responsible Business Alliance) in all business operations including supply chain management. However, in case there are problems related to industrial health and safety such as industrial accident, child labor, forced labor, or human rights such as discrimination to foreign workers, despite of our efforts, decline of social trust in TDK, suspension of business transactions, or withdrawal of partial business may have a significant effect on our business results.

In case related laws, regulations, or international initiatives' standards, etc., are materially tightened, expenses to adapt to such tightening may become unexpectedly high, or a part of business may be withdrawn. This could have a significant effect on our business results.

(Major Countermeasures)

We remain committed to respecting human rights in the TDK Code of Conduct, and explicitly prohibit any form of forced labor. In addition, the TDK Group Human Rights Policy clarifies our approach to respecting human rights, conducting various surveys and audits in the supply chain and communication with stakeholders in accordance with this policy. In the process, if we determine that there is an act that deviates from the Code of Conduct, we will take necessary measures to correct it.

We have listed “Progress in solving social and environmental issues” as one of "TDK Group Critical Issues (Materiality)," set "respect for human rights" as the themes, and are developing these themes globally. For our own manufacturing sites, the Sustainability Promotion Group takes the lead in conducting CSR self-checks, labor and business ethics risk assessments on an annual basis and conducts internal CSR audits and CSR audits by third-party auditing firms periodically for each production site. Especially as efforts to prevent child labor, in addition to the above, we conduct additional self-assessment with respect to our own manufacturing sites and contract manufacturing sites located in a high-risk area. Furthermore, Human Resources HQ promotes the management of working hours on a global basis to prevent forced labor.

Regarding changes and tightening of laws and regulations, we closely monitor each country’s laws, social conditions, and customer trends, etc., and are trying to reduce the risk by quickly responding to these changes.

(7) Risks concerning the environment including climate change

The emission of greenhouse gases that are contributing to global warming has been increasing. As represented by the "Paris Agreement" adopted in COP 21 in Dec 2015, a sense of crisis for Climate Change has been increasing. Since Climate change is an important issue for TDK, based on the recommendations of TCFD (Climate-related Financial Information Disclosure Task Force) which was announced in May 2019, we promote disclosure of information related to climate change and prepare analysis and countermeasures led by the Corporate Officer in charge of the environment.

In addition, the TDK Group is subject to various environmental laws and regulations, including those governing air pollution, water pollution, soil and groundwater contamination, waste disposal, and chemical substances contained in products. The TDK Group complies with these laws and regulations as it conducts its business activities, but environmental regulations are likely to become stronger, and the costs of complying with them are expected to increase, which could have an adverse effect on the TDK Group's financial position.

(Major Countermeasures)

In recent years, the TDK Group has become increasingly aware of the importance of harmonizing climate change and resource circulation with our business activities. We view these issues as both opportunities and risks for our business and are actively working on various initiatives. In addition, we are grasping the issues that have arisen or may arise in the fields of science, regulations, and society surrounding global efforts to prevent air, water, and soil pollution. Led by the Sustainability Promotion Group, we identify risks and opportunities, prioritize important issues, and continuously implement the PDCA cycle to drive ongoing improvement.

Details regarding climate change-related risks, opportunities, and main countermeasures are provided in Section 2, “Business Overview,” Subsection 2, “Approach and Initiatives for Sustainability,” under “Climate Change.”

(8) Risks of taxation

TDK has manufacturing bases and sales entities throughout the world, and we conduct a lot of international transactions between group companies. We pay close attention to make transaction prices appropriate from the perspective of transfer pricing taxation and customs laws in each applicable country. However, due to differences of opinions with tax authorities or customs authorities, we may incur additional tax burden as a result of indication that the transaction prices are inappropriate. And, due to the enforcement, introduction, amendment or abolition of tax laws or their interpretations and operations around the world, we may incur an increase of tax burden.

With respect to deferred tax assets, we have periodically evaluated their collectability according to the prospect of future taxable income and the profit plan to be realizable by tax. When the future profit plan cannot be realized, or when the evaluation of collectability is reviewed due to the enforcement, introduction, amendment or abolition of tax laws or their interpretations and operations, corporate income tax costs may increase by reducing the portion that is no longer likely to be collected.

When such events occur, that could have a significant effect on business results.

(Major Countermeasures)
For risks in international transactions among TDK group companies, we conduct transfer price monitoring within TDK Group and take measures to reduce the risk if it is judged to be high. In addition, taxation risk analysis is conducted at the time of changing business flow or starting new transactions, and measures are taken as needed.

About the risk concerning effect, enforcement, or introduction of tax law or its interpretation, we exchange information between the headquarters and each regional headquarters and try to grasp the information on tax revisions of each country in advance and identify the impact on the TDK group.

(9) Risks concerning technological innovation and new product development

In TDK, the launch of new products imbuing value on a timely basis helps boost our profitability. We also believe ongoing new product development is key to our survival. We believe that our ability to increase sales by developing appealing, innovative products has an important role to play in our growth. We are therefore engaged in new product development as an important element of our management strategies. However, it is extremely difficult to precisely predict future demand in the rapidly changing electronics industry. TDK may fail to continue to develop and supply, in a timely manner, attractive and new products with innovative technologies for this industry and our markets. Research and development divisions in TDK continuously reshape the framework based on analysis of market trends, along with conducting development management to promote the prioritization of development themes. Nevertheless, there is a risk that a loss of sales opportunities could result in the loss of future markets, as well as existing markets.

In addition, TDK develops, produces, and sells a wide variety of products in countries and regions around the world, and the data obtained through these business activities can be regarded as our assets. However, if these data could not be properly accumulated and utilized in the development and sales of attractive products in collaboration with the development, sales and marketing departments, it may have a significant adverse effect on business results and growth prospects.

(Major Countermeasures)
In new product development, all relevant functions are involved in reviewing and evaluating each development theme from start to end, judging marketability of new products and promoting productization by utilizing accumulated data. We conduct rigorous risk assessments through design reviews at each stage of product planning, design, prototyping, and manufacturing. Also, with Corporate Marketing & Incubation HQ at the center, we make quick feedback to new product development through the company-wide cross-functional system. It helps to respond to changes in the market in a timely manner.
Furthermore, by collaboration with venture companies that were invested in through TDK Ventures, which was established in 2019, we can quickly detect new technology trends, reinforce technology roadmaps, and work on entering new markets.

(10) Risks concerning price competition

TDK supplies electronic components in a broad range of fields in an electronics industry where competition is intensifying. These fields include ICT represented by smartphones, the automotive field, where use of onboard electronics is increasing, and energy related fields such as solar and wind power generation. Price is one of the main competitive factors differentiating us from other companies in the industry in which leading Japanese companies and international companies in South Korea, Taiwan and China have fueled intense price competition.

TDK is working to promote ongoing cost-cutting initiatives and increase profitability to counter this market competition. However, such price trends could have a significant effect on business results.

(Major Countermeasures)
In each business of TDK, we strive to avoid price competition by creating high value-added products, and continuously promote cost reduction measures. Also, we are working to improve capital efficiency and profitability company-wide and strive to minimize the negative impact of lowering price on our business performance.

(11) Risks concerning raw material procurement

TDK's manufacturing system is premised on securing raw materials and other supplies in adequate quality and quantity in a timely manner from multiple external suppliers. However, for major raw materials, we may rely on a limited number of difficult-to-replace suppliers. Because of this, there may be cases where supplies of raw materials and other products to us are interrupted by a disaster, an accident or some other event at a supplier, supply is suspended due to quality or other issues, or there is a shortage of supply due to an increase in demand for finished products. Moreover, there may be cases where local procurement necessitated by increased overseas production is negatively affected by overseas circumstances. If any of these situations becomes protracted, it could have a significant, adverse effect on production and prevent us from fulfilling our responsibilities to supply products to our customers. If the supply-demand balance in the market is disrupted, it may considerably increase costs of manufacturing through run-ups in the prices we pay for raw materials and rises in fuel prices, including oil. When such cases occur, there could be a significant effect on business results.

(Major Countermeasures)
The procurement risk of raw materials (suspension, stop, or shortage of supply) is monitored continuously and shared with the related business division, while working on risk avoidance by multi-sourcing and long-term supply agreements.
As for materials, devices, and parts which are being procured from local sources, the possibilities of alternative procurement from other countries are being investigated for risk avoidance while understanding the material supply situation in other countries using a network of trading companies that could be known in the process of material source survey.

For conflict minerals, we investigate smelters according to the framework of the "Responsible Minerals Initiative." In addition, we have properly identified the CSR compliance status on the supplier side, such as working environment.

(12) Risks concerning customer performance and management policy changes

TDK is developing business-to-business transactions on a global scale, whereby we supply electronic components to customers in the electronics and automotive markets.
We work to reduce risk by conducting transactions with a variety of customers and take measures such as setting transaction terms and conditions based on our evaluation of a customer's credit risk.

However, our business may be significantly affected by various factors that are beyond our control, such as changes in each customer's business results and management strategies. In addition, a decline in purchasing demand due to customers' poor business performance, strong discounting request from customers due to changes in their purchasing policies and practices, the unexpected termination of contracts or other occurrences could result in excess inventory or a reduction in profit margins.

In the event that our customers go through reorganizations caused by mergers and acquisitions effected by enterprises of different business types or by competitors domestically or abroad, this situation could have a significant effect on TDK's business results, including a marked decline in orders or the cancellation of all business transactions.

There was one customer group that accounted for more than 10 percent of the consolidated net sales for the year ended March 31, 2025. The sales to the customer group were approximately 391.9 billion yen (18% of the consolidated net sales). These sales were mainly booked in the Energy Application Products segment.

(Major Countermeasures)
When investing in the equipment dedicated to a specific customer, we try to reduce the risk of investment by concluding a contract that imposes on the customer a certain amount of guaranteed product purchase.

We always try to collect information about the movement of industry reorganization with high sensitivity. When an important customer is involved in industry reorganization, we assume multiple scenarios and try to reduce or avoid risks.

(13) Risks concerning compliance

TDK is subject to and required to comply with various regulations in Japan and other countries where we conduct business. These regulations are related to business and investments, the safety of electric and electronic products, national security between nations, export/import, commercial, antitrust, patents, product liability, the environment and taxation.

TDK has appointed a Global Chief Compliance Officer and Regional Chief Compliance Officers for Japan and four other regions to oversee compliance-related initiatives including risk assessment and mitigation, education, and training in order to minimize the risk of non-compliance throughout the TDK Group including its corporate officers and employees. And, we have established a Corporate Code of Ethics and have been striving to foster a sincere, fair, and transparent corporate culture. Furthermore, we ensure that our corporate officers and employees comply with the internal regulations established by our group and the procedures and processes based on those regulations. Based on our governance policy of "Empowerment & Transparency" (delegation of authority and ensuring transparency), our group has compiled the minimum rules that group members must follow, so that each group company can make use of its individuality. We have developed and operate "Global Common Regulations," and the compliance status is monitored by the headquarters departments. However, despite of above measures, conflict with these related regulations and rules and wrongdoing by corporate officers or employees may not be avoidable.

In the event of such, the social credibility of the TDK Group may decline, and customers may cease business with TDK or large amounts of fines and compensation for damages may be imposed. This could have a significant adverse effect on business results.

In the event that laws and regulations become more stringent in the future, a large charge related to such regulations or a partial withdrawal from the particular business when compliance with the regulation is difficult could have a significant adverse effect on business results.

(Major Countermeasures)
TDK is implementing the following activities to reduce compliance risks and foster a compliance culture in TDK Group:
- enforcement of "Global common regulations" based on the Group's basic governance policy, and monitoring of compliance status of each group company by the headquarters departments;
- internal investigation utilizing outside experts;
- announcement of a thorough compliance directive from the TDK president and the head of each group company;
- employee education and enlightenment of compliance through lecture and e-learning; and
- formulation and enforcement of internal rules based on the standards required by the US Department of Justice.

(14) Risks concerning product quality

TDK conducts quality management of various products at domestic and overseas manufacturing bases in accordance with International Quality Management Standards (valid version of ISO 9001, IATF16949, and/or other applicable standards) and the standards required by customers in the technologically innovative electronics industry. Furthermore, TDK utilizes proprietary quality technologies and past data concerning quality issues to create a quality assurance system for building in quality from the earliest development stage so as to ensure reliability and safety. This is achieved through design inspections, internal quality audits, supplier surveys and guidance, process management and in other ways at each product stage including planning, design, prototyping and manufacturing. We are also promoting the active use of digital technology at each production site.

However, TDK cannot be fully certain that faults in quality (including cases where products contain substances that may be prohibited by applicable regulations) and recalls due to those faults will not occur. Should a recall or a product liability claim against us occur, it could result in recall costs or damage claims and lower sales. Furthermore, it is assumed that a defect in quality in one of TDK’s name-bearing products would have a negative impact on our reputation and brand and endanger the continued existence of the company. In such a way, a major quality problem could have a significant effect on business results.

(Major Countermeasures)
TDK is implementing various measures from the perspectives of design, materials, processes, and management in order to reduce the risk of quality defects (including the inclusion of regulated substances). In particular, as the number of products

incorporating ICs and software is increasing, we are also working to strengthen IC analysis technology and software vulnerability countermeasures.

(15) Risks concerning intellectual property

TDK is working hard to strengthen and utilize its patent portfolio by managing and acquiring new patents, licenses and other intellectual property rights covering TDK's products' functions, designs and so forth (hereinafter "intellectual property rights"), as a strategic intellectual property activity that contributes to business earnings.
However, there are cases where our intellectual property rights cannot be fully protected in a particular region for reasons unique to that region. We may suffer damages resulting from the manufacture by a third party of similar products to our own with the unauthorized use of our intellectual property rights.

There may be cases where it is alleged that our products or processes infringe on the intellectual property rights of third parties that may sue for damages as a result of such alleged infringement. This would require either legal processes or settlement negotiations and expenses as a part of that activity. If our defenses against such claims are not accepted in such disputes, we may have to pay damages and royalties and suffer losses such as the loss of markets.
Such disputes over intellectual property rights could have a significant effect on business development and business results.

(Major Countermeasures)
In cases where a third party uses TDK's intellectual property without permission, we have established and enforced a system to monitor the unauthorized use of our brand and the sale of counterfeit products on a commercial transaction website.

On the other hand, TDK has a corporate policy to respect for the intellectual property rights owned by others and is working on reducing the risk of infringing intellectual property rights by taking investigation, prevention measures, and solutions in advance of product development.

(16) Risks concerning information security

As part of its business operations, TDK holds confidential information and personal information relating to customers and trading partners as well as confidential information of the TDK Group, including technical information and personal information. We have constructed a group-wide control system to prevent this information from being leaked to outside parties, falsified, otherwise manipulated, or destroyed. Moreover, we execute measures to ensure thorough management and IT security, improved facility security and employee training. However, there are still risks that such information could be leaked, destroyed, or falsified or that information systems are shut down through hacking, internal negligence, theft, intentional actions of officers and employees or other causes.

In such an event, TDK could suffer a lowering of credibility and perceived superiority of TDK products, be liable for costs relating to the compensation payments to the parties suffering damage, and potentially suspend affected operations. That could also have an effect on business results.

(Major Countermeasures)
TDK implements a vulnerability diagnosis on the information system by information security specialists and improves it if any problem is recognized. As for information security management, we are working on strengthening information security systems across TDK group companies based on the framework of NIST (National Institute of Standards and Technology, USA).

As measures to prevent information leakage from the TDK group companies, TDK restricts access to sensitive data by employing folder access controls, detects suspicious data transmission/reception using AI, restricts usage of devices with high risk of information leakage such as a USB memory, SD card, etc., implements measures to prevent employees planning to retire or otherwise leave the company from taking confidential information from TDK, and thoroughly implements information security education for employees. In case TDK suffers damage related to information security, we have globally enhanced the system to recover quickly. Furthermore, we have procured cyber-attack insurance for the entire TDK group. In addition to initiatives within the TDK group, in order to prevent information leaks from business partners such as suppliers, we will support the improvement of information security management for business partners and efforts to improve the management level of information security throughout the supply chain.

(17) Risks concerning securing personnel and training personnel

TDK pursues business operations in more than 30 countries and regions around the world, and around 90% of TDK employees are based outside of Japan. In order to continuously develop business in the fast-changing electronics industry, we believe that we must continuously promote efforts to acquire and develop various personnel who possess advanced technical skills and personnel with excellent management capabilities such as those necessary for formulating strategy and managing organizations globally.

However, competition to continuously recruit the necessary employees is intense. Moreover, in Japan, the employment environment is changing rapidly because of the falling birthrate, the aging population, and the declining workforce. A similar change is occurring at our overseas bases in China and other countries. The inability to recruit and train personnel as planned could have a significant effect on business development, business results and growth from a long-term perspective.

(Major Countermeasures)
TDK actively hires university graduates and employs experienced people throughout the year. Especially in Japan, our recruiting team was working to implement a virtual interviewing scheme to increase the contact opportunities and reach to various students and experienced persons even before the COVID-19 situation. As a result, we could smoothly transform the recruiting method to cope with the current COVID-19 related challenges.

Moreover, we are working to retain and develop personnel by putting in place frameworks for increasing their motivation. This includes enhancing fair evaluation and remuneration systems based on a target-based management system. We improve and extend various training programs to develop employees who can act independently and globally, and to pass on the “DNA” of our manufacturing as well as values and knowledge of the TDK Group. These include different management training tailored to our hierarchy levels, so we develop our future management talents as well as our existing global key personnel.

(18) Risks concerning entry into new markets/businesses and M&A

In the increasingly competitive electronics field, to achieve sustainable growth, we are actively working to enter new markets (geographically and by application) within our existing businesses and enter new businesses. We also actively utilize M&A when it is an effective means to acquire the technology and customer assets necessary to enter new markets and businesses, and to strengthen the competitiveness of our businesses.

When entering new markets/businesses or utilizing M&A, we strive to fully consider in advance the relevance to our group's business portfolio, relevant legal and regulatory trends in each country, and the results of risk analysis associated with M&A.

However, even in case there is prior research or prior consideration, due to significant changes in market, technology, legal and regulatory trends, etc., TDK’s business results, growth and business development among others could be significantly affected.

(Major Countermeasures)
When entering a new market or business, or making an M&A, we ask whether the business plan is consistent with our group's vision and growth strategy, whether it is a viable business plan, and where the legal risks are in each country and how they are being handled. Verification is conducted not only by business divisions and headquarters functions, but also by outside experts when necessary. Besides, in case of M&A, in order to smoothly proceed with post-merger integration (PMI) and maximize integration synergies, we have defined a standard target of the matters to be implemented and its achievement timing in the PMI.

(19) Risks of impairment of non-financial assets

In order to secure and establish a competitive advantage in the electronics industry, where competition is intensifying, TDK has enriched its business portfolio which is based on the material and process technology obtained through the production of ferrite (which was the initial business at the time of foundation) and also carried out M&A in some cases to accelerate the growth of its business. Also, TDK has continuously invested on capital expenses such as manufacturing facilities to improve production capacity, quality, or productivity. As a result, we have a large amount of non-financial assets, such as tangible fixed assets, right-of-use assets, goodwill, and intangible assets. While having a wide variety of businesses and

assets helps to diversify risk, if we are unable to continuously improve the efficiency of our business and asset portfolio, it may have a significant impact on the TDK's earnings. As of March 31, 2025, the total amount of tangible fixed assets, right-of-use assets, goodwill and intangible assets of the TDK Group is 1,317 billion yen, of which 126.7 billion yen is tangible fixed assets of the HDD head business, 27.6 billion yen is tangible fixed assets of the High-frequency components business, 92.3 billion yen is allocated to goodwill of the MEMS sensor business, and 20.1 billion yen is allocated to goodwill of the HDD head business.

For property, plant and equipment, right-of-use assets, and intangible assets that are identifiable and have a fixed useful life, we determine whether there is any sign of impairment at the end of each fiscal year. If there is an indication of impairment, an impairment test is conducted based on the recoverable amount of the asset. Goodwill and intangible assets with undetermined useful lives are tested for impairment at the same time each year, regardless of whether there are any signs of impairment, and if there are any signs of impairment an impairment test is conducted each time.

As a result of such a test, if the carrying amount of an asset, cash-generating unit or cash-generating unit group exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized. When we recognize a large amount of impairment, it could have a significant effect on business results.

(Major Countermeasures)
TDK introduced a business portfolio management system which considers business profitability and growth potential. With this management system, we make investment decisions by “selection and concentration” and try to avoid future impairment risk.

In addition, for a business at higher risk of impairment, we monitor its performance and progress against an improvement plan from the beginning of the fiscal year. Business division and headquarters functions work together to consider the possibility to recover business profitability.

4. Analysis of financial position, operating results and cash flow position by management

(1) Overview of operating results, etc.

Overview of financial position, operating results and cash flow position of TDK for the year ended March 31, 2025 is provided below.

① Financial position and operating results

Looking at the global economy in Fiscal 2025, while North America has remained firm, the situation continued to be unstable with regional variances due to growing tensions in the Middle East on top of the protracted economic slowdown in Europe and China. Since the inauguration of the new U.S. administration in the fourth quarter, the global economy has become more volatile due to concerns about the impact of additional tariffs. In terms of exchange rates, the yen continued to weaken against the dollar and the euro.

In the electronics market, which has a large bearing on the consolidated performance of TDK, the production of products related to information and communication technology (ICT) grew on a year-on-year basis. Demand for smartphones, notebook PCs and tablets was robust. Demand for nearline hard disk drives (HDDs) for data centers also recovered sharply. On the other hand, in the industrial equipment market, capital investment demand remained weak in general. In the automotive market, demand for battery electric vehicles (BEVs) remained sluggish, resulting in lower component demand than we had expected at the beginning of the period.

a. Financial position

Total assets increased ¥ 126,111 million from ¥3,415,304 million, as of March 31, 2024, to ¥3,541,415 million, as of March 31, 2025.

Total liabilities increased ¥29,798 million from ¥1,700,363 million, as of March 31, 2024, to ¥1,730,161 million, as of March 31, 2025.

Total equity increased ¥96,313 million from ¥1,714,941 million, as of March 31, 2024, to ¥1,811,254 million, as of March 31, 2025.

b. Operating results

TDK recorded net sales of ¥2,204,806 million, up 4.8% from ¥2,103,876 million in fiscal 2024. TDK recorded operating profit of ¥224,192 million, up 29.7% from ¥172,893 million in fiscal 2024. TDK also recorded profit before tax of ¥237,808 million, up 32.7% from ¥179,241 million in fiscal 2024. Furthermore, TDK recorded net profit attributable to owners of parent of ¥167,161 million, up 34.1% from ¥124,687 million in fiscal 2024. Basic net profit attributable to owners of parent per common share was ¥88.10, compared with ¥65.74 in fiscal 2024.

Average yen exchange rates for the U.S. dollar and the euro during fiscal 2025 were ¥152.66 and ¥163.86, respectively, as the yen depreciated 5.7% against the U.S. dollar and 4.6% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥95.7 billion and operating profit increased by approximately ¥19.7 billion.

TDK's business segments are aggregated into four reportable segments, "Passive Components," "Sensor Application Products" "Magnetic Application Products" and "Energy Application Products," and businesses not belonging to any of these segments are classified under "Other".

The Passive Components segment recorded net sales of ¥559,639 million, down 1.1% from ¥565,649 million in fiscal 2024 and segment profit of ¥34,072 million, down 36.8% from ¥53,886 million in fiscal 2024.

The Sensor Application Products segment recorded net sales of ¥189,472 million, up 5.0% from ¥180,511 million in fiscal 2024 and segment profit of ¥4,983 million, down 17.5% from ¥6,042 million in fiscal 2024.

The Magnetic Application Products segment recorded net sales of ¥223,637 million, up 21.4% from ¥184,211 million in fiscal 2024 and segment profit of ¥3,377 million, segment loss of ¥35,589 million in fiscal 2024.

The Energy Application Products segment recorded net sales of ¥1,176,499 million, up 4.9% from ¥1,121,662 million in fiscal 2024 and segment profit of ¥234,448 million, up 19.8% from ¥195,654 million in fiscal 2024.

The Other segment, businesses which do not belong to any of the four reportable segments recorded net sales of ¥55,559 million, up 7.2% from ¥51,843 million in fiscal 2024 and segment loss of ¥4,437 million, from ¥1,799 million in fiscal 2024.

The geographic segment information for sales is the following.

Sales for Japan were ¥174,415 million, decrease of 5.5% from ¥184,631 million in fiscal 2024. Sales for Magnetic Application Products segment decreased.

Sales for the Americas region were ¥140,109 million, decrease of 5.8% from ¥148,687 million in fiscal 2024. Sales for Energy Application Products segment and Passive Components segment decreased.

Sales for the Europe region were ¥175,168 million, decrease of 13.7% from ¥203,003 million in fiscal 2024. Sales for Passive Components segment decreased.

Sales for China were ¥ 1,192,472 million, increase of 6.7% from ¥1,117,576 million in fiscal 2024. Sales for Energy Application Products segment increased.

Sales for the Asia and others region were ¥522,642 million, increase of 16.1% from ¥449,979 million in fiscal 2024. Sales for Magnetic Application Products segment increased.

As a result, total overseas sales were ¥2,030,391 million, increase of 5.8% from ¥1,919,245 million in fiscal 2024. The overseas sales ratio was 92.1%, a 0.9% increase from 91.2% in fiscal 2024.

② Cash flows

Cash flows from operating activities

Operating activities provided net cash of ¥445,839 million, a decrease of ¥1,168 million year on year. It mainly came from an increase in working capital.

Cash flows from investing activities

Investing activities used net cash of ¥244,842 million, an increase of ¥28,250 million year on year. It mainly came from an increase in payments into time deposits.

Cash flows from financing activities

Financing activities used net cash of ¥143,333 million, a decrease of ¥3,035 million year on year. It mainly came from a change of net increase (decrease) in short-term borrowings.

As a result of adding in the effects of currency fluctuations, cash and cash equivalents as of March 31, 2025 was ¥697,307 million, ¥47,309 million larger than as of March 31, 2024.

③ **Results of production, orders received and sales**

a. Production results

A breakdown of production results by business segment for fiscal 2025 is given below.

Name of business segment	Production Results (Millions of yen)	YoY Increase/ Decrease (%)
Passive Components	568,163	1.5
Sensor Application Products	205,757	6.9
Magnetic Application Products	217,377	22.3
Energy Application Products	1,197,446	10.3
Other	53,188	9.6
Total	2,241,931	8.6

Note: Amounts are calculated by the sales price.

b. Results of orders received

A breakdown of orders received by business segment for fiscal 2025 is given below.

Name of business segment	Amount of orders received (Millions of yen)	YoY Increase/ Decrease (%)	Balance of orders received (Millions of yen)	YoY Increase/ Decrease (%)
Passive Components	546,004	15.5	168,178	(10.6)
Sensor Application Products	181,997	11.9	50,938	(11.2)
Magnetic Application Products	215,286	15.6	17,603	0.2
Energy Application Products	1,153,646	4.8	195,379	(11.1)
Other	45,618	1.7	9,447	(29.4)
Total	2,142,551	8.9	441,545	(11.0)

Note: Amounts are calculated by the sales price.

c. Sales results

A breakdown of sales results by business segment for fiscal 2025 is given below.

Name of business segment	Sales Results (Millions of yen)	YoY Increase/ Decrease (%)
Passive Components	559,639	(1.1)
Sensor Application Products	189,472	5.0
Magnetic Application Products	223,637	21.4
Energy Application Products	1,176,499	4.9
Other	55,559	7.2
Total	2,204,806	4.8

(2) Analysis and discussion regarding operating results, etc. from a management viewpoint

Analysis and discussion regarding operating results, etc. from a management viewpoint are provided below. The forward looking statements in this report are based on judgment current as of March 31, 2025.

① Accounting policies that require significant judgements and estimates

Accounting policies that require significant judgements are those that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

In preparing the consolidated financial statements in accordance with IFRS, TDK Group makes judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates, and these estimates and assumptions are regularly reviewed.

The following is not intended to be a comprehensive list of all of TDK's accounting policies. TDK's significant accounting policies and estimates are more fully described in Part V. Financial Information, 1. Consolidated Financial Statements and Notes to the Consolidated Financial Statements, (1) Consolidated financial statements, Notes to the consolidated financial statements, 2. Basis of Preparation, (4) Significant accounting estimates and judgements and 3. Material Accounting Policies.

TDK has identified the following as accounting policies that require significant judgements.

Impairment of non-financial assets

As of March 31, 2024 and 2025, the aggregate of TDK's property, plant and equipment, right-of-use assets, goodwill and intangible assets were ¥1,287,903 million and ¥1,317,379 million, which accounted for 37.7% and 37.2% of total assets, respectively. TDK believes that impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets is critical to TDK's financial statements because the recoverability of the amounts could significantly affect its results of operations.

An impairment test is performed for property, plant and equipment, right-of-use assets, and identifiable intangible assets with finite useful lives based on the recoverable amount of that asset if any indication of impairment exists. An impairment test is performed for goodwill and intangible assets with indefinite useful lives at the same time every year, regardless of indications of impairment. The impairment test is also performed whenever there is an indication of impairment. As a result of such a test, if the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is less than its carrying amount, the carrying amount is reduced to the recoverable amount. That reduction is recognized as an impairment loss.

Management judges that the estimates of the recoverable amount are reasonable; however, changes in estimates resulting in lower recoverable amount due to unforeseen changes in business assumptions could negatively affect the valuation of those assets and significantly affect TDK's financial position and results of operations. TDK makes investments with due prudence, taking sufficiently into consideration the future profitability of products and the recoverability of investments.

Valuation of inventories

Inventories are measured at the lower of cost and net realizable value. The carrying value of inventory is reduced for estimated obsolescence as the difference between its cost and net realizable value based upon assumptions about future demand. TDK evaluates the inventory carrying value for potential excess and obsolete inventory exposures by analyzing historical and anticipated demand. In addition, known and anticipated engineering change orders are evaluated against on-hand quantities for their potential obsolescence affects. As fluctuations in net realizable value are influential to business results of TDK, we conclude it is significant. If actual demand were to be substantially lower than estimated, additional inventory adjustments for excess or obsolete inventory may be required, which could have a material adverse effect on TDK's business, financial condition and results of operations.

Regarding the appropriateness of estimates in the past, TDK reviews every quarter by comparing estimate and actual results. For example, in the operational management of product sectors with rapid development in technological innovation such as the recording devices sector, TDK revises the estimates of valuation of obsolete inventories arising from the timely response to customers' demands for high-efficiency products on a quarterly basis.

Defined benefit obligations

Employee defined benefit costs and defined benefit obligations are dependent on assumptions used by actuaries in calculating such amounts. These assumptions include discount rates, retirement rates and mortality rates which are based upon current statistical data, as well as salary growth and other factors. Actual results that differ from the assumptions are recognized in other comprehensive income and immediately transferred to retained earnings. Therefore, it generally affects TDK's comprehensive income, retained earnings and recorded obligation. While TDK believes that its assumptions used are appropriate, differences in actual experience or changes in assumptions may affect TDK's future defined benefit costs and defined benefit obligations.

In preparing its consolidated financial statements for fiscal 2024, TDK established discount rates of 2.4% and 4.2% for domestic and overseas pension plans, respectively. The discount rate is determined by reference to market yields on high quality corporate bonds with a term similar to the estimated period of benefit.

A decrease in the discount rate leads to an increase in defined benefit obligations.

Recoverability of deferred tax assets

In recognizing deferred tax assets, TDK Group assesses whether it is probable that part or all of deductible temporary differences, net operating loss carryforwards and tax credit carryforwards reduces future taxable profits or the amount of taxes. The ultimate recoverability of deferred tax assets is determined by the level of future taxable profits during the periods in which these temporary differences, net operating loss carryforwards and tax credit carryforwards will be deducted. TDK Group assesses the ultimate recoverability of deferred tax assets by considering the expected timing of reversal of taxable temporary differences, estimated future taxable profits and tax planning strategies. TDK Group believes it is probable that the deferred tax assets recognized are recoverable based on the consideration of taxable profits in the previous years and the estimated taxable profits of future periods in which deferred tax assets will be used. However, in the event future projections for income are not realized or are realized in lesser amounts, or in cases where TDK revises the assessment of the potential for recoverability of deferred tax assets based on other factors, it would require TDK to decrease the portion which is not probable to recover.

Provisions and contingent liabilities

A provision is recognized when TDK Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, estimated future cash flows are discounted to the present value using the discount rates that reflects the time value of money and the risks specific to the liability.

TDK Group is subject to various lawsuits and claims which arise in case our products or processes infringe on the intellectual property rights of third parties or in the ordinary course of business. TDK Group consults with counsel and reviews the possibility that contingent liabilities could have a material adverse effect. Provisions are recognized when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. The amounts of provisions are based on estimates and significantly affected by further developments or the resolution of these contingencies in the future. These provisions are calculated based on the best estimate taking into consideration the uncertainty at the end of reporting period but it may be effected by arise of unexpected incidents, change of the situation, etc. In case an actual outcome differs from the estimate, the amount of provisions to be recognized could be significantly affected.

② Recognition, analysis and discussion regarding operating results, etc. in the fiscal year

Operating results and factors significantly impact to operating results

In the electronics market, which significantly affects our earnings, the production of products related ICT grew on a year-on-year basis. Demand for smartphones, notebook PCs and tablets was robust. Demand for nearline HDDs for data centers also recovered sharply. On the other hand, in the industrial equipment market, capital investment demand remained weak in general. In the automotive market, demand for battery electronic vehicles (BEVs) remained sluggish, resulting in lower component demand than we had expected at the beginning of the period

In terms of sales by business and market, during FY March 2025, during FY March 2025, sales of passive components and sensors decreased year on year due mainly to a decline in demand from the automotive market. Sales of power supplies for industrial equipment, passive components and sensors also dropped year on year primarily reflecting delayed demand recovery in the industrial equipment market.

While sales of sensors, HDD heads, HDD suspension assemblies and small capacity batteries increased significantly on the back of a recovery in demand for components in the ICT market and new product sales among other factors, resulting in a 4.8% year-on-year increase in net sales.

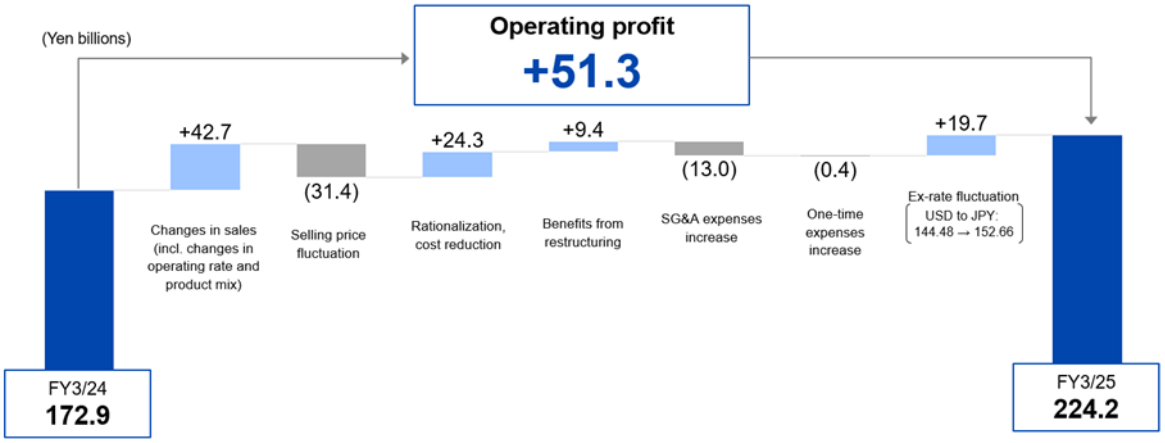
Reflecting the sharp depreciation of the yen and an increase in shipments of products for the ICT market, as well as rationalization and the benefits from restructuring implemented in the previous fiscal year, operating profit increased 29.7 % year on year, setting new record highs for both sales and profit.

There was an increase of about 95.7 billion yen in net sales and an increase of about 19.7 billion yen in operating profit due to exchange rate fluctuations against the U.S. dollar and other currencies. Including this impact, net sales were 2,204.8 billion yen, an increase of 100.9 billion yen, or 4.8%, year on year. Operating profit was 224.2 billion yen, up 51.3 billion yen, or 29.7%, year on year. Profit before tax was 237.8 billion, and net profit attributable to owners of parent was 167.2 billion. Earnings per share were 88.10 yen.

Regarding exchange rate sensitivity, we maintain our estimate that a change of 1 yen against the U.S. dollar will affect annual operating profit by about 2billion yen, while a 1-yen change against the euro will have an impact of about 0.3 billion yen.

The following is the breakdown of increase in operating profit ¥51.3billion.

Analysis of change in operating profit



Changes in sales caused profit to increase by JPY 42.7 billion. Due to an increase in the sales volume of rechargeable batteries, HDD heads and HDD suspension assemblies. The effects of rationalization and cost reduction of ¥24.3 billion and benefits from restructuring of ¥9.4 billion absorbed the ¥31.4 billion decline in profit caused by selling price fluctuation. SG&A expenses increased by ¥13.0 billion reflecting an increase in R&D expenses related to rechargeable batteries for which TDK has been accelerating the development of new products. These factors, including the positive effect of the lower yen amounting to ¥19.7 billion, contributed to the ¥51.3 billion increase in operating profit.

Capital resources and liquidity funds

TDK's fundamental policy is to keep liquidity needed for operating business and funds resources consistently and TDK has been trying to maintain its liquidity level of liquid funds, which includes cash and deposits with banks, short-term investments and marketable securities, etc., at 2.0 months or more of monthly net sales by introducing a cash management system in Japan, U.S., Europe, China and ASEAN to improve efficient use of funds, commitment line contract and so on for liquidity. The balance of liquid funds amounted to ¥753,794 million as of March 31, 2025, which was equal to approximately 3.9 months of average monthly net sales. To prepare for the potential impact of geopolitical risks (tensions between the U.S and China, Ukraine and the Middle East issue etc.) and its impact on the world economy on the Company's cash flow, measures taken include expanding liquidity assets, considering extending terms for loans from banks, and financing by commercial paper and issuing corporate bonds.

TDK's operating funds demands are primarily manufacturing expenses such as the purchase of raw materials and parts for use in the manufacturing of its products, operating expenses such as selling, general and administrative expenses and R&D expenses aimed to develop new products continuously. In addition, long term funds demands are capital investment to correspond precisely to rapid technological innovation in electronics markets and intensifying sales competition, M&A aimed for further strategic growth and so on.

The procurement policy, a basis for short term operating funds are own funds, short term loans from financial institutions and commercial paper, and for capital investment and long term funds are long term loans from financial institutions and the issuance of corporate bonds, etc. The balance of debt with interest, which includes loans from banks, corporate bonds, and lease obligations, amounted to ¥608,400 million as of March 31, 2025.

Management policy, management strategy, indicator to judge achievement status of management goal, etc.

Toward realization of Long-Term Vision "TDK Transformation" which 3 years- medium-term plan (final year ending March 2027) is based on and holds "Strengthen management focusing on cash flows", "Enhance business portfolio management (Emphasizing ROIC)" and "Evolve the Ferrite Tree (Pre-financial capital)" as basic outlines, organically connecting and deploying company-wide strategy, business strategy, and functional strategy down to the operational level and the indicator that connects the achievement status from the company-wide level to the on-site level objectively and makes it manageable are needed.

TDK has introduced TDK Value Added (TVA), an index unique to TDK to measure TDK's value by comparing minimum required profit (cost of shareholder's equity) with earnings before interest and taxes and business assets for each business. Under the logic tree tied to this TVA, we not only evaluate the profitability of each business, the efficiency of business assets, and the ability to capture cash, but also factorize and monitor KPIs tailored to specific front-line policies and business characteristics. This not only allows us to unite as a single company in realizing Long-Term Vision, but also to select and consolidate capital expenditures through stronger management of investment efficiency.

In the new medium-term plan (final year ending March 2027), we set targets for the company-wide return on invested capital, ROIC, and segment-specific business return on assets, ROA (ROIC), that are more strongly correlated with our unique value-added indicator, TVA (business ROA). We will proceed with management operations aimed at achieving the desired capital profitability. The result of company-wide ROIC in fiscal 2025 was 6.7% (<WACC 7.0%), and we aim for 8% or more in fiscal 2027, and 12% or more in the long term. The result of segment-specific business ROA (ROIC) fiscal 2025 and the targets for segment-specific business ROA fiscal 2027 are as follows.

(Segment-specific business ROA)	Fiscal 2025(Result)	Fiscal 2027(Target)
Passive Components	3.3%	15.0%
Sensor Application Products	0.2%	8.0%
Magnetic Application Products	1.0%	4.0%
Energy Application Products	27.3%	18.0%

Recognition, analysis and discussion regarding financial position and operation result by segment

As a result of the reorganization in fiscal 2025, certain products of Other Passive Components are reclassified into Inductive Devices. Thus, the prior year's figures are also reclassified to conform to the new segmentation

(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 ¥559,639 million, down 1.1% year on year from ¥565,649 million. Segment profit was ¥34,072 million, down 36.8% year on year from ¥53,886 million. Segment assets were ¥948,865 million, up 4.7% year on year from ¥906,017 million.

Segment sales results by business for fiscal 2025 were as follows.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥234,260 million, down 4.4% year on year from ¥245,047 million. Sales of Inductive Devices increased by 3.7% year on year from ¥197,068 million to ¥204,282 million. Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components decreased by 2.0% year on year from ¥123,534 million to ¥121,097 million.

Sales and profit decreased year on year for ceramic capacitors and aluminum electrolytic capacitors and film capacitors, which have a high ratio of sales to the automotive and industrial equipment markets. Sales and profit of inductive devices increased year on year on the back of a rise of sales to the ICT and automotive markets, among other factors, despite a decline in sales to the industrial equipment market. A significant loss was recorded for high-frequency components due to a decline in sales to the ICT market and the posting of impairment losses amounting to ¥10.6 billion. Sales and profit of piezoelectric material products and circuit protection components decreased year on year reflecting a decline in sales to the ICT and automotive markets.

An impairment loss of JPY 11.5 billion were also recorded this fiscal year.

(Sensor Application Products Segment)

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Segment sales increased by 5.0% year on year from ¥180,511 million to ¥189,472 million. Segment profit was ¥4,983 million, down 17.5% year on year from ¥6,042 million. Segment assets were ¥399,595 million, up 3.4% year on year from ¥386,344 million.

Sales of temperature and pressure sensors increased year on year, primarily due to higher sales to the industrial equipment and automotive markets. However, profit declined compared to the previous year, as the prior year’s results included a one-time gain from the sale of assets.

With regard to magnetic sensors, sales rose year on year, attributable to increased sales of TMR sensors for smartphone applications and expanded sales of Hall sensors to the automotive market. Nevertheless, profit decreased year on year, mainly due to higher expenses associated with capital expenditures aimed at increasing production capacity.

For MEMS sensors, sales of microphones to the ICT market increased, while sales of motion sensors to the automotive and industrial equipment markets declined. As a result, overall sales of MEMS sensors decreased year on year.

(Magnetic Application Products Segment)

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales increased by 21.4% year on year, from ¥184,211 million to ¥223,637 million. Segment profit was ¥3,377 million and segment loss of ¥35,589 million in the previous fiscal year. Segment assets were ¥530,045 million, up 11.1% year on year from ¥476,949 million.

In HDD heads and HDD suspension assemblies, demand for nearline HDDs for data centers increased approximately 1.5 times year on year, resulting in a return to profitability for both HDD heads and HDD suspension assemblies.

The sales volume of HDD heads increased by approximately 30% year on year, and the sales volume of nearline HDD heads nearly doubled compared to the previous year. Although the sales volume of HDD heads remained slightly below the break-even point following the restructuring, profitability was achieved due to improvements in product mix and utilization rates.

Both sales and profit of magnets declined year on year, primarily due to decreased sales to the automotive market.

An impairment loss of JPY 3.3 billion were also recorded this fiscal year.

(Energy Application Products Segment)

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 4.9% from ¥1,121,662 million to ¥1,176,499 million. Segment profit was ¥234,448 million, up 19.8% year on year from ¥195,654 million. Segment assets were ¥1,944,197 million, up 8.9% year on year from ¥1,786,018 million.

The profit of rechargeable batteries increased substantially, primarily attributable to enhanced profitability resulting from higher sales volumes driven by the launch of new smartphone models and an improved product mix. This was achieved despite the negative impact of lower selling prices due to a decline in material costs.

Sales and profit for power supplies for industrial equipment decreased year on year, as demand for industrial equipment applications did not recover. In addition, sales of power supplies for electric vehicles also declined compared to the previous year, reflecting a slowdown in battery electric vehicle (BEV) sales. oved in profitability.

An impairment loss of JPY 3.2 billion were also recorded this fiscal year.

(Other)

The Other segment, businesses which do not belong to any of the four reportable segments, includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones and Others. Segment sales increased by 7.2% from ¥51,843 million to ¥55,559 million. Segment loss was ¥4,437 million, from ¥1,799 million in fiscal 2024. Segment assets were ¥68,657 million, up 1.5% year on year from ¥67,616 million.

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

5. Material contracts, etc.

Cross-license contract

Company to a contract	Partner to a contract	Country	Detail of contract	Contract term
Amperex Technology Limited	Contemporary Amperex Technology Co., Limited	China	Technologies in the battery business of both companies (annual payment: 150 Million USD)	From April 28, 2021 to April 27, 2031

6. Research and development activities

(1) Research and development activities

In its R&D activities, TDK is working to continuously strengthen and expand the development of new products that respond to the electronics field, especially AI technology, in which the revolution is accelerating. Utilizing the cutting-edge technology which supports GX and DX, TDK will contribute the social transformation and continue the transformation by itself as well. In addition, TDK will collaborate with the marketing function to focus on the development of products which will grow. In particular, TDK is concentrating on the three markets of the ICT, the automotive, and the industrial equipment and energy. By product development taking full advantage of its strengths in terms of manufacturing capabilities, TDK is contributing to upgrade the functionality, drive the miniaturization, and raise the energy efficiency of electronic devices.

Based on the technology strategy capturing the change in these three markets, TDK sets sensors and actuators and next-generation electronic components as strategic growth products, of that future demand increase is promising. TDK is aiming to contribute to realize the sustainable future by accelerating the technology revolution and social transformation with the electronic components combining materials, processes technology and software technology.

In the Passive Components field, TDK is developing next-generation multilayer ceramic chip capacitors, inductors and EMC components with miniaturization and high performance. Moreover, TDK is strengthening its hand in modules, where high-frequency applications are becoming prevalent.

For the Next-generation Electronic Components field, TDK promotes the development of the high-value added products that respond to diversifying market needs by the fusion of thin-film technology, materials technology, and roll to roll technology.

In the Sensor Application Product field, TDK is developing sensor elements that offer higher accuracy and package solutions with high integration and greater reliability.

In the Magnetic Application Products field, TDK is strengthening the development of high-performance rare earth magnets, next-generation ferrite magnets and next-generation heads for high recording density. TDK allocates development resources to the reduction of the amount of rare earth elements and the development of new materials for magnets. Through these efforts, TDK aims to avoid sales price rises caused by soaring prices of raw materials for rare earth.

In the Energy Application Products field, TDK is developing materials for next-generation lithium batteries. TDK aims to develop highly efficient power supplies appropriate to the societal trend towards low energy consumption and reduce carbon dioxide emission.

Looking at Head Office research and development functions, TDK flexibly reshapes the research and development framework to ensure that its highly specialized engineers in their respective market sectors are able to conduct research and development based on creative ideas. For these R&D activities, based on a technology strategy of grasping market change, TDK is focusing on developing strategic growth products in the core markets above, where future growth is promising, and also has built a four-site system for global R&D (Japan, America, Europe, Asia), and is developing products in collaboration with R&D organizations and leading companies around the world based on a First -to-market mindset. Sensors are viewed as the important devices for the expansion of the data-oriented society by utilizing AI technology, and to achieve it, taking into consideration collaboration with companies that possess those technology assets, TDK will aim to provide innovative next-generation products and new platforms with sensor fusion that combines various sensor technologies and software. To achieve continuous advancement, TDK will refine material technology, process technology, product design technology, production engineering technology, evaluation and simulation technology as TDK's core technologies to accelerate the Company’s research and development goals for the medium-and long-term. To realize “TDK Transformation”, TDK will promote strong collaboration with Corporate Marketing & Incubation HQ, TDK Ventures, and Production HQ for the contribution of “Social Transformation”.

As one of TDK's achievements in fiscal 2024, TDK succeeded in developing the world's first chargeable and dischargeable SMD-type all-ceramic solid-state battery (CeraCharge™) and achieved higher capacity. In addition, TDK has developed the neuromorphic elements which are applied by spintronics technology to realize the neuromorphic devices which can suppress the power consumption by 1/100 for AI applications and contribute the further convenient and comfortable DX society.

Furthermore, in its R&D activities, TDK is pushing ahead to recruit and train outstanding talent and introduce cutting-edge theoretical research. Under this policy, TDK is proactively forming industry-government-academic alliances with public institutions, universities and research institutions around the world to acquire new technologies that TDK does not possess. Notably, TDK concludes an organizational alliance agreement with the Institute of Science Tokyo, advances highly original joint research, etc. and cooperates with the WISE Program (Doctoral Program for World-leading Innovative & Smart Education).

R&D expenses in fiscal 2025 increased 34.3% year on year to ¥253,586 million, 11.5% of net sales.

(2) Intellectual property activities

TDK Group attaches importance to aligning its IP strategy with its business strategy and is developing its IP activities accordingly.

This policy is also consistent with the "Intellectual Property and Intangible Assets Governance Guidelines" issued by the Cabinet Office, and aims to directly link investment in IP activities to the strengthening of business competitiveness and growth. To achieve this goal, TDK Group is strengthening its IP intelligence by collecting and analyzing information related to IP and using this information as an important material for business strategy. In particular, we are actively promoting the use of IP landscapes, which combine and analyze patent information with non-patent information such as technology and market trends.

In terms of global IP governance, we are practicing IP management that respects regional characteristics and the uniqueness of each company under the Empowerment & Transparency policy. In 2024, we held a global IP conference where IP personnel from each global base gathered to share their respective best practices. By strengthening this global IP network, we are linking

the diversity of the TDK Group to the growth of the entire TDK Group.
The TDK Group also protects its business by taking appropriate measures, including legal action, against IP infringement. By protecting its business from IP infringement, TDK Group protects the profits it earns from that business.
Through these IP activities, TDK Group maintains business competitiveness and sustainable growth.

III. Facilities

1. Outline of capital expenditures

In fiscal 2025, TDK spent ¥225,290 million on capital expenditures to accurately respond to the rapid technological innovation and the intensified sales competition in the electronics market.

Capital expenditures in the Passive Components segment totaled ¥46,952 million. These expenditures were mainly for the purpose of increasing the production capacity and rationalization of ceramic capacitors and inductive devices.

Capital expenditures in the Sensor Application Products segment totaled ¥25,934 million. These expenditures were mainly for the purpose of increasing the production capacity of each sensor products.

Capital expenditures in the Magnetic Application Products segment totaled ¥35,739 million, mainly for the production of next-generation HDD Heads and Suspension Assemblies.

Capital expenditures in the Energy Application Products segment totaled ¥107,739 million, mainly for the innovative technology of rechargeable batteries.

Capital expenditures in the Other totaled ¥1,109 million.

Capital expenditures for the R&D divisions at the headquarters totaled ¥7,817 million mainly for investments in internal IT infrastructure construction and fundamental development research.

2. Main facilities

Main facilities of TDK are as follows.

(1) Passive Components

a. Filing company (the Company)

Name of facility (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Honjo Plant (Nikaho City, Akita Pref.) 3 other plants in the Pref. 1 other plant in Yamanashi Pref 1 other plant in Iwate Pref	Manufacturing passive components	59,924	90,202	1,414 (282)	454	12,947	164,941	2,289

b. Domestic subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
TDK Electronics Factories Corporation (Yurihonjo City, Akita Pref. and other locations)	Manufacturing passive components	8,884	1,754	1,604 (288)	10,789	62	23,093	5,151

c. Overseas subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
TDK Xiamen Co., Ltd. (China)	Manufacturing passive components	3,931	19,392	-	-	2,090	25,413	3,662
TDK Hungary Components Kft. (Hungary)	Manufacturing passive components	5,304	10,970	439 (42)	135	3,534	20,382	1,959
TDK (Zhuhai FTZ) Co., Ltd. (China)	Manufacturing passive components	1,526	13,581	-	185	686	15,978	3,420
TDK Dalian Corporation (China)	Manufacturing passive components	1,895	9,557	-	19	172	11,643	868
TDK India Private Limited (India)	Manufacturing passive components	2,635	6,604	-	1,914	1,169	12,322	2,300

(2) Sensor Application Products

a. Filing company (the Company)

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Asama Plant (Saku City, Nagano Pref.) 1 other plant in Akita Pref	Manufacturing sensor application products	4,947	39,920	268 (95)	13	8,115	53,263	567

b. Overseas subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
TDK-Micronas GmbH (Germany)	Manufacturing sensor application products	2,206	15,672	1,335 (51)	1,087	2,706	23,006	704

(3) Magnetic Application Products

a. Filing company (the Company)

Name of facility (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Narita Plant (Narita City, Chiba Pref.) 1 other plant in Shizuoka Pref.	Manufacturing magnetic application products	3,142	10	1,638 (171)	17	3	4,810	591

b. Overseas subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Headway Technologies, Inc. (U.S.A)	Manufacturing magnetic application products	2,956	13,605	1,847 (9)	757	91,524	110,689	735
Magnecomp Precision Technology Public Co., Ltd. (Thailand)	Manufacturing magnetic application products	5,092	18,559	1,009 (136)	70	6,280	31,010	3,240
SAE Magnetics (H.K.) Ltd. (China)	Manufacturing magnetic application products	1,094	10,901	-	1,717	196	13,908	255

(4) Energy Application Products

a. Domestic subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
TDK-Lambda Corporation (Chuo-ku, Tokyo and other locations)	Manufacturing energy application products	731	892	363 (64)	135	205	2,326	653

b. Overseas subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Ningde Amperex Technology Ltd. (China)	Manufacturing energy application products	81,573	116,807	-	2,939	26,828	228,147	24,275
ATLBattery Technology (India) Private Limited (India)	Manufacturing energy application products	3,182	4,904	11,807 (774)	-	45,924	65,817	312
Dongguan NVT Technology Co., Ltd. (China)	Manufacturing energy application products	3,319	30,922	-	824	12,375	47,440	11,513

(5) Corporate (Common) and Other

a. Filing company (the Company)

Name of facility (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Right-of-use asset	Construction in progress	Total	
Technical Center (Ichikawa City, Chiba Pref.) HQ and 5 other locations in Japan 5 other plants in Japan	Corporate (Common) and Other	28,105	5,764	4,667 (669)	22,022	6,290	66,848	2,540

3. Plan for installation and retirement, etc. of facilities

TDK conducts a broad range of operations in Japan and overseas. As of March 31, 2025, plans for new constructions and expansions of facilities for these operations had not been decided for each individual project. For this reason, figures are disclosed by each business segment. Capital expenditure plans (new constructions and expansions) within the one year period following fiscal 2025 are ¥280,000 million and the breakdown by business segment is as follows.

Name of business segment	Projected amount at the end of fiscal 2025 (Millions of yen)	Main contents and objectives of facilities, etc.	Capital resource
Passive Components	50,000	Production capacity increase and rationalization of ceramic capacitors and inductive devices.	–
Sensor Application Products	19,000	Production capacity increase of each sensor product	–
Magnetic Application Products	35,000	Production of next-generation products for HDD Heads and Suspension Assemblies	–
Energy Application Products	160,000	Production of innovative technologies for rechargeable batteries	–
Other	3,000	–	–
HQ/R&D divisions	13,000	Establishment of internal IT system and basic research and development	–
Total	280,000	–	Own capital and borrowing

Note: There are no plans for retirement or sale of important facilities except for the regular retirement or sale related to updating facilities.

IV. Filing company

1. Status of the Company's shares

(1) Total number of shares authorized, etc.

a. Total number of shares authorized

Class	Total number of shares authorized by the Company (Shares)
Common stock	7,200,000,000
Total	7,200,000,000

Note: Based on a resolution by the Board of Directors held on July 30, 2024, the Company made partial amendments to the Articles of Incorporation in relation to the stock split of the common shares with the effective date of October 1, 2024. As a result, the total number of shares authorized to be issued by the Company has increased by 5,760,000,000 shares.

b. Number of shares issued

Class	Number of issued shares (As of March 31, 2025)	Number of issued shares (As of the date of filing: June 19, 2025)	Name of financial instruments exchange where the stock of the Company is traded or the name of authorized financial instruments firms association where the Company is registered	Details
Common stock	1,943,859,885	1,943,859,885	Tokyo Stock Exchange Prime Market	Share unit number 100 shares
Total	1,943,859,885	1,943,859,885	–	–

Note: 1. Based on a resolution by the Board of Directors held on July 30, 2024, the Company split one share of its common stock into five shares with the effective date of October 1, 2024. As a result, the total number of issued shares has increased by 1,555,087,908 shares.

2. 507,000 shares out of numbers of issued shares as of the date of filling are capital contributions in kind (monetary reward receivables of 883 million yen) from the disposal of treasury shares as Post-delivery type stock remuneration.

3. The number of shares issued by exercise of stock acquisition rights between June 1, 2025 and the date of filing of this Annual Securities Report, is not included in "Number of issued shares as of the date of filing".

(2) Status of stock acquisition rights

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

a. Share-Based Compensation Type 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
2010	May 26, 2010	18 [12]	27,000 [18,000] shares of common stock	¥421,300 (fair value)	From July 4, 2010 to July 3, 2030	—	—
2011	May 25, 2011	31	46,500 shares of common stock	¥392,500 (fair value)	From July 3, 2011 to July 2, 2031	—	1 person 3 rights
2012	June 21, 2012	51	76,500 shares of common stock	¥277,000 (fair value)	From July 8, 2012 to July 7, 2032	1 person, 10 rights	1 person 3 rights
2013	June 19, 2013	61	91,500 shares of common stock	¥311,200 (fair value)	From July 7, 2013 to July 6, 2033	1 person, 24 rights	1 person 15 rights
2014	June 18, 2014	62	93,000 shares of common stock	¥413,600 (fair value)	From July 6, 2014 to July 5, 2034	1 person, 24 rights	2 people 28 rights
2015	July 31, 2015	244	366,000 shares of common stock	¥680,600 (fair value)	From August 23, 2015 to August 22, 2035	2 people, 60 rights	2 people 42 rights
2016	June 17, 2016	227	340,500 shares of common stock	¥427,300 (fair value)	From July 10, 2016 to July 9, 2036	3 people, 120 rights	2 people 25 rights
2017	June 16, 2017	113 [112]	169,500 [168,000] shares of common stock	¥658,400 (fair value)	From July 9, 2017 to July 8, 2037	3 people, 58 rights	2 people 17 rights
2018	March 23, 2018	329 [316]	493,500 [474,000] shares of common stock	¥837,300 (fair value)	From April 8, 2018 to April 7, 2038	3 people, 151 rights	2 people 29 rights
2018	June 20, 2018	24	36,000 shares of common stock	¥1,041,000 (fair value)	From July 8, 2018 to July 7, 2038	1 person, 24 rights	—
2019	March 26, 2019	128 [111]	192,000 [166,500] shares of common stock	¥856,200 (fair value)	From April 7, 2019 to April 6, 2039	4 people, 50 rights	—
2019	June 19, 2019	32	48,000 shares of common stock	¥780,000 (fair value)	From July 7, 2019 to July 6, 2039	1 person, 32 rights	—
2020	March 25, 2020	2 [0]	3,000 [0] shares of common stock	¥759,600 (fair value)	April 12, 2020 to April 11, 2040	—	—

Notes: 1. The exercise price is ¥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 acquisition rights listed are based on information as of March 31, 2025. For those which have changed from March 31, 2025 to May 31, 2025, it is stated in [ ]. Others have not changed since March 31, 2025.
6. 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.
7. The Company split one share of its common stock into three shares on the effective date of October 1, 2021 based on the resolution adopted at the Board of Directors meeting on July 28, 2021, and split one share of its common stock into five shares, with the effective date of October 1, 2024 based on the resolution adopted at the Board of Directors meeting on July 30, 2024. As a result, the number of shares to be issued upon the exercise of stock acquisition rights has been adjusted.

(3) Status of exercise of moving strike convertible bonds (MSCB), etc.

No items to report

(4) Details of rights plan

No items to report

(5) Trends in total number of issued shares, capital stock, etc.

Date	Fluctuation in the total number of issued shares (shares)	Balance of total number of issued shares (shares)	Fluctuation in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Fluctuation in additional paid-in capital (Millions of yen)	Balance of additional paid-in capital (Millions of yen)
October 1, 2021 (Note 1)	259,181,318	388,771,977	–	32,641	–	59,256
October 1, 2024 (Note 2)	1,555,087,908	1,943,859,885	-	32,641	-	59,256

Note: 1. Based on the resolution adopted at the Board of Directors meeting on July 28, 2021, the Company split one share of its common stock into three shares on effective date of October 1, 2021.

2. Based on the resolution adopted at the Board of Directors meeting on July 30, 2024, the Company split one share of its common stock into five shares on effective date of October 1, 2024.

(6) Shareholder composition

(As of March 31, 2025)

Category	Shareholder composition (Number of shares constituting one unit: 100)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders (Person)	–	96	59	411	919	287	48,963	50,735	–
Number of shares held (Share units)	–	8,344,023	693,601	120,673	8,714,069	5,337	1,558,993	19,436,696	190,285
Holding rate of shares (%)	–	42.93	3.57	0.62	44.83	0.03	8.02	100.00	–

Notes: 1. In the “Other corporations” column, 45 share units in the name of Japan Securities Depository Center, Inc. are included.

2. 46,225,100 treasury shares of which 462,251 share units are included in “Individuals, etc.”

(7) Status of major shareholders

(As of March 31, 2025)

Name of shareholder	Address	Number of shares held (Thousands of shares)	Percentage of number of shares held in the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd.(Trust account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	510,320	26.89
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	240,451	12.67
JP MORGAN CHASE BANK 385632	London, UK (2-15-1, Konan, Minato-ku, Tokyo, Japan)	63,944	3.37
STATE STREET BANK AND TRUST COMPANY 505001	Boston, U.S.A (2-15-1, Konan, Minato-ku, Tokyo, Japan)	48,599	2.56
STATE STREET BANK WEST CLIENT - TREATY 505234	North Quincy, U.S.A (2-15-1, Konan, Minato-ku, Tokyo, Japan)	40,618	2.14
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	New York, U.S.A (6-27-30, Shinjuku, Shinjuku-ku, Tokyo, Japan)	34,444	1.82
HSBC HONGKONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	Hong Kong, China (3-11-1, Nihonbashi Chuo-ku, Tokyo, Japan)	31,714	1.67
GOVERNMENT OF NORWAY	Oslo, Norway (6-27-30, Shinjuku, Shinjuku-ku, Tokyo, Japan)	30,367	1.60
JP MORGAN CHASE BANK 385781	London, UK (2-15-1, Konan, Minato-ku, Tokyo, Japan)	26,869	1.42
JPMorgan Securities Japan Co., Ltd	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	24,873	1.31
Total	-	1,052,198	55.45

Notes: 1. Other than the above, the Company holds 46,225 thousand shares of treasury stock.

2. In a Large Shareholding Report that was disclosed to public on May 21, 2020, the share possessions by shareholders as of May 15, 2020, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of shares certificates held (%)
Daiwa Asset Management Co. Ltd.	1-9-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	6,502,400	5.02

3. The Company split one share of its common stock into three shares on effective date of October 1, 2021. The "Number of share certificates, etc. held" listed in Notes 2 for the Large Shareholding Report is based on the numbers before the share split.

4. In a Change Report that was disclosed to public on November 2, 2022, the share possessions by shareholders as of October 26, 2022, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of the end of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of share certificates held (%)
NOMURA INTERNATIONAL PLC	London, UK	463,906	0.12
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo, Japan	42,303,000	10.88
Total	–	42,766,906	11.00

5. In a Change Report that was disclosed to public on October 16, 2023, the share possessions by shareholders as of October 9, 2023, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of the end of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of shares certificates held (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	8,945,600	2.30
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishimbashi, Minato-ku, Tokyo, Japan	10,605,100	2.73
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo, Japan	640,369	0.16
Total	–	20,191,069	5.19

6. The Company split one share of its common stock into five shares on effective date of October 1, 2024. The "Number of share certificates, etc. held" listed in Notes 2, 4 and 5 for the Large Shareholding Report is based on the numbers before the share split.

7. In a Change Report that was disclosed to public on October 7, 2024, the share possessions by shareholders as of September 30, 2024, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of the end of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of shares certificates held (%)
Capital Research and Management Company	Los Angeles, U.S.A	74,933,975	3.85
Capital International, Inc.	Los Angeles, U.S.A	8,686,325	0.45
Capital International Co., Ltd.	3-2-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	1,973,400	0.10
Capital Group Private Client Services, Inc.	Los Angeles, U.S.A	2,157,098	0.11
Total	–	87,750,798	4.51

8. In a Change Report that was disclosed to public on March 21, 2025, the share possessions by shareholders as of March 14, 2025, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of the end of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of shares certificates held (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo, Japan	49,939,000	2.57
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo, Japan	111,864,300	5.75
Total	–	161,803,300	8.32

9. In a Change Report that was disclosed to public on April 3, 2025, the share possessions by shareholders as of March 31, 2025, detailed below were described. However, as the Company cannot confirm the numbers of such shares substantially held as of the end of March 31, 2025, the details were not included in the above "Status of major shareholders."

Name of shareholder	Address	Number of share certificates, etc. held (Shares)	Percentage of shares certificates held (%)
BlackRock Japan Co., Ltd.	1-8-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	52,097,500	2.68
Aperio Group, LLC	Sausalito, USA	2,367,277	0.12
BlackRock Advisers, LLC	Wilmington, U.S.A	2,515,370	0.13
BlackRock (Netherlands) BV	Amsterdam, Netherlands	5,840,875	0.30
BlackRock Fund Managers Limited	London, United Kingdom	6,224,725	0.32
BlackRock Asset Management Canada Limited	Toronto, Canada	2,261,900	0.12
BlackRock Asset Management Ireland Limited	Dublin, Ireland	17,618,325	0.91
BlackRock Fund Advisors	San Francisco, U.S.A	39,182,200	2.02
BlackRock Institutional Trust Company, N.A.	San Francisco, U.S.A	27,130,375	1.40
BlackRock Investment Management (UK) Limited	London, United Kingdom	2,677,220	0.14
Total	–	157,915,767	8.12

(8) Status of voting rights

a. Issued shares

(As of March 31, 2025)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Content
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 46,225,100 (Cross-Holding stock) Common stock 1,380,000	–	–
Shares with full voting rights (Other)	Common stock 1,896,064,500	18,960,645	–
Shares less than one unit	Common stock 190,285	–	–
Total number of issued shares	1,943,859,885	–	–
Total number of voting rights	–	18,960,645	–

Note: 1. The number of "Shares with full voting rights (Other)" includes 4,500 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes 45 units of voting rights related to shares with full voting rights in its name.

2. The Company split one share of its common stock into five shares with the effective date of October 1, 2024. As a result, the total number of issued shares has increased by 1,555,087,908 shares.

b. Treasury stock, etc.

(As of March 31, 2025)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of total number of shares held in the total number of issued shares (%)
(Treasury stock) TDK Corporation	2-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan	46,225,100	–	46,225,100	2.38
(Cross-Holding stock) TODA KOGYO CORP.	1-23, Kyobashi-cho, Minami-ku, Hiroshima City, Hiroshim Pref. Japan	1,350,000	–	1,350,000	0.07
(Cross-Holding stock) YURIKOGYO CO.,LTD.	2-659, Numatashinmichishita, Nishimemachi, Yurihonjo City, Akita Pref. Japan	30,000	–	30,000	0.00
Total	–	47,605,100	–	47,605,100	2.45

Note: The Company split one share of its common stock into five shares with the effective date of October 1, 2024.

2. Status of acquisition, etc. of treasury stock

[Class of shares] Acquisitions of common stock that fall under Article 155, item (VII) of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

No items to report

(2) Acquisition by resolution of the Board of Directors

No items to report

(3) Items not based on resolution of the General Meeting of Shareholders or Board of Directors

Category	Number of shares (Shares)	Total value (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2025	1,765	3,490,372
Treasury stock acquired during the period under review	70	96,565

Note: 1. The Company split one share of its common stock into five shares with the effective date of October 1, 2024. Treasury stock acquired during the fiscal year ended March 31, 2025, 1,765 shares, is number of shares after an adjustment by the share split.

2. Shares acquired by the purchase of shares less than one unit between June 1, 2025 and the date of filing of this Annual Securities Report are not included in the "Treasury stock acquired during the period under review."

(4) Status of disposal and ownership of acquired treasury stock

Category	Fiscal 2025		Period under review	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Treasury stock acquired, for which subscription was offered	–	–	–	–
Treasury stock acquired, which were disposed	–	–	–	–
Treasury stock acquired, which were transferred for merger, share exchange, share issuance or company split	–	–	–	–
Other (exercises of stock acquisition rights)	304,500	104,348,724	58,500	20,049,705
Other (disposal as post-delivery type stock remuneration)	376,500	129,024,067	–	–
Other (sale of shares less than one unit)	–	–	70	23,991
Treasury stock held	46,225,100	–	46,166,600	–

Notes: 1. The Company split one share of its common stock into five shares with the effective date of October 1, 2024. Other (exercises of stock acquisition rights) during the fiscal year ended March 31, 2025, 304,500 shares, is number of shares after an adjustment by the share split.

2. Shares disposed of between June 1, 2025 and the date of filing of this Annual Securities Report are not included in treasury stock disposed of during the period under review.

3. Shares acquired or disposed of between June 1, 2025 and the date of filing of this Annual Securities Report are not included in "Treasury stock held" during the period under review.

3. Dividend policy

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. In addition, since the start of Medium-term Plan from Fiscal 2025, the Company has adopted a shareholder return policy that aims for a dividend payout ratio of 35%. Under these policies, the Company 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.

The Company's basic policy is to pay dividends from surplus twice a year, at end of year and midterm, with the former determined by the Ordinary General Meeting of Shareholders and the latter by the Board of Directors.

The Articles of Incorporation of the Company prescribe "By resolution of the Board of Directors, the Company may pay interim dividends on September 30 of each year as a record date."

Dividends from surplus for the fiscal year ended March 31,2025 term are as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution of the Board of Directors held on November 1, 2024	26,564	70
The General Meeting of Shareholders held on June 20, 2025 (scheduled)	30,362	16

Notes: Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. The amounts presented in Dividends per share for which record date is on or before September 30, 2024 represent the amounts before the share split.

4. Status of corporate governance, etc.

(1) Overview of corporate governance

①Basic views on corporate governance

The basic views to achieve sustainable corporate growth and increase of corporate value over mid- to long-term of the corporate group of TDK (the "TDK Group") are as follows:

a. Based on the founding spirit "Contribute to culture and industry through creativity" as the Corporate Motto of TDK which was established in 1935 as an entrepreneurial venture to industrialize a magnetic material called ferrite invented at the Tokyo Institute of Technology currently known as the Institute of Science Tokyo, TDK unremittingly pursues originality and increases corporate value through supplies of new value (products and services) created through the promotion of innovation.

b. TDK strives to build satisfaction, trust, and support among all stakeholders, including shareholders, customers, suppliers, employees and communities, among others, continues to be helpful to the society by contributing to the resolution of social issues, and contributes to the development of a more sustainable society.

c. TDK clearly declares as the "TDK Charter of Corporate Behavior" that TDK will continue to respect human rights; comply with relevant laws, regulations, and international rules; 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 the TDK Group seek to behave in strict compliance with the "Corporate Standards of Business Conduct" prescribed by the "TDK Code of Conduct".

d. TDK 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, TDK strives to foster a sound corporate culture and sincerely conducts business activities, always aware of its place as a member of society.

e. TDK will be accountable to stakeholders through proactive, comprehensive, accurate, timely, impartial, and consistent disclosure of information.

f. Board members consisting of Directors and Audit & Supervisory Board Members and executive side such as Corporate Officers, based on their respective responsibilities, endeavor toward a common purpose such as achieving sustainable corporate growth and increasing of corporate value over the mid- to long-term of the TDK Group. The philosophy and culture shared by the Board of Directors to achieve those purpose are as follows.

"TDK's Board Culture"

①Build and maintain a relationship of deep mutual trust and a sound tension.

②Achieve both "Empowerment" which is the delegation of authority to encourage prompt autonomous decision-making and "Transparency" in business execution.

③Based on the premise that discussions at the Board of Directors meeting should be essential discussions that contribute to corporate value, regardless of inside/outside, Directors/Audit & Supervisory Board Members, actively and diversely make remarks and discussions from each standpoint and from a big picture.

④The executive side takes the opinions of the Board of Directors sincerely as an opportunity to improve management and implements necessary measures. Directors and Audit & Supervisory Board Members supervise and audit from an objective standpoint. Through these efforts, aim to further improve our corporate value.

TDK has established the "TDK Basic Policy on Corporate Governance" as its basic views and policy regarding the corporate governance of TDK, which is posted on the website of TDK.

■TDK Basic Policy on Corporate Governance

https://www.tdk.com/en/ir/governance/basic/index.html

②Overview of current system and reason for adoption

The Company is a company with an Audit & Supervisory Board and has implemented various measures to strengthen its corporate governance. In 2002, efforts to reform governance included the introduction of a Corporate Officer system along with a significant reduction in the number of Directors for the purpose of clearly separating management's monitoring and execution functions. In addition, to fortify the system for boosting shareholders' confidence, we shortened the term of office of Directors from 2 years to 1 year and actively invited the participation of Outside Directors.

In addition, the Company has established 3 committees acting as advisory organizations to the Board of Directors (the Nomination Advisory Committee, the Compensation Advisory Committee, the Corporate Governance Committee) to strengthen our management supervision functions.

Further, TDK established "TDK Basic Policy on Corporate Governance". The policy request to elect Independent Outside Directors which account for half or more of the Directors and to assign an Independent Outside Director as the chair of the Board of Directors in principle. TDK complies them.

In short, the Company has always believed it can realize a system to continuously ensure sound, compliant and transparent management through the introduction of a new framework that strengthens corporate governance based on its Audit & Supervisory Board System.

a. Organization 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 half 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 year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every fiscal year.

■Organization of the Board of Directors（as of June 19. 2025）:

	Position and Duties, etc. at the Company	Name
	Representative Director, President & CEO General Manager of Humidifier Countermeasures HQ	Noboru Saito
	Representative Director & Senior Executive Vice President Chief Financial Officer	Tetsuji Yamanishi
	Director & Executive Vice President CEO, Electronic Components Business Company	Shigeki Sato
	Outside Director	Kozue Nakayama
Chair of the board	Outside Director	Mutsuo Iwai
	Outside Director	Shoei Yamana
	Outside Director	Toru Katsumoto

* The Company proposes the "Election of Seven Directors" as an agenda item (resolution) for the 129th Annual General Meeting of Shareholders scheduled to be held on June 20, 2025. If this proposal is approved as originally drafted, the composition of the Board of Directors is expected to be as follows.

	Position and Duties, etc. at the Company	Name
	Representative Director, President & CEO General Manager of Humidifier Countermeasures HQ	Noboru Saito
	Representative Director & Senior Executive Vice President CFO	Tetsuji Yamanishi
	Director & Corporate Officer CTO, General Manager of Technology and Intellectual Property HQ	Shuichi Hashiyama
	Outside Director	Kozue Nakayama
Chair of the board	Outside Director	Mutsuo Iwai
	Outside Director	Shoei Yamana
	Outside Director	Toru Katsumoto

■Number of the Board of Directors meetings and attendance status (FY 2025）:

	Position at the Company	Name	Attendance Status
	Representative Director	Noboru Saito	13 out of 13 meetings (100%)
	Representative Director	Tetsuji Yamanishi	13 out of 13 meetings (100%)
	Director	Shigeki Sato	13 out of 13 meetings (100%)
	Outside Director	Kozue Nakayama	13 out of 13 meetings (100%)
Chair of the board	Outside Director	Mutsuo Iwai	13 out of 13 meetings (100%)
	Outside Director	Shoei Yamana	13 out of 13 meetings (100%)
	Outside Director	Toru Katsumoto	10 out of 10 meetings (100%) *

* After his appointment as a director in June 2024

■Operating Policy of the Board of Directors (FY 2025)：

T129 Basic Policy for the operation of Board of Directors	Directors, Audit & Supervisory Board Members, and executive officers work together towards the common goal of TDK's sustainable growth and the improvement of its medium to long-term corporate value. In the first year of the new medium-term management plan, T129, the Board of Directors will engage in discussions regarding the business portfolio strategy and risk management, which are crucial elements for achieving the medium-term plan. They will also consider the optimal governance structure in line with the medium-term period.
T129 Key Discussion Items of Board of Directors	1. Business Portfolio Strategy 2. Risk Management 3. Govrenance Structure

■Main agenda items in the Board of Directors (FY 2025)：

Management Strategy	・Business Portfolio Management ・Progress/validation of medium-term and current-term management plan (Company-wide and major business units) ・Financial strategy, fund plan
Governance	・Effectiveness evaluation of the Board of Directors ・Group governance, Group risk management, Compliance management ・Internal audit report ・Internal control system and state of operation
Headquarters functions	・Sustainability ・Global human resource strategy ・Technology development strategy, Production engineering strategy, Intellectual property strategy, Quality assurance ・Management system, Supply chain management ・Branding / PR

As well as the above, the Board of Directors discussed business matters, capital investment, business tie-up, etc.

b. Organization of the Audit & Supervisory Board

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.
(The status of audit by Audit & Supervisory Board Members is as described in (3) [Status of Audit].)

■Organization of the Audit & Supervisory Board（as of June 19. 2025）：

	Position at the Company	Name
Chairperson	Full-time Audit & Supervisory Board Member	Masato Ishikawa
	Full-time Audit & Supervisory Board Member	Takakazu Momozuka
	Outside Audit & Supervisory Board Member	Douglas K. Freeman
	Outside Audit & Supervisory Board Member	Chizuko Yamamoto
	Outside Audit & Supervisory Board Member	Takashi Fujino

c. Overview of advisory organizations to the Board of Directors

< The Nomination Advisory Committee >

The Nomination Advisory Committee is chaired by an Independent Outside Director of the Company and a majority of the members are Independent 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. In addition, the said Committee confirms the positions of Outside Directors and Outside Audit & Supervisory Board Members held at other companies every term, and investigates and examines the independence of candidates of Directors and Outside Audit &

Supervisory Board Members (including cases where the status of independence changes during the term of office). After deliberating and comprehensively judging the content, the said Committee report the deliberation results to the Board of Directors.

■Organization of the Nomination Advisory Committee（as of June 19. 2025）：

	Position and Duties, etc. at the Company	Name
Chair of the committee	Outside Director	Kozue Nakayama
	Outside Director	Mutsuo Iwai
	Outside Director	Shoei Yamana
	Outside Director	Toru Katsumoto
	Representative Director, President & CEO General Manager of Humidifier Countermeasures HQ	Noboru Saito

■Number of the Nomination Advisory Committee and attendance status (FY 2025)：

	Position at the Company	Name	Attendance Status
Chair of the committee	Outside Director	Kozue Nakayama	12 out of 12 meetings (100%)
	Outside Director	Mutsuo Iwai	11 out of 12 meetings (91.7%)
	Outside Director	Shoei Yamana	12 out of 12 meetings (100%)
	Outside Director	Toru Katsumoto	7 out of 9 meetings (77.8%) *
	Representative Director	Noboru Saito	12 out of 12 meetings (100%)

*After his appointment as a member of the Committee in June 2024.

■Main agenda items in the Nomination Advisory Committee (FY 2025)：

Officer structure	・Selection of Director candidates ・Organization of Board Advisory committees for the next term ・Organization of Corporate Officers for the next term
Governance	・Succession planning ・Skill matrix

<The Compensation Advisory Committee>

The Compensation Advisory Committee is chaired by an Independent Outside Director of the Company and a majority of the members are Independent Outside Directors. The said Committee contributes to the securement of the transparency of remuneration decision-making process and the reasonableness of individual remunerations in light of corporate business performance, individual performance and general industry standards by deliberating and reporting to the Board of Directors on the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers.

■Organization of the Compensation Advisory Committee（June 19. 2025）：

	Position and Duties, etc. at the Company	Name
Chair of the committee	Outside Director	Shoei Yamana
	Outside Director	Kozue Nakayama
	Outside Director	Mutsuo Iwai
	Outside Director	Toru Katsumoto
	Representative Director & Senior Executive Vice President CFO	Tetsuji Yamanishi

■Number of the Compensation Advisory Committee and attendance status (FY 2025)：

	Position at the Company	Name	Attendance Status
Chair of the committee	Outside Director	Shoei Yamana	10 out of 10 meetings (100%)
	Outside Director	Kozue Nakayama	10 out of 10 meetings (100%)
	Outside Director	Mutsuo Iwai	9 out of 10 meetings (90.0%)
	Outside Director	Toru Katsumoto	6 out of 8 meetings (75.0%) *
	Representative Director	Tetsuji Yamanishi	10 out of 10 meetings (100%)

*After his appointment as a member of the Committee in June 2024.

■Main agenda items in the Compensation Advisory Committee (FY 2025)：

Remuneration of Directors and Corporate Officers	· Corporate Officer performance-linked bonuses for the current term · Executive compensation table for the next term · Corporate Officer performance-linked bonus target value for the next term
Executive remuneration of major subsidiaries	・Executive remuneration of overseas subsidiaries

<The Corporate Governance Committee>

The Corporate Governance Committee conducts deliberations on TDK's medium- to long- term corporate governance way and system, policy for TDK's corporate governance and matters to be consulted by the Board of Directors, etc. and continuously strives to enhance corporate governance for TDK’s sustainable growth and increase of its corporate value over the mid- to long-term.

■Organization of the Corporate Governance Committee（as of June 19. 2025）：

	Position and Duties, etc. at the Company	Name
Chair of the committee	Representative Director & Senior Executive Vice President CFO	Tetsuji Yamanishi
	Outside Director	Kozue Nakayama
	Outside Director	Mutsuo Iwai
	Outside Director	Shoei Yamana
	Outside Director	Toru Katsumoto
	Representative Director, President & CEO General Manager of Humidifier Countermeasures HQ	Noboru Saito
	Corporate Officer, GM, Corporate Strategy HQ	Taro Ikushima

■Number of the Corporate Governance Committee and attendance status (FY 2025)：

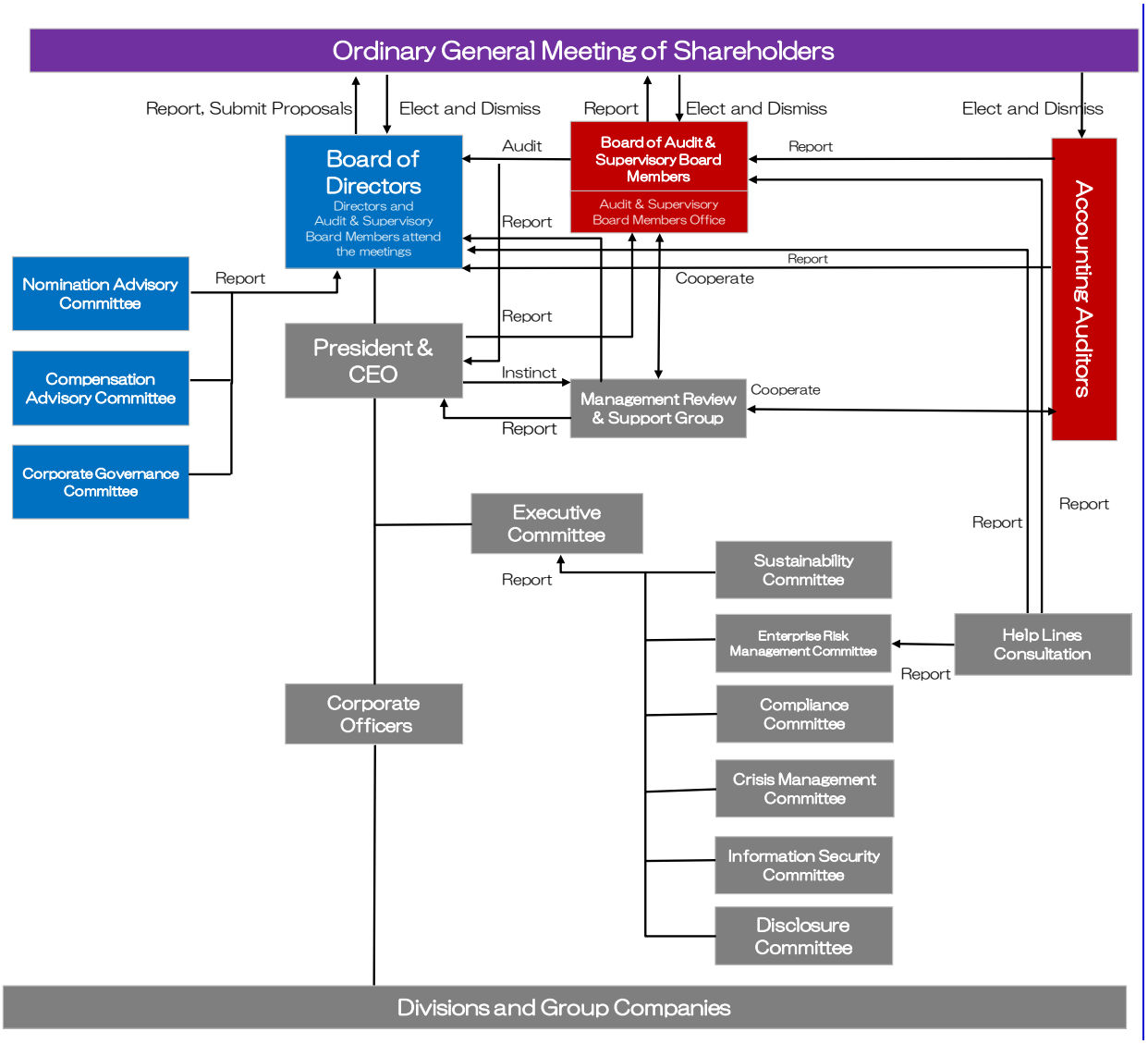
	Position at the Company	Name	Attendance Status
Chair of the committee	Representative Director	Tetsuji Yamanishi	3 out of 3 meetings (100%) *
	Outside Director	Kozue Nakayama	4 out of 4 meetings (100%)
	Outside Director	Mutsuo Iwai	4 out of 4 meetings (100%)
	Outside Director	Shoei Yamana	4 out of 4 meetings (100%)
	Outside Director	Toru Katsumoto	3 out of 3 meetings (100%) *
	Representative Director	Noboru Saito	4 out of 4 meetings (100%)
	Corporate Officer	Shuichi Hashiyama	4 out of 4 meetings (100%)

*After his appointment as a member of the Committee in June 2024.

■Main agenda items in the Corporate Governance Committee (FY 2025) :

Governance	・TDK's corporate governance ideals and policies ・Operating Policy of the Board of Directors ・Annual agenda for the Board of Directors meetings ・Evaluation of the effectiveness of the Board of Directors ・Internal control system and its operational status ・Compliance status with Corporate Governance Codes

d. Organization Chart



e. Evaluation of the Effectiveness of the Board of Directors (FY2025)

The Company conducts an evaluation of the effectiveness of the Board of Directors each fiscal year in order to verify whether the functions expected of the Board of Directors are properly performed and enhance such functions. Also, the Company 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 2025, the Company requested a preliminary evaluation from a third-party evaluation institution (conducting surveys and interviews and performing a third-party evaluation based on the results), and after discussions by the Corporate Governance Committee and the Board of Directors, the Company conducted a final evaluation.

■Evaluation Process

(1)	The Corporate Governance Committee (composed of Directors, including Outside Directors, and Corporate Officer (General Manager of Corporate Strategy HQ)) reviewed and deliberated the method and schedule for evaluating the effectiveness this time (October 2024). The contents of the review and deliberation were also shared with the Board of Directors (October 2024 Board of Directors meeting).
(2)	Prior to the questionnaire and interviews, the third-party evaluation institution held preliminary discussions with the Chair of the Corporate Governance Committee, the Chair of the Board of Directors, the Representative Director President & CEO, and the Secretariat of the Board of Directors, respectively, to confirm the status of the company, including management strategy, etc. (October 2024).
(3)	The Corporate Governance Committee conducted an effectiveness evaluation questionnaire (anonymous form) for all seven Directors and all five Audit & Supervisory Board Members (November 2024). [Questionnaire Items (Major Items)] ①Formulation of long-term vision, etc., and management issues and risks (questions and free answers) ②Role and function of the Board of Directors (questions and free answers) ③Size and composition of the Board of Directors (questions and free answers) ④Operation of the Board of Directors (questions and free answers) ⑤Discussions at the Board of Directors meetings (questions and free answers) ⑥Composition and role of the Nomination Advisory Committee (questions and free answers) ⑦Operation of the Nomination Advisory Committee (questions and free answers) ⑧Composition and role of the Compensation Advisory Committee (questions and free answers) ⑨Operation of the Compensation Advisory Committee (questions and free answers) ⑩Composition and role of the Corporate Governance Committee (questions and free answers) ⑪Operation of the Corporate Governance Committee (questions and free answers) ⑫Support system for Outside Directors (questions and free answers) ⑬Role of the Audit & Supervisory Board Members and expectations of the Audit & Supervisory Board Members (questions and free answers) ⑭Relationship with investors and shareholders (questions and free answers) ⑮Governance structure of TDK and effectiveness of the Board of Directors in general (free answers) ⑯Self-evaluation by Directors and Audit & Supervisory Board Members (free answers) *The survey is multifaceted, with detailed sub-items underneath the major items described above. While certain question items are not changed in the effective evaluation questionnaire in order to enable continuous measurement each year, the other question items are reviewed each year in order to enhance the quality of the evaluation. Also, many "free comment fields" are provided in order to collect different and various opinions and suggestions without regard to the questionnaire items.
(4)	The third-party evaluation institution compiled the results of the above questionnaire and identified common problems and issues. The Corporate Governance Committee made an interim report on the results to the Board of Directors and the Board of Directors deliberated the results (December 2024 Board of Directors meeting).
(5)	The third-party evaluation institution conducted individual interviews (with all Directors and all Audit & Supervisory Board Members), focusing on the key issues identified by the above questionnaire (January 2025).
(6)	The third-party evaluation institution compiled the opinions gathered from the questionnaire and interviews in an anonymous form and reported the results of its examination to the Board of Directors as the primary evaluation results of the third-party evaluation institution. The Board of Directors deliberated several times, taking the results into consideration, and finalized the evaluation (March and April 2025 Board of Directors meetings).

■Primary Evaluation by the third-party evaluation institution

The results of the primary evaluation by the third-party evaluation institution are as follows.

(1)	Summary of Evaluation Results ①General comment ・It is recognized that TDK's long-term vision and new medium-term management plan were formulated after considering TDK's ideal form from a long-term perspective and after sufficient discussions at the Board of Directors meetings, and it is highly regarded that the most important role of the Board of Directors, which is to discuss long-term management plans and strategies, is appropriately fulfilled. ・In light of the rapid and significant growth of the TDK Group and the expectation of further expansion in the future through the growth strategy, it is considered necessary to further exercise the role and functions of the Board of Directors in the future, and at the same time, it is considered necessary to consider a wide range of measures, such as strengthening the structure of the executive side, including the corporate functions and the internal audit department.

②Evaluation of the effectiveness of the Board of Directors and future issues

・The Chair of the Board, Outside Directors, Internal Directors, and Audit & Supervisory Board Members appropriately participate in discussions from their respective standpoints and contribute to discussions at the Board of Directors, and the current composition of members is highly regarded as appropriate. It has been pointed out that it is still important to ensure diversity.

・There is a need to concretize a long-term growth strategy that looks beyond the medium-term management plan. In doing so, it is considered necessary to have a company-wide perspective, taking into account the characteristics of the Company's business and risks, and keeping in mind strategic thinking that is conscious of the trends and needs of the end customer.

・In order to realize and achieve the long-term vision and the medium-term management plan, it is considered necessary to deepen discussions at the Board of Directors on the following important issues.

＊Ideal Business Portfolio

＊Understanding and Responding to Business Risks

＊Enhancement of corporate functions

＊Group Governance

＊Particularly important themes for pre-financed capital, such as the development of management and the promotion of diversity

・From the point of view of delegation of authority to the executive side, it is considered appropriate to set the agenda of the Board of Directors meeting. In the future, it is expected that the Board of Directors will clarify the points to be discussed and set flexible agendas in light of the importance of the content.

・The Nomination Advisory Committee and the Compensation Advisory Committee are evaluated as being operated appropriately. There is a need to further share with the Board of Directors the nomination process and the issues related to management development.

③Relative evaluation of TDK's Board of Directors (compared to other companies)

Compared to other companies, TDK's Board of Directors is evaluated as having a high level of discussion among internal and Outside Directors and Audit & Supervisory Board Members, and the discussions are future-oriented and conducive to corporate value while maintaining a deep mutual trust and healthy tension.

(2) Progress in addressing issues identified in the effectiveness evaluation of the previous fiscal year

The following issues reported in the previous fiscal year were addressed in the annual plan of the Board of Directors, and efforts for improvement were recognized.

① Decision-making by the Board of Directors to achieve the Medium-Term Management Plan

In order to monitor the execution of the Medium-Term Management Plan (FY2025 - FY2027) and support its achievement, the Board of Directors deepened discussions and confirmed the direction of "Business Portfolio Strategy" and "Risk Management at the Management Level", which are important elements of the Medium-Term Management Plan,

＜Business Portfolio Strategy＞

The Board of Directors has set the strengthening of business portfolio management as a priority measure in the formulation of the medium-term management plan.

The executive side has revised the business portfolio evaluation process, which will be applied from FY2025.

At the off-site meeting in December 2024 and the Board of Directors meeting in February 2025, business portfolio management was discussed.

＜Risk management at the management level＞

At the off-site meeting in August 2024, the direction of future discussions on group risk management was discussed.

From the FY2025, the executive side introduced vulnerability assessments linked to materiality and improved company-wide risk management.

In October 2024, an outside expert was invited as a lecturer and a study session was held for executives on geopolitical risks.

At the off-site meeting in December 2024, a study session was held for board members on sustainability disclosure requirements.

At the Board of Directors Meeting in December 2024, company-wide risk management was discussed.

②Strengthen engagement activities with stakeholders

In order to contribute to corporate value by the Board of Directors, we have strengthened stakeholder engagement activities as in the previous fiscal year and expanded the scope of "Open Board" activities to external stakeholders (shareholders, investors, etc.). In addition, the Board of Directors held a discussion on strengthening PR and brand capabilities, and promoted the strengthening of communication with stakeholders by the executive side.

The Chair of the Board (Outside Director) participated in the briefing for institutional investors in June 2024.

The Board of Directors meeting in September 2024 was held at the Group's site (Nagaoka City, Niigata Prefecture) and a town hall meeting was held with local employees (an "open board" activity).

At the Board of Directors meeting in November 2024 and January 2025, Branding and PR strategies were discussed.

Information was regularly disseminated through the Board of Directors newsletter "The Board" on the company intranet.

Outside directors are scheduled to participate in IR events scheduled to be held in the FY2026 multiple times.

	③Pursuit of an optimal governance system with an eye on the period of the medium-term management plan While Board members recognize that the effectiveness of the Board of Directors is sufficiently ensured, we have repeatedly discussed the optimal governance system for TDK with the aim of further improving its effectiveness. In addition, the Skills Matrix was verified, the nomination process was clarified, independent outside directors with the necessary skills were invited, and shifted to a system in which independent outside directors make up the majority of directors. At the Ordinary General Meeting of Shareholders in June 2024, Mr. Katsumoto outside director was appointed, and the majority of the directors were made up of independent outside directors. The Board of Directors, the Corporate Governance Committee, and off-site meetings discussed the optimal governance system on multiple occasions.

■Final Evaluation by the Board of Directors

(1)	Results of the Effectiveness Evaluation (Conclusion) In this evaluation, the Board of Directors considered the effectiveness of the Board of Directors to be the "appropriate fulfillment of the roles and functions (management supervision, decisions on important matters, etc.) expected of the Board of Directors in realizing the company's sustainable growth" and conducted an evaluation in terms of whether there is a mechanism to guarantee this, whether appropriate deliberations and active and substantive discussions take place, and whether the results of these deliberations and discussions lead to improved management. Based on the primary evaluation by the third-party evaluation institution, the Board of Directors, as a result of conducting deliberations several times, confirmed that the effectiveness of the Board of Directors and its Advisory Committees (Nomination Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee) was sufficiently secured in terms of their size and composition, the content of the agenda items and deliberations, the status of discussions, their reflection in management, etc. In addition, the Board of Directors confirmed that it continues to enhance its effectiveness by making improvements based on the results of the Board of Directors evaluation in the previous fiscal year.
(2)	Future Issues As a result of the effective evaluation of the Board of Directors this time, the following two items are recognized as the main issues that the Board of Directors should address in the future: ①Continued discussion of medium- to long-term strategies at the Board of Directors meetings The Board of Directors needs to continue discussions on how to materialize a long-term growth strategy that looks beyond the medium-term management plan. Specifically, we will delve into discussions on the following themes. In addition, attention should be paid to clarifying the points that should be discussed by the Board of Directors and to adding clarity to the content of the report. ・Business Portfolio Strategy ・Enhancement of corporate functions ・Company-wide Risk Management ・Group Governance ・Particularly important themes for pre-financed capital, such as the development of management and the promotion of diversity
	②Pursuit of an optimal governance system, including further strengthening of the audit system In order to further improve the governance function, we will continue to pursue the optimal governance system and the composition of the Board of Directors. In order to respond to the expansion of the global scale of business and changes in social conditions, we will further strengthen the organizational audit system based on strengthening the structure of the internal audit department and strengthening cooperation with the Audit & Supervisory Board.

Going forward, TDK will continue to improve the effectiveness of the Board of Directors in order to achieve its sustained growth and enhance its corporate value.

③ Other matters relating to corporate governance

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:

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[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]
(Latest revision date: April 28, 2025)

(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 currently known as the Institute of Science Tokyo. Since then, the Company has unremittingly pursued originality and increased corporate value through supplies of new value (products and services) created through the promotion of innovation, based on the founding spirit "Contribute to culture and industry through creativity" as its Corporate Motto. In addition, TDK strive to build satisfaction, trust, and support among all stakeholders including shareholders, customers, suppliers, employees and communities, among others, continue to be helpful to the society by contributing to the resolution of 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 proactive, comprehensive, accurate, timely, impartial, and consistent disclosure of information.

Board members consisting of Directors and Audit & Supervisory Board Members and the executive side such as Corporate Officers, based on their respective responsibilities, endeavor toward the common purpose of achieving sustainable corporate growth and increasing the medium- to long-term corporate value of the TDK Group. The philosophy and culture shared by the Board of Directors to achieve this purpose are as follows.

"TDK's Board Culture"

①Board members and the executive side build and maintain a relationship of deep mutual trust and a sound tension.

②Board members and the executive side achieve both the delegation of authority to encourage prompt and autonomous decision-making and the transparency in business execution (Empowerment & Transparency).

③Based on the premise that discussions at the Board of Directors meetings should be essential discussions that contribute to corporate value, Board members actively and diversely make remarks and engage in discussions from each member's standpoint and from a broad point of view, regardless of whether they are inside or outside members or whether they are Directors or Audit & Supervisory Board Members.

④The executive side takes the opinions of the Board of Directors sincerely as an opportunity to improve management and implements necessary measures. Directors and Audit & Supervisory Board Members supervise and audit from an objective standpoint. Through these efforts, they aim to further improve the TDK Group's corporate value.

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.

①Adoption 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.

②Strengthening 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 half 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.

③Adoption 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.

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

The Nomination Advisory Committee is chaired by an Outside Director of the Company and a majority 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 majority 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 the Company's medium- to long- term corporate governance way and system, policy for the Company's corporate governance and matters to be consulted by the Board of Directors, 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.

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 has established 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 regarding preservation and control of information in relation to the execution of business by Directors of the Company:

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 each of the following committees (which is chaired by a Corporate Officer) under the direct control of the Executive Committee.

(i) Sustainability Committee
In order to align societal sustainability with the sustainability of TDK Group (long-term corporate value enhancement), we will identify sustainability-related risks and opportunities, establish and manage company-wide material issues, review them as internal and external environments change, and address sustainability-related regulations.

(ii) ERM* Committee
Through the ERM Committee, which has been established for the purpose of the company-wide measures against factors (risks) that obstruct the achievement of the business targets and business operations of the Company, the Company further strengthens enterprise risk management. The ERM Committee clarifies the roles of each organization in risk management activities, and promotes the PDCA cycle for a series of risk management activities (identification of risks ~ evaluation and consideration of countermeasures ~ implementation ~ monitoring and improvement).
*ERM (Enterprise Risk Management)

(iii) Compliance Committee
Through the Compliance Committee, which aims to supervise risk management and advance initiatives with respect to compliance, the Company promotes the strengthening of prevention of violations of laws and regulations, etc. and recurrence of such violations. The Compliance Committee approves company-wide compliance activity policies and plans, select risks that TDK will focus on with respect to compliance, assign individual risks to risk owner divisions, evaluate and provide instructions to and monitor risk owner divisions.

(iv) Crisis Management Committee
The Crisis Management Committee has been established and operates with the aim of implementing advance measures for serious disasters, accidents and incidents (natural disasters, fire and other accidents, infectious diseases, 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 company-wide 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).

(v) 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, implements measures against cyber-attacks and information leakage from within TDK, and monitors the security status of TDK to prevent cyber-attacks. In addition, in the event of an attack, the said Committee will promptly assess the situation, recover, and take measures. Furthermore, the said Committee assist suppliers in strengthening information security.

(vi) Disclosure Committee

The Disclosure Committee deliberates on and scrutinize the Company's important corporate information and disclosure documents that are relevant to the investment decisions of shareholders and investors in order to ensure that the Company makes disclosures in a proactive, comprehensive, accurate, timely, fair manner, and consistent in accordance with various laws and regulations concerning securities transactions and the rules of the stock exchange on which the Company's shares are listed.

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 decided by the President upon being deliberated at the Executive Committee which consists of Corporate Officers and HQ 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 the Executive Committee.

With respect to the Company's subsidiaries, the Company ensures efficient management execution by having them execute their business based on the responsibilities and authorities of each organization stipulated in the "Global Common Regulations" for the entire TDK. Also, the Company has established 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", thereby ensuring management transparency.

(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.

In addition, the Company appoints a Global Chief Compliance Officer from among Corporate Officers upon resolution of the Board of Directors and operates the Compliance Committee. The Global Chief Compliance Officer serves as the Chair of the Compliance Committee and appoints Regional Chief Compliance Officers for each region. Through this system, the Company promotes activities to strengthen a compliance system of TDK and the Compliance Committee reports its activities to the President and the Board of Directors.

Furthermore, through the Business Ethics Subcommittee which is an internal organization of the Compliance Committee, the Company operates TDK's internal reporting system (including the Consultations and Help Lines) and the Business Ethics Subcommittee reports its activities to the Compliance Committee and the Board of Directors.

(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 decisions and executing business in compliance with the "TDK Code of Conduct" and the "Global Common Regulations", which stipulates 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, effectiveness and efficiency of operations, reliability of reporting, and compliance with relevant laws and regulations as well as the rules of TDK.

(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, has been established and 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 and employees of the Company report to Audit & Supervisory Board Members of the Company, and system for ensuring Directors, Audit & Supervisory Board Members and 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 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 Subcommittee through the Consultations and Help Lines established by the said Subcommittee and covering the whole of TDK. In cases where the Business Ethics Subcommittee 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 acts in violation of laws and regulations, etc. or the "TDK Code of Conduct" 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) Other systems 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 Audit & Supervisory Board ensure that the audits of Audit & Supervisory Board Members are conducted effectively by meeting regularly with the internal audit department, receiving, together with the internal audit department, regular audit reports from the Accounting Auditor, and 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.

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④ Limited liability agreements with Outside Directors and Audit & Supervisory Board Members

The Company entered into contracts with each Outside Directors and Audit & Supervisory Board Members pursuant to Article 427 paragraph 1 of the Companies Act to limit the liabilities of each such Outside Director/Audit & Supervisory Board Member to the Company under Article 423 paragraph 1 of the same Act to the amount set forth in each such contact, which amount shall be equal to or greater than the amount provided for in Article 425 paragraph 1 of the same Act.

⑤ Summary of Contents of Directors and Officers Liability Insurance Contract

The Company entered into a directors and officers liability insurance contract set forth in Article 430-3, paragraph 1 of the Companies Act of Japan with an insurance company. The insured under such insurance contract are Directors, Audit & Supervisory Board Members, and Corporate Officers and other key persons who executes business of the Company and its domestic subsidiaries, and the insurance premiums for the insured are fully borne by the Company.

Under the said insurance contract, the amount of damages and costs of litigations, 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, Audit & Supervisory Board Member, Corporate Officer, etc. of the Company or its domestic subsidiaries shall be covered by the insurance.

In addition, in order to ensure that the insured's proper performance of his/her duties is not impaired, the contract does not cover damages, etc. arising from the insured's illegally obtaining personal benefits or favors.

⑥ Number of Directors

The Company’s Articles of Incorporation stipulate that the number of Directors of the Company shall be ten or less.

⑦ Resolution requirements for election and dismissal of Directors

The Company’s Articles of Incorporation stipulate that resolutions of the General Meeting of Shareholders concerning the election or dismissal of Directors shall be adopted by an affirmative vote of a majority of the voting rights of shareholders present at the General Meeting of Shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights exercisable for such meeting.

⑧ Items for resolution by the General Meeting of Shareholders that can be approved by resolution by the Board of Directors

a. Acquisition of treasury stock

Pursuant to Article 165, paragraph 2 of the Companies Act, for the purpose of enabling the execution of flexible capital policy, the Company’s Articles of Incorporation provide for the acquisition of treasury stock to be possible by resolution of the Board of Directors.

b. Interim dividend

The Company’s Articles of Incorporation provide that the Company may distribute an interim dividend with a record date of September 30 each year by resolution of the Board of Directors, pursuant to the provisions of Article 454, paragraph 5 of the Companies Act, to the effect that the Company may flexibly distribute profits to shareholders.

⑨ Requirements of special resolution of the General Meeting of Shareholders

The Company’s Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided for in Article 309, paragraph 2 of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights of shareholders present at the General Meeting of Shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights exercisable for such meeting. This constitutes an easier quorum for special resolutions, which has been provided to facilitate the smooth conduct of the General Meeting of Shareholders.

(2) Status of Directors and Audit & Supervisory Board Members

①List of Directors and Audit & Supervisory Board Members

a. As of June 19, 2025 (the date of submission of the securities report)

Men: 10 Women: 2 (Percentage of women among directors and audit & supervisory board members: 16.7%)

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Representative Director President and CEO, and General Manager of Humidifier Countermeasures HQ	Noboru Saito	Sep. 10, 1966	Apr. 1989: Entered the Company May 2006: President of TDK Electronics Europe GmbH Jan. 2007: General Manager of Europe Sales Division of Electronic Components Sales & Marketing Group of the Company Oct. 2009: Deputy General Manager of Europe Sales Division of Electronic Components Sales & Marketing Group of TDK-EPC Corporation Jun. 2011: Corporate Officer of the Company Deputy General Manager of Electronic Components Sales & Marketing Group of TDK-EPC Corporation Oct. 2012: Deputy General Manager of Electronic Components Sales & Marketing Group of the Company Apr. 2013: General Manager of Electronic Components Sales & Marketing Group of the Company Jun. 2013: Senior Vice President of the Company Apr. 2014: General Manager of Electronic Components Sales & Marketing Group of the Company Apr. 2015: General Manager of Corporate Strategy HQ of the Company Jun. 2015: Director of the Company (retired in Jun. 2017) Apr. 2017: CEO of Sensor Systems Business Company of the Company Apr. 2022: President & CEO of the Company (present post) General Manager of Humidifier Countermeasures HQ of the Company (present post) Jun. 2022: Representative Director of the Company (present post)	Note: 3	1,447
Representative Director Senior Executive Vice President CFO	Tetsuji Yamanishi	May. 29, 1960	Apr. 1983: Entered the Company Jan. 2005: Senior Manager of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jul. 2008: Head of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jun. 2013: General Manager of Finance & Accounting Department of the Company Apr. 2015: General Manager of Finance & Accounting Group of the Company Jun. 2015: Corporate Officer of the Company Jun. 2016: Director of the Company Apr. 2017: General Manager of Finance & Accounting HQ of the Company (present post) Jun. 2017: Senior Vice President of the Company Jun. 2018: Representative Director of the Company (present post) Apr. 2019: Global Chief Compliance Officer of the Company Apr. 2020: Executive Vice President of the Company (present post) Apr. 2024: Senior Executive Vice President and CFO of the Company (present post)	Note: 3	1,170

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director Executive Vice President Electronic Components Business Company CEO	Shigeki Sato	Jul. 9, 1964	Apr. 1989: Entered the Company Jan. 2004: General Manager of Advanced Process Technology Center of the Company Feb. 2007: Head of Technology Division of Capacitors Business Group of the Company Dec. 2011: Senior Manager of Multilayer product Business Unit of Magnetics Business Group of the Company Apr. 2016: General Manager of Ceramic Capacitors Business Group of Electronic Components Business Company of the Company Apr. 2019: Corporate Officer of the Company CEO of Electronic Components Business Company of the Company Apr. 2021: Senior Vice President of the Company General Manager of Technology and Intellectual Property HQ of the Company Jun. 2021: Director of the Company (present post) Apr. 2024: CTO of the Company Apr. 2025 Executive President of the Company (present post) CEO of Electronic Components Business Company(present post)	Note: 3	390
Director	Kozue Nakayama	Feb. 25, 1958	Apr. 1982: Entered Nissan Motor Co., Ltd. Sep. 2010: Deputy General Manager of Global Branding Division of the said company Mar. 2011: Retired from the said company Apr. 2011: Entered Yokohama City Apr. 2012: Director General of Culture and Tourism Bureau of the said city Jun. 2018: President and Representative Director of Pacific Convention Plaza Yokohama (Jun. 2020 retired) Jun. 2019: Outside Audit & Supervisory Board Member of Imperial Hotel, Ltd. (present post) Jun. 2020: Outside Director of the Company (present post) Outside Director of Isuzu Motors Limited Jun. 2022: Outside Director of The Nanto Bank, Ltd. (present post)	Note: 3	—
Director	Mutsuo Iwai	Oct. 29, 1960	Apr. 1983: Entered Japan Tobacco and Salt Public Corporation Jun. 2005: Senior Vice President and Vice President of Food Business Division of Food Business of Japan Tobacco Inc. ("JT") Jun. 2006: Member of the Board and Executive Vice President; President of Food Business of JT Jun. 2008: Executive Vice President; Chief Strategy Officer of JT Jun. 2010: Member of the Board and Senior Vice President; Chief Strategy Officer and Assistant to CEO in Food Business of JT Jun. 2011: Member of the Board of JT International S.A. Jun. 2013: Senior Executive Vice President; Chief Strategy Officer of JT Jan. 2016: Executive Vice President; President of Tobacco Business of JT Mar. 2016: Representative Director and Executive Vice President; President of Tobacco Business of JT Jan. 2020: Member of the Board of JT Mar. 2020: Member and Deputy Chairperson of the Board of JT Jun. 2020: Outside Director of Benesse Holdings, Inc. Jun. 2021: Outside Director of the Company (present post) Mar. 2022: Member and Chairperson of the Board of JT (present post)	Note: 3	—

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director	Shoei Yamana	Nov. 18, 1954	Apr. 1977: Entered Minolta Camera Co., Ltd. Jan. 2001: CEO of Minolta QMS Inc. Jul. 2002: Executive Officer and General Manager of Management Planning Division of Minolta Co., Ltd. Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of the said company Aug. 2003: Senior Executive Officer of Konica Minolta Holdings, Inc. (current Konica Minolta, Inc.) Executive Officer, and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd. Oct. 2003: Senior Executive Officer of Konica Minolta Holdings, Inc. Managing Director of Konica Minolta Business Technologies, Inc. Jun. 2006: Director and Senior Executive Officer in charge of Corporate Strategy of Konica Minolta Holdings, Inc. Apr. 2011: Director and Senior Executive Officer of the said company Representative Director and President of Konica Minolta Business Technologies, Inc. Apr. 2013: Director and Senior Managing Executive Officer of Konica Minolta, Inc. Apr. 2014: Director, President and CEO, and Representative Executive Officer of the said company Apr. 2022: Director, Executive Chairman and Executive Officer of the said company Jun. 2022: Outside Director of the Company (present post) Jun. 2023: Senior Advisor of Konica Minolta, Inc. (present post) Jun. 2023: Outside Director of Zensho Holdings Co., Ltd. (present post) Jun. 2024: Outside Director of JAPAN POST INSURANCE Co., Ltd. (present post) Outside Director of SCSK Corporation (present post)	Note: 3	—
Director	Toru Katsumoto	Oct. 14, 1957	Apr. 1982: Entered Sony Corporation (current Sony Group Corporation) Nov. 2012: Senior Vice President of the said company Apr. 2013: Representative Director and President of Sony Olympus Medical Solutions Inc. Apr. 2017: Representative Director and Executive Deputy President of Sony Imaging Products & Solutions Inc. (current Sony Corporation) Apr. 2018: Executive Vice President of Sony Corporation Jun. 2018: Executive Vice President and Managing Director of the said company Jun. 2019: Executive Vice President and Senior Managing Director of the said company Jun. 2020: Senior Executive Vice President of the said company Dec. 2020: Senior Executive Vice President and CTO of the said company Apr. 2022: Senior Executive Vice President of Sony Group Corporation (resigned in Jun. 2022) Jun. 2024: Outside Director of the Company (present post)	Note: 3	—

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Full-time Audit & Supervisory Board Member	Masato Ishikawa	Jan. 27, 1965	Apr. 1988: Entered the Company Apr. 2009 Leader, Corporate Strategy of Head Business Group of the Company Sep. 2009: Senior Manager, Corporate Planning Group, Corporate Strategy Group of the Company Apr. 2013: Group Leader, Corporate Planning Group, Corporate Strategy HQ of the Company Apr. 2015: General Manager, Corporate Planning Group, Corporate Strategy HQ of the Company Jul. 2015: Senior Manager, Strategy Planning Group, Magnet Products Business Group of the Company Jun. 2016: General Manager, Management System Group, Corporate Administration HQ of the Company Apr. 2017: General Manager, SCM Reengineering Group, SCM & Management System HQ of the Company Apr. 2019: General Manager, SCM & Management System HQ of the Company Apr. 2023 Senior Manager, Audit & Supervisory Board Members Office of the Company Jun. 2023: Full-time Audit & Supervisory Board Member of the Company (present post)	Note: 4	30
Full-time Audit & Supervisory Board Member	Takakazu Momozuka	Nov. 3, 1958	Apr. 1982: Entered the Company Apr. 2005: Senior Manager, Finance & Accounting Department, Administration Group of the Company Jun. 2008: General Manager, Finance & Accounting Department, Administration Group of the Company Jun. 2011: Corporate Officer of the Company Jun. 2013: In charge of Finance & Accounting and BPR Project of the Company Apr. 2015: General Manager, Corporate Administration HQ of the Company In charge of Management System and BPR Project of the Company Jun. 2016: Deputy General Manager, Corporate Administration HQ of the Company General Manager, General Affairs Group, Corporate Administration HQ of the Company Oct. 2016: Chief Compliance Officer of the Company General Manager, Compliance HQ of the Company Apr. 2017: General Manager, Legal & Compliance HQ o the Company Mar. 2019: Retirement of Corporate Officer of the Company Jun. 2019: Full-time Audit & Supervisory Board Member of the Company (present post)	Note: 4	450
Audit & Supervisory Board Member	Douglas K. Freeman	May. 23, 1966	Apr. 1990: Entered Goldman Sachs Japan Co., Ltd. Apr. 1996: Registered as lawyer in Japan Joined Mitsui, Yasuda, Wani & Maeda Jun. 1997: Joined Hamada Law Offices Sep. 2002: Registered as lawyer in New York, the United States of America Joined Sullivan & Cromwell LLP Sep. 2007: Principal of Law Offices of Douglas K. Freeman (present post) Feb. 2016: Outside Director of U-Shin Ltd. Apr. 2019: Professor of Keio University Law School (present post) Jun. 2019: Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—

Title & Post	Name	Date of birth	Summary of career		Term of office	Number of shares held (Hundreds of shares)
Audit & Supervisory Board Member	Chizuko Yamamoto	Nov. 18, 1965	Oct. 1992: Apr. 1996: Jul. 2010: Jul. 2019: Sep. 2019: Jun. 2020: Aug. 2020: Jun. 2021: Jun. 2023:	Entered Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) Registered as certified public accountant Partner of Deloitte Touche Tohmatsu LLC Permanent Officer of Japanese Institute of Certified Public Accountants, Tokyo Chapter Member of Regulations and Institutions Committee of Japanese Institute of Certified Public Accountants, Tokyo Chapter Principal of Chizuko Yamamoto CPA Office (present post) Outside Audit & Supervisory Board Member of Ozu Corporation (present post) Outside Director of Tokyo Rope Mfg. CO., Ltd. (present post) Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—
Audit & Supervisory Board Member	Takashi Fujino	Feb. 12, 1956	Apr. 1979 Jan. 2009 Jan. 2010 Mar. 2010 Jan. 2015 Mar. 2015 Jun. 2021 Jun. 2023	Entered Asahi Glass Co., Ltd. (current AGC Inc.) (“AGC”) Executive Officer and General Manager of Corporate Planning Office of AGC Senior Executive Officer, CFO and General Manager of President Office of AGC Director, Senior Executive Officer, CFO and General Manager of President Office of AGC Director, Senior Executive Officer, and Assistant to President of AGC (retired in Mar. 2015 Advisor of Ise Chemicals Corporation Representative Director, President and Chief Executive Officer of Ise Chemicals Corporation (retired in Mar. 2019) Outside Director of Kyokuto Boeki Kaisya, Ltd. (present post) Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—
Total						3,487

Notes: 1. Ms. Kozue Nakayama, Mr. Mutsuo Iwai, Mr. Shoei Yamana and Mr. Toru Katsumoto are Outside Directors.

2. Mr. Douglas K. Freeman, Ms. Chizuko Yamamoto and Mr. Takashi Fujino are Outside Audit & Supervisory Board Member.

3. One year from the Ordinary General Meeting of Shareholders held on June 21, 2024.

4. Four years from the Ordinary General Meeting of Shareholders held on June 22, 2023.

5. The Company, aiming to boost execution of duties and improve management efficiency, has introduced a Corporate Officer System. The Company has 18 Corporate Officers.

b. As of June 20, 2025 (the date of submission of the securities report)

As a proposal (resolution item) for the General Shareholders' meeting scheduled to be held on June 20, 2025, the matter of "Election of seven directors" has been presented. Upon approval of this resolution, the status and term of our company's executives are expected to be as follows. Furthermore, the positions of the executives will be detailed, including the decisions to be made in the Board of Directors meeting that is scheduled to take place immediately after the General Shareholders' meeting.

Men: 10 Women: 2 (Percentage of women among directors and audit & supervisory board members: 16.7%)

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Representative Director President and CEO, and General Manager of Humidifier Countermeasures HQ	Noboru Saito	Sep. 10, 1966	Apr. 1989: Entered the Company May 2006: President of TDK Electronics Europe GmbH Jan. 2007: General Manager of Europe Sales Division of Electronic Components Sales & Marketing Group of the Company Oct. 2009: Deputy General Manager of Europe Sales Division of Electronic Components Sales & Marketing Group of TDK-EPC Corporation Jun. 2011: Corporate Officer of the Company Deputy General Manager of Electronic Components Sales & Marketing Group of TDK-EPC Corporation Oct. 2012: Deputy General Manager of Electronic Components Sales & Marketing Group of the Company Apr. 2013: General Manager of Electronic Components Sales & Marketing Group of the Company Jun. 2013: Senior Vice President of the Company Apr. 2014: General Manager of Electronic Components Sales & Marketing Group of the Company Apr. 2015: General Manager of Corporate Strategy HQ of the Company Jun. 2015: Director of the Company (retired in Jun. 2017) Apr. 2017: CEO of Sensor Systems Business Company of the Company Apr. 2022: President & CEO of the Company (present post) General Manager of Humidifier Countermeasures HQ of the Company (present post) Jun. 2022: Representative Director of the Company (present post)	Note: 3	1,447
Representative Director Senior Executive Vice President CFO	Tetsuji Yamanishi	May. 29, 1960	Apr. 1983: Entered the Company Jan. 2005: Senior Manager of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jul. 2008: Head of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jun. 2013: General Manager of Finance & Accounting Department of the Company Apr. 2015: General Manager of Finance & Accounting Group of the Company Jun. 2015: Corporate Officer of the Company Jun. 2016: Director of the Company Apr. 2017: General Manager of Finance & Accounting HQ of the Company (present post) Jun. 2017: Senior Vice President of the Company Jun. 2018: Representative Director of the Company (present post) Apr. 2019: Global Chief Compliance Officer of the Company Apr. 2020: Executive Vice President of the Company (present post) Apr. 2024: Senior Executive Vice President and CFO of the Company (present post)	Note: 3	1,170

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director Corporate Officer CTO General Manager of Technology and Intellectual Property HQ	Shuichi Hashiyama	Nov. 18, 1966	Apr. 1990: Entered the Company Apr. 2015: Head of Overseas Sales, Automotive Group Sales and Marketing Division, Electronic Components Sales Division of the Company Apr. 2016: Deputy General Manager of the Automotive Group, Electronic Components Sales Division of the Company Apr. 2019: General Manager of Energy Systems Business Group of Energy Solutions Business Company of the Company Apr. 2021: Corporate Officer of the Company(present post) Deputy General Manager of the Corporate Strategy HQ and General Manager of the Management Planning Group of the Company Apr. 2022: General Manager of the Corporate Strategy HQ of the Company Jun. 2023: Outside Director of TODA KOGYO Corporation (present post) Apr. 2025: CTO and General Manager of Technology and Intellectual Property HQ of the Company(present post) Jun. 2025: Director of the Company(present post)	Note: 3	90
Director	Kozue Nakayama	Feb. 25, 1958	Apr. 1982: Entered Nissan Motor Co., Ltd. Sep. 2010: Deputy General Manager of Global Branding Division of the said company Mar. 2011: Retired from the said company Apr. 2011: Entered Yokohama City Apr. 2012: Director General of Culture and Tourism Bureau of the said city Jun. 2018: President and Representative Director of Pacific Convention Plaza Yokohama (Jun. 2020 retired) Jun. 2019: Outside Audit & Supervisory Board Member of Imperial Hotel, Ltd. (present post) Jun. 2020: Outside Director of the Company (present post) Outside Director of Isuzu Motors Limited Jun. 2022: Outside Director of The Nanto Bank, Ltd. (present post)	Note: 3	—
Director	Mutsuo Iwai	Oct. 29, 1960	Apr. 1983: Entered Japan Tobacco and Salt Public Corporation Jun. 2005: Senior Vice President and Vice President of Food Business Division of Food Business of Japan Tobacco Inc. ("JT") Jun. 2006: Member of the Board and Executive Vice President; President of Food Business of JT Jun. 2008: Executive Vice President; Chief Strategy Officer of JT Jun. 2010: Member of the Board and Senior Vice President; Chief Strategy Officer and Assistant to CEO in Food Business of JT Jun. 2011: Member of the Board of JT International S.A. Jun. 2013: Senior Executive Vice President; Chief Strategy Officer of JT Jan. 2016: Executive Vice President; President of Tobacco Business of JT Mar. 2016: Representative Director and Executive Vice President; President of Tobacco Business of JT Jan. 2020: Member of the Board of JT Mar. 2020: Member and Deputy Chairperson of the Board of JT Jun. 2020: Outside Director of Benesse Holdings, Inc. Jun. 2021: Outside Director of the Company (present post) Mar. 2022: Member and Chairperson of the Board of JT (present post)	Note: 3	—

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director	Shoei Yamana	Nov. 18, 1954	Apr. 1977: Entered Minolta Camera Co., Ltd. Jan. 2001: CEO of Minolta QMS Inc. Jul. 2002: Executive Officer and General Manager of Management Planning Division of Minolta Co., Ltd. Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of the said company Aug. 2003: Senior Executive Officer of Konica Minolta Holdings, Inc. (current Konica Minolta, Inc.) Executive Officer, and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd. Oct. 2003: Senior Executive Officer of Konica Minolta Holdings, Inc. Managing Director of Konica Minolta Business Technologies, Inc. Jun. 2006: Director and Senior Executive Officer in charge of Corporate Strategy of Konica Minolta Holdings, Inc. Apr. 2011: Director and Senior Executive Officer of the said company Representative Director and President of Konica Minolta Business Technologies, Inc. Apr. 2013: Director and Senior Managing Executive Officer of Konica Minolta, Inc. Apr. 2014: Director, President and CEO, and Representative Executive Officer of the said company Apr. 2022: Director, Executive Chairman and Executive Officer of the said company Jun. 2022: Outside Director of the Company (present post) Jun. 2023: Senior Advisor of Konica Minolta, Inc. (present post) Jun. 2023: Outside Director of Zensho Holdings Co., Ltd. (present post) Jun. 2024: Outside Director of JAPAN POST INSURANCE Co., Ltd. (present post) Outside Director of SCSK Corporation (present post)	Note: 3	—
Director	Toru Katsumoto	Oct. 14, 1957	Apr. 1982: Entered Sony Corporation (current Sony Group Corporation) Nov. 2012: Senior Vice President of the said company Apr. 2013: Representative Director and President of Sony Olympus Medical Solutions Inc. Apr. 2017: Representative Director and Executive Deputy President of Sony Imaging Products & Solutions Inc. (current Sony Corporation) Apr. 2018: Executive Vice President of Sony Corporation Jun. 2018: Executive Vice President and Managing Director of the said company Jun. 2019: Executive Vice President and Senior Managing Director of the said company Jun. 2020: Senior Executive Vice President of the said company Dec. 2020: Senior Executive Vice President and CTO of the said company Apr. 2022: Senior Executive Vice President of Sony Group Corporation (resigned in Jun. 2022) Jun. 2024: Outside Director of the Company (present post)	Note: 3	—

Title & Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Full-time Audit & Supervisory Board Member	Takakazu Momozuka	Nov. 3, 1958	Apr. 1982: Entered the Company Apr. 2005: Senior Manager, Finance & Accounting Department, Administration Group of the Company Jun. 2008: General Manager, Finance & Accounting Department, Administration Group of the Company Jun. 2011: Corporate Officer of the Company Jun. 2013: In charge of Finance & Accounting and BPR Project of the Company Apr. 2015: General Manager, Corporate Administration HQ of the Company In charge of Management System and BPR Project of the Company Jun. 2016: Deputy General Manager, Corporate Administration HQ of the Company General Manager, General Affairs Group, Corporate Administration HQ of the Company Oct. 2016: Chief Compliance Officer of the Company General Manager, Compliance HQ of the Company Apr. 2017: General Manager, Legal & Compliance HQ o the Company Mar. 2019: Retirement of Corporate Officer of the Company Jun. 2019: Full-time Audit & Supervisory Board Member of the Company (present post)	Note: 4	450
Full-time Audit & Supervisory Board Member	Masato Ishikawa	Jan. 27, 1965	Apr. 1988: Entered the Company Apr. 2009 Leader, Corporate Strategy of Head Business Group of the Company Sep. 2009: Senior Manager, Corporate Planning Group, Corporate Strategy Group of the Company Apr. 2013: Group Leader, Corporate Planning Group, Corporate Strategy HQ of the Company Apr. 2015: General Manager, Corporate Planning Group, Corporate Strategy HQ of the Company Jul. 2015: Senior Manager, Strategy Planning Group, Magnet Products Business Group of the Company Jun. 2016: General Manager, Management System Group, Corporate Administration HQ of the Company Apr. 2017: General Manager, SCM Reengineering Group, SCM & Management System HQ of the Company Apr. 2019: General Manager, SCM & Management System HQ of the Company Apr. 2023 Senior Manager, Audit & Supervisory Board Members Office of the Company Jun. 2023: Full-time Audit & Supervisory Board Member of the Company (present post)	Note: 4	30
Audit & Supervisory Board Member	Douglas K. Freeman	May. 23, 1966	Apr. 1990: Entered Goldman Sachs Japan Co., Ltd. Apr. 1996: Registered as lawyer in Japan Joined Mitsui, Yasuda, Wani & Maeda Jun. 1997: Joined Hamada Law Offices Sep. 2002: Registered as lawyer in New York, the United States of America Joined Sullivan & Cromwell LLP Sep. 2007: Principal of Law Offices of Douglas K. Freeman (present post) Feb. 2016: Outside Director of U-Shin Ltd. Apr. 2019: Professor of Keio University Law School (present post) Jun. 2019: Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—

Title & Post	Name	Date of birth	Summary of career		Term of office	Number of shares held (Hundreds of shares)
Audit & Supervisory Board Member	Chizuko Yamamoto	Nov. 18, 1965	Oct. 1992: Apr. 1996: Jul. 2010: Jul. 2019: Sep. 2019: Jun. 2020: Aug. 2020: Jun. 2021: Jun. 2023:	Entered Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) Registered as certified public accountant Partner of Deloitte Touche Tohmatsu LLC Permanent Officer of Japanese Institute of Certified Public Accountants, Tokyo Chapter Member of Regulations and Institutions Committee of Japanese Institute of Certified Public Accountants, Tokyo Chapter Principal of Chizuko Yamamoto CPA Office (present post) Outside Audit & Supervisory Board Member of Ozu Corporation (present post) Outside Director of Tokyo Rope Mfg. CO., Ltd. (present post) Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—
Audit & Supervisory Board Member	Takashi Fujino	Feb. 12, 1956	Apr. 1979 Jan. 2009 Jan. 2010 Mar. 2010 Jan. 2015 Mar. 2015 Jun. 2021 Jun. 2023	Entered Asahi Glass Co., Ltd. (current AGC Inc.) (“AGC”) Executive Officer and General Manager of Corporate Planning Office of AGC Senior Executive Officer, CFO and General Manager of President Office of AGC Director, Senior Executive Officer, CFO and General Manager of President Office of AGC Director, Senior Executive Officer, and Assistant to President of AGC (retired in Mar. 2015 Advisor of Ise Chemicals Corporation Representative Director, President and Chief Executive Officer of Ise Chemicals Corporation (retired in Mar. 2019) Outside Director of Kyokuto Boeki Kaisya, Ltd. (present post) Outside Audit & Supervisory Board Member of the Company (present post)	Note: 4	—
Total						3,187

Notes: 1. Ms. Kozue Nakayama, Mr. Mutsuo Iwai, Mr. Shoei Yamana and Mr. Toru Katsumoto are Outside Directors.

2. Mr. Douglas K. Freeman, Ms. Chizuko Yamamoto and Mr. Takashi Fujino are Outside Audit & Supervisory Board Members.

3. One year from the Ordinary General Meeting of Shareholders held on June 20, 2025.

4. Four years from the Ordinary General Meeting of Shareholders held on June 22, 2023.

5. The Company, aiming to boost execution of duties and improve management efficiency, has introduced a Corporate Officer System. The Company has 18 Corporate Officers.

②Status of Outside Directors and Outside Audit & Supervisory Board Members

a. Special interests between TDK and its Outside Directors and Outside Audit & Supervisory Board Members

There are no special interests between TDK and any of its current Outside Directors and Outside Audit & Supervisory Board Members (four Outside Directors and three Outside Audit & Supervisory Board Members).

b. Business relationships between TDK and companies where Outside Directors and Outside Audit & Supervisory Board Members serve as officers

Business relationships between TDK and companies where Outside Directors serve as officers are as follows.

- Although Mr. Mutsuo Iwai serves as Member and Chairperson of the Board of JT and TDK has a business relationship with JT Group, 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, 2025, the ratio of sales of TDK to JT Group represented less than 1% of the consolidated net sales of TDK
- Although Mr. Shoei Yamana serves as Outside Director of SCSK Corporation and TDK has a business relationship with SCSK Group, 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, 2025, the ratio of sales of SCSK Group to TDK represented less than 1% of the consolidated net sales of SCSK Group

c. Function and roll of Outside Directors and Outside Audit & Supervisory Board Members

The Company is actively inviting Outside Directors to participate in our organization for the purpose of strengthening management supervision functions, and building a management conscious of our various stakeholders including shareholders and an effective and disciplined corporate governance framework. As a result, the date of filing of this Annual Securities Report, four of the seven Directors are Outside Directors and three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, totally seven of twelve directors and Audit &

Supervisory Board Members are from outside.

The Outside Directors confirm significant issues through reports from Corporate Officers and others in the Board of Directors and express their opinions as necessary to fulfill their supervisory function. Furthermore, the Outside Audit & Supervisory Board Members confirm the effectiveness of such as the internal control system through reports from the full-time Audit & Supervisory Board Members and reports from the Accounting Auditors and discuss the details of such reports to fulfill their supervisory function.

d. 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, 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/auditors and Rule III. 5. (3)-2 of Guidelines Concerning Listed Company Compliance, etc., both of which are stipulated by Tokyo Stock Exchange, Inc. The outline of these items is as follows.

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"Items to be verified regarding independence"

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

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if any of the following cases apply to such person at present or have applied to such person during the past ten years.

(i) A person who Director(except outside director) of TDK or a subsidiary of TDK .

(ii) A person who Audit & Supervisory Board Member (except outside Audit & Supervisory Board Member) of TDK or a subsidiary of TDK .

(iii) A person who Corporate Officer of TDK or a subsidiary of TDK .

(iv) A person who employee of TDK or a subsidiary of TDK

(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 years, a party with a business relationship with TDK as described in (i) below, or a person who executes business for such party, or if (ii) below applies to them.

(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 sales, and 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 the business relationship with the other party to such 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 Officer shall be judged not to be independent if any of the following cases apply to such person at present or have applied to such person during the past three 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 Outside 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 Outside Director/ Audit & Supervisory Board Member because the organization to which such person belongs (hereinafter the "Relevant Organization") receives money or other assets from the TDK other than remuneration for officers (where this income is equivalent to 2% or more of total annual remuneration)

(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 party 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 with 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 apply to their close relative (family member within the second degree (as defined under Japanese law)) at present or have applied to them during the past three years.

(i) A person to whom (2) or (3) 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)

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A majority of the members and the Chairman of the Nomination Advisory Committee are Independent Outside Directors. In accordance with the "items to be verified regarding independence" shown above, the committee investigates and deliberates over the independence of the candidates for Outside Directors and Outside Audit & Supervisory Board Members (including cases where there is a change in an Outside Director/ Audit & Supervisory Board Member's status of independence during their current term of office). After making a comprehensive judgment on the independence of candidates, the committee reports the results of its deliberations to the Board of Directors.

Taking into account the above, the Company has notified the Tokyo Stock Exchange of its Outside Directors, namely Ms. Kozue Nakayama, Mr. Mutsuo Iwai, Mr. Shoei Yamana and Mr. Toru Katsumoto and its Outside Audit & Supervisory Board Members, namely Mr. Douglas K. Freeman, Ms. Chizuko Yamamoto and Mr. Takashi Fujino, who serve as independent directors/auditors pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc

e. Activities during the fiscal year under review

Attendance at meetings of the Board of Directors, etc. during the fiscal year under review is as follows.

(Members who were Outside Directors and Outside Audit & Supervisory Board Members in the end of the fiscal business year)

Kozue Nakayama (Outside Director):	Meetings of the Board of Directors: 13 of the 13 meetings Nomination Advisory Committee: 12 out of the 12 meetings Compensation Advisory Committee: 10 out of the 10 meetings Corporate Governance Committee: 4 out of the 4 meetings

Mutsuo Iwai (Outside Director):	Meetings of the Board of Directors: 13 of the 13 meetings Nomination Advisory Committee: 11 out of the 12 meetings Compensation Advisory Committee: 9 out of the 10 meetings Corporate Governance Committee: 4 out of the 4 meetings
Shoei Yamana (Outside Director):	Meetings of the Board of Directors: 13 of the 13 meetings Nomination Advisory Committee: 12 out of the 12 meetings Compensation Advisory Committee: 10 out of the 10 meetings Corporate Governance Committee: 4 out of the 4 meetings
Toru Katsumoto (Outside Director): (following appointment in June 2024)	Meetings of the Board of Directors: 10 of the 10 meetings Nomination Advisory Committee: 7 out of the 9 meetings Compensation Advisory Committee: 6 out of the 8 meetings Corporate Governance Committee: 3 out of the 3 meetings
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: 13 of the 13 meetings
Chizuko Yamamoto (Outside Audit & Supervisory Board Member)	Meetings of the Audit & Supervisory Board: 14 of the 14 meetings Meetings of the Board of Directors: 13 of the 13 meetings
Takashi Fujino (Outside Audit & Supervisory Board Member)	Meetings of the Audit & Supervisory Board: 14 of the 14 meetings Meetings of the Board of Directors: 13 of the 13 meetings

Outside Directors participate as the chair of the committee and members of the Nomination Advisory Committee and Compensation Advisory Committee, which are advisory bodies to the Board of Directors, and in doing so, contribute to the transparency of the personnel and remuneration determination process and the adequacy of appointments and remunerations.

③Cooperation among supervision by Outside Directors, audit by Outside Audit & Supervisory Board Members, internal audit, audit by Audit & Supervisory Board Members and accounting audit and relations with internal control departments

Outside directors and Outside Audit & Supervisory Board Members receive regular reports from the Corporate Governance Committee on the status of internal control systems at meetings of the Board of Directors, as well as reports from the Management Audit Group, the internal audit division, on the status of internal audits and asks questions and makes proposals from a professional perspective to exercise its management oversight function based on mutual cooperation.

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.

(3) Status of audit

①Status of audit by Audit & Supervisory Board Members

The Audit & Supervisory Board is comprised of 2 full-time Audit & Supervisory Board Member and 3 Outside Audit & Supervisory Board Member, and audits business execution by Corporate Officers and operations and financial status of both domestic and overseas subsidiaries. Out of these members, 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, Outside Audit & Supervisory Board Member Ms. Chizuko Yamamoto is a certified public accountant. Outside Audit & Supervisory Board Member Mr. Takashi Fujino has knowledge concerning accounting, finance, Investors relations, business experiences in global companies. They have considerable knowledge in the field of financing and accounting.

During the fiscal year under review, the Company has held Board of Directors meetings once a month (total of 14 times). The status of attendance for each Audit & Supervisory Board members is as follows.

Position	Name	Attendance (Attendance ratio)
Full-Time Audit & Supervisory Board Member	Masato Ishikawa	14 of the 14 meetings (Attendance ratio: 100%)
Full-Time Audit & Supervisory Board Member	Takakazu Momozuka	14 of the 14 meetings (Attendance ratio: 100%)
Outside Audit & Supervisory Board Member	Douglas K. Freeman	14 of the 14 meetings (Attendance ratio: 93%)
Outside Audit & Supervisory Board Member	Chizuko Yamamto	14 of the 14 meetings (Attendance ratio: 100%)
Outside Audit & Supervisory Board Member	Takashi Fujino	14 of the 14 meetings (Attendance ratio: 100%)

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. The Audit & Supervisory Board Members share and deliberate such information among themselves. The full-time Audit & Supervisory Board Members established the audit policy and key audit items as follows. They 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 based on their importance.

Audit policy	1. The audit activities are carried out with the aim of contributing to the enhancement of the company's social trust by establishing a corporate governance system that ensures sound and sustainable growth, while closely collaborating with the internal audit department and external auditors to understand the status of group governance and internal control operations. 2. In conducting the audit, the Audit & Supervisory Board Members will focus on key audit items based on the audit plan, engage in sufficient exchange of opinions, and enhance the effectiveness of the audit.
Key audit items	1. Strengthening internal controls and confirming the operational status across the group 2. Confirming compliance status 3. Confirming risk management status and efforts to enhance non-financial value 4. Confirming efforts to strengthen the management foundation

The full-time Audit & Supervisory Board Members shared the extracted issues with the relevant business units and the headquarters and confirmed the countermeasures. Furthermore, the full-time Audit & Supervisory Board Members regularly had meetings and shared information with the Audit & Supervisory Board Members of the company's subsidiaries and exchanged opinions with them on important issues and findings for auditing the entire TDK Group. The Outside Audit & Supervisory Board Members held regular meetings for information sharing with the Outside Directors to exchange opinions, and received briefings from relevant operating departments and headquarters, etc. to confirm the status of responses to major issues, etc.

The Audit & Supervisory Board establishes the Company's audit policy and annual audit plan, 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. Also, the Audit & Supervisory

Board receives the internal audit report from the internal audit department and promote information sharing and collaboration with them through establishing regular meetings. A summary of These audit results, identified issues and risks, 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. The Audit & Supervisory Board Members have meetings from time to time with an attorney with whom it has entered into an advisory contract and receive legal advice regarding Audit & Supervisory Board Members' duties timely, and thereby improve the effectiveness of Audit & Supervisory Board Members' duties.

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 (KAM) such as the valuation of goodwill and tangible fixed assets. To support the Audit & Supervisory Board, TDK has set an Audit & Supervisory Board Members Office, separate from the operational function to support the administration of Audit & Supervisory Board and to support each member's operation.

② Status of internal audit

The Management Review & Support Group, an internal audit department of the Company, is organized by 16 members.

In this fiscal year, The Management Review & Support Group 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 locations 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 the 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 the status of evaluation of the "effectiveness of internal controls over financial reporting" in accordance with the Financial Instruments and Exchange Act of Japan.

③Status of accounting audit

a. Name of auditor

KPMG AZSA LLC

b. Continuing Auditing Period

22 years

c. Certified public accountants who conducted the accounting audit

Mr. Michitaka Shishido

Mr. Michiaki Yamabe

Mr. Ryoma Dodo

d. Constitution of assistant in conducting the accounting audit

Working to assist the above accountants in conducting the accounting audit of the Company were 20 certified public accountants, 9 assistant certified public accountants, and 75 other people.

e. Select standard and reason of auditor

The Audit & Supervisory Board prescribes procedures and standards for Appointment, Dismissal, and Reappointment of Accounting Auditors in the Regulations of the Audit & Supervisory Board and Standards for Appointment, Dismissal, and Reappointment of Accounting Auditors and selects the Company's Accounting Auditor based on these procedures and standards. When judging selection, the Audit & Supervisory Board evaluates appropriateness of the quality control organization of the audit firm to be accounting auditor, rationality and validity of conducting the audit by the audit team and judges comprehensively considering the validity of the audit fee as well. In addition, the accounting auditor could be non-reappointed in a case where there is any item that does not meet the standard of Reappointment.

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 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 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 Accounting Auditor shall be dismissed or shall not be re-appointed, comprehensively taking the facts into account.

f. Evaluation of auditor by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board evaluated the status of audit activity of the accounting auditor for the previous fiscal year. The objects of evaluation are appropriateness of the quality control organization of the accounting auditor and rationality and validity of conducting the audit by the audit team, mentioned above. The Audit & Supervisory Board has decided to reappoint KPMG AZSA LLC as accounting auditor for FY2026 based on these results of evaluation for the fiscal year under review.

④Audit fees, etc.

a. Details of fees to auditors

Category	Fiscal 2024		Fiscal 2025	
	Audit fees	Fees for non-attest service	Audit fees	Fees for non-attest service
Filing company	399	5	439	–
Consolidated subsidiaries	47	–	47	–
Total	446	–	486	–

In fiscal 2024, the content of non-attest service that TDK Corporation will pay to KPMG AZSA LLC, TDK Corporation's auditors, is for the production of comfort letters related to the issue of bonds.

b. Details of fees to member firms to which auditors belong (member firms of KPMG) (excluding a.)

Category	Fiscal 2024		Fiscal 2025	
	Audit fees	Fees for non-attest service	Audit fees	Fees for non-attest service
Filing company	–	66	–	82
Consolidated subsidiaries	872	207	960	171
Total	872	273	960	253

In fiscal 2024 and fiscal 2025, the content of non-attest service that TDK Corporation and consolidated subsidiaries will pay to member firms of KPMG is mainly tax related.

c. Details of other material audit fees

(Fiscal 2024)

TDK Electronics AG, consolidated subsidiary of TDK Corporation, has paid ¥259 million to Ernst & Young as audit fees.

(Fiscal 2025)

TDK Electronics AG, consolidated subsidiary of TDK Corporation, has paid ¥261 million to Ernst & Young as audit fees.

d. Policy of deciding audit fees

TDK Corporation carefully considers the independence of auditors and decides the audit fees by resolution of the Board of Directors.

e. Reason of agreeing audit fees by the Audit & Supervisory Board

Audit & Supervisory Board consented to audit fees for fiscal 2025, after examining 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.

(4) Remuneration for Directors and Audit & Supervisory Board Members

①Matters Concerning the Policy on Determining the Details or the amount 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 on April 26th 2024 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 Group 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. Fixed compensation

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 responsibility 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. Results-linked compensation

Results-linked compensation shall be results-linked bonuses (monetary compensation) and Performance Share Unit (PSU). The payment amounts of results-linked bonuses 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. The payment ratio of PSU is linked to the achievement ratio of the targets of the consolidated performance indicators in the Medium-Term Plan. Results-linked bonuses are paid out at a certain time each year, PSU is paid out after the Medium-Term as determined by the Board of Directors after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee.

c. Non-monetary compensation

Non-monetary compensation shall be Restricted Stock Unit (RSU) and Performance Share Unit (PSU) and those are paid to Directors excluding Outside Directors. RSU shall be paid 50% by stock and the rest by cash, after the 3 years or longer period defined by the Board of Directors from the first year to the last year of the Medium-Term plan. The number of PSU to be vested for Directors who also serves as Corporate Officers shall be calculated based on the achievement ratio and paid 50% by stock and the rest by cash. Details are determined by the Board of Directors after consulting the original proposal with and obtaining a report from the Compensation Advisory Committee.

d. Ratio of remuneration

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 responsibility, 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 responsibility 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 0.6-1.0 : approximately 0.8-1.6 (assuming 100% achievement of performance targets).

e. Return of remuneration, etc. (clawback and malus)

In the event that the Company's performance sharply and significantly deteriorates, or there are illegal activities or violations of laws and regulations, the right to the payment or delivery of remuneration may be forfeited or 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) Remuneration Decision-making Process, Etc.

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.

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.

As explained 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.

(iii) 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, ROIC) and the targets set for each division.	Fluctuating (single fiscal year)
Post-delivery type stock remuneration	Restricted Stock Unit (RSU)	RSU is a type of stock remuneration which is issued based on continuous service. In the 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.	Fixed
	Performance Share Unit (PSU)	PSU is a type of stock remuneration which consists of company shares and monetary amounts calculated based on the degree of achievement of the performance targets set forth in the mid-term management plan, will be granted after the completion of the target period. The payment ratio will fluctuate according to the level of achievement of the consolidated performance targets in the mid-term management plan.	Fluctuating (medium- to long-term)

Note: 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	RSU**	PSU***
Results-linked compensation	-	●	-	●
Non-monetary compensation	-	-	●	●
Compensation other than the above	●	-	●	-

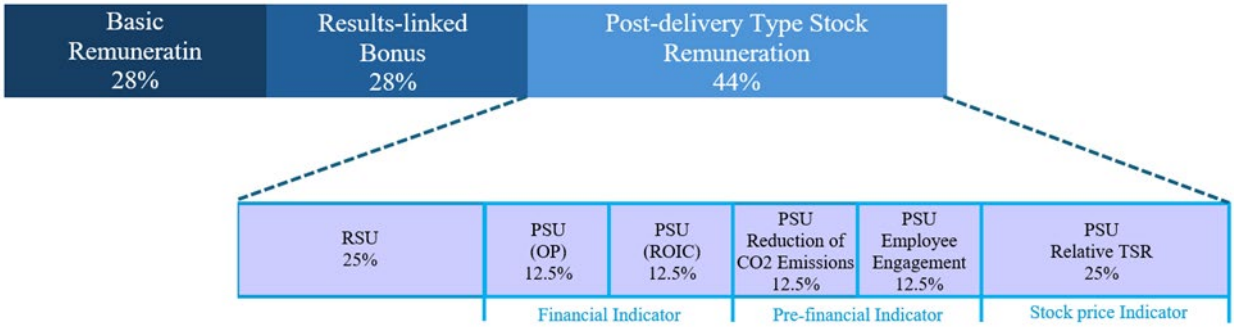
*Under RSU, the stock remuneration portion is classified as "non-monetary compensation" and the monetary compensation portion is classified under "compensation other than the above."

** 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	●	-	-	-

<Composition ratio of remuneration (when the Representative Director President and CEO achieves performance goals 100%)>



＜Evaluation Criteria and Payment Ratios of PSU＞

Classification	Evaluation Indicator	Target (FY ending March 2027)	Payout Ratio
Financial Indicator	Operating profit target under the Medium-Term Management Plan (3-year cumulative)	¥668.4 billion	0–100%
	ROIC target under the Medium-Term Management Plan	8.1%	
Pre-Financial Indicator	CO_2 emissions reduction target under the Medium-Term Management Plan (vs. FY2022, SBTi Scope 1+2)	23.3%	
	Employee engagement targets under the Medium-Term Management Plan: a. Communication score b. Survey participation rate	a. 75 points b. 80%	
Stock Price Indicator	Relative TSR (vs. TOPIX)	–	0–200%

1. Relative TSR (vs. TOPIX): TSR stands for Total Shareholder Return, which refers to the total investment yield for shareholders, encompassing both capital gains and dividends. Relative TSR (vs. TOPIX) compares our TSR during the specified period against the average TSR of TOPIX constituent stocks.
2. The PSU linked to Financial Indicators and those linked to Pre-financial Indicators were granted in a lump sum for three years in the first year in line with the medium-term management plan; however, for the PSU linked to Stock Price Indicator, it will be granted annually for one year.

(ⅳ) Indicators related to performance-linked remuneration, reasons for selecting the indicators, and methods for determining the amount of performance-linked remuneration

a. 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, ROIC) 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 ¥182,000 million (target), ¥224,192 million (result)
Consolidated ROIC 5.5% (target), 6.7% (result)

b. The number of shares of our company granted as PSU and the amount of money provided will be determined based on the achievement level of the performance targets outlined in the medium-term management plan. The evaluation indicators and payment ratios are described in "(ⅲ) Structure of Remuneration for Directors and Audit & Supervisory Board Members <Evaluation Indicators and Payment Ratios of PSU>". Furthermore, the reason for selecting these indicators is not only to emphasize the correlation with medium- to long-term performance and corporate value but also to enhance the willingness to contribute to the realization of a sustainable society, by employing the same indicators as those used in the financial and pre-financial management targets of the medium-term management plan. Additionally, to further motivate the implementation of management practices that consider capital costs and stock prices, Stock Price Indicator has also been introduced.

c. In the fiscal year under review, 136,500 stocks (following the stock split conducted at a ratio of 5 shares for each ordinary share, effective October 1, 2024.) were delivered to 6 Directors (excluding Outside Directors, including retired Directors) as RSU. PSUs are scheduled to be delivered in the fiscal year ending March 31, 2025.

d. The types of remuneration in the table above are classified as Results-linked compensation, etc., Non-monetary compensation, etc., and Compensation other than above, as defined by the Company Law Enforcement Regulations.

(ⅵ) Others

The Company has established Corporate Stock Ownership Guidelines. The Company makes an effort to ensure that eligible Directors and Corporate Officers hold at least a certain number of shares in the Company pursuant to their rank, including share-based compensation type stock options.

② Total amount of remuneration and other payments, total amount of remuneration and other payments by type and Number of eligible officers by officer category

Officer category	Total amount of remuneration and other payments (Millions of yen)	Total amount of remuneration and other payments by type (Millions of yen)				Number of eligible officers
		Basic remuneration (Fixed remuneration)	Results-linked bonus (Results-linked remuneration)	Restricted Stock Units (RSU)	Performance Share Units (PSU)	
Directors (Excluding Outside Directors)	701	203	266	93	139	4
Outside Directors	72	72				4
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	70	70				2
Outside Audit & Supervisory Board Members	43	43				3

1. Although there were three Directors (Excluding Outside Directors), four Outside Directors, two Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Member as of March 31, 2025. The total number of payees, the total amount of remuneration and the basic remuneration in the breakdown there of regarding Audit & Supervisory Board Members as shown above include one (1) Directors (Excluding Outside Directors) who retired at the close of the 128th Ordinary General Shareholders meeting held on June 21, 2024, and the amount of remuneration paid to the person.
2. For Result-linked bonuses, stock remuneration-type stock options, RSUs and PSUs for directors, the amounts recorded as expenses for the current fiscal year are shown.

< Directors (Numbers as of the date of filing of this Annual Securities Report: 7 numbers prescribed in the Articles of Incorporation of the Company: within 10)>

(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.

(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) Post-delivery Type Stock Remuneration Restricted Stock Unit (RSU)

The amount of compensation for directors, excluding outside directors in the form of Restricted Stock Unit (RSU) has been approved at the 128th Annual General Shareholders meeting, to be held on June 21, 2024, to be within the total amount of monetary compensation claims multiplied by the stock price at the time of issuance, based on an upper limit of the number of basic stock units (40,000 shares), with the number of shares to be issued being within 20,000 shares per year. At the time of the conclusion of the said Ordinary General Shareholders meeting, the number of directors excluding outside directors is three(3).

(ⅳ) Post-delivery Type Stock Remuneration Performance Share Unit (PSU)

The amount of compensation in the form of Performance Share Unit (PSU) for directors who also serve as Corporate Officers will be based on the total amount of monetary compensation receivables, multiplied by the payment ratio according to the maximum number of basic stock units (capped at 200,000 shares), and the value calculated by multiplying the stock price at the time of transfer. It has been approved that the number of shares to be issued shall not exceed 100,000 shares per year at the 128th General Shareholders meeting to be held on June 21, 2024.

At the time of resolution of the said Ordinary General Shareholders meeting, the number of Directors concurrently serving as Corporate Officers is three(3).

(Note)1. The number of standard stock units in post-delivery stock compensation is calculated by dividing the standard amount, which is determined by Board of Directors meeting according to the responsibilities of the relevant directors, by the stock price at the time of grant. The stock price at the time of delivery is the closing price of our common stock on the Tokyo Stock Exchange on the last business day prior to the date of the Board of Directors' resolution regarding the delivery of shares (if there were no transactions on that day, it will be based on the closing price of the most recent trading day prior to that).

2. Regarding the distribution ratio of PSU, every time a mid-term management plan is formulated, evaluation indicators (including any revisions) and the distribution ratios are decided by the Board of Directors meeting. The current distribution ratio of PSU is as described in the above "<Evaluation indicators and distribution ratio of PSU>".

3. We conducted a stock split at a ratio of 5 shares for each common share, effective October 1, 2024. Consequently, the limits concerning RSU has been adjusted such that the total amount of cash compensation claims is within the total calculated by multiplying the number of units capped at a base of 200,000 shares by the stock price at the time of issuance, and the number of shares to be issued is capped at 100,000 shares per year. Similarly, the limits regarding PSU has been adjusted so that the total amount of cash compensation claims is within the total calculated by multiplying the number of units capped at a base of 1,000,000 shares by the issuance ratio and the stock price at the time of issuance, and the number of shares to be issued is capped at 500,000 shares per year.

< Audit & Supervisory Board Members (Numbers as of the date of filing of this Annual Securities Report: 5 numbers prescribed in the Articles of Incorporation of the Company: within 5) >

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.

③ Total amount of remuneration and other payments for individuals receiving a total of ¥100 million or more, etc.

Name	Total amount of remuneration and other payments (Millions of yen)	Officer category	Company category	Total amount of remuneration and other payments by type (Millions of yen)			
				Basic remuneration (Fixed remuneration)	Results-linked bonus (Results-linked remuneration)	Restricted Stock Units (RSU)	Performance Share Units (PSU)
Noboru Saito	294	Representative Director, President & CEO	Filling company	77	133	25	58
Tetsuji Yamanishi	185	Representative Director Senior Executive Vice President	Filling company	57	72	17	39
Shigeki Sato	156	Director & Senior Vice President	Filling company	49	60	14	33

*The Officer categories of Noboru Saito and Tetsuji Yamanishi and Shigeki Sato are as of the end of the fiscal year.

(5) Share ownership

①Standard and policy of classification of investment stocks

TDK holds investment stock whose holding purpose is for net investment to gain profit by changes in the value of stock or dividends pertaining to stock

TDK's basic policy regarding cross-shareholdings is to consistently enhance corporate value of the TDK Group through such shareholdings and TDK holds shares of other companies for the purpose of either (1) strategic shareholding for the development of its business or (2) maintenance and improvement of business relationships.

②Investment stock whose holding purpose is other than for net investment

a. Holding policy, how to verify the rationality of holding and the details of verification of propriety of holding individual stocks at Meetings of the Board of Directors

As to cross-shareholdings, TDK verifies the rationality of continuous holding of such shares and the number of such shares, etc. stock by stock every year at Meetings of the Board of Directors, etc. based on the purpose of such shareholding, situation of transactions, profitability relative to the cost of capital, financial condition, etc., and if the necessity to hold shares of a particular stock has decreased, TDK discusses and negotiates with the issuing company of the stock and promotes the reduction through sale, etc. of such shares.

In exercising voting rights as to its cross-shareholdings, TDK determines to approve or disapprove with full respect for the issuing company's management policies, etc. and considering whether the proposal is appropriate in light of the purpose of strategic shareholding for the development of TDK's business or maintenance and improvement of business relationships, whether the proposal can continuously increase the corporate value of TDK, the issuing company's social responsibilities, whether there is any act which may harm the trust of shareholders, etc. Also, TDK conducts a dialogue with the issuing company regarding the content of the proposal, etc. as appropriate.

b. Number of issues and balance sheet amounts

	Number of issues (Issues)	Balance sheet amounts (Millions of yen)
Unlisted stocks	14	6,385
Stocks other than unlisted stocks	-	-

(Issues which increased in number of shares in the fiscal year under review)

	Number of issues (Issues)	Total amounts of acquisition costs pertaining to increases in number of shares (Millions of yen)	Reason of increases in number of shares
Unlisted stocks	1	478	Strategic partnership and investment with the goal to explore new business areas
Stocks other than unlisted stocks	-	-	-

(Issues which decreased in number of shares in the fiscal year under review)

	Number of issues (Issues)	Total amounts of sales value pertaining to decreases in number of shares (Millions of yen)
Unlisted stocks	-	-
Stocks other than unlisted stocks	2	16,268

c. Information regarding number of shares, balance sheet amounts and etc. by issues of specified investment stocks and regarded as holding shares

As to specified investment stocks and regarded as holding shares shown below, it is difficult to mention quantitative holding effect. TDK verified the rationality of continuous holding of such shares and the number of such shares, etc. stock by stock at Meetings of the Board of Directors on June, 2025, etc. based on the purpose of such shareholding, situation of transactions, profitability relative to the cost of capital, financial condition, etc.,

Specified investment stocks

Issue	The fiscal year under review,	The previous fiscal year	Holding purpose, outline of partnership, quantitative holding effect and reason of increases in shares	Whether to hold share of the company
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amounts (Millions of yen)	Balance sheet amounts (Millions of yen)		
ALPS LOGISTICS CO., LTD.	-	2,804,400	The company does business in logistics, in which TDK conducts business transactions with and continuously holds the share for maintaining and strengthening good business to business transactions. However, the company sold all of the shares in fiscal 2025.	No
	-	8,270		
SIIX Corporation	-	72,000	The company does business in Passive Components business, etc. in which TDK conducts business transactions with and continuously holds the share for maintaining and strengthening good business to business transactions. However, the company sold all of the shares in fiscal 2025.	No
	-	124		

Regarded as holding shares

Issue	The fiscal year under review,	The previous fiscal year	Holding purpose, outline of partnership, quantitative holding effect and reason of increases in shares	Whether to hold share of the company
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amounts (Millions of yen)	Balance sheet amounts (Millions of yen)		
Fukuda Denshi Co., Ltd.	-	122,300	The company does business in Passive Components business, etc. in which TDK conducted business transactions with and contributes on retirement benefit trust. However, the company sold all of the shares in fiscal 2025.	Yes
	-	847		
Shinko Shoji Co., Ltd.	698,000	698,000	The company does business in Passive Components business, etc. in which TDK conducts business transactions with and contributes on retirement benefit trust currently. As to exercising voting rights, the Company holds the authority to give instructions.	Yes
	628	835		
TODA KOGYO CORP.	199,400	199,400	It is an affiliate of the company. We are business partner with the goal to strength our material technology. The company contributes on retirement benefit trust currently. As to exercising voting rights, the Company holds the authority to give instructions.	Yes
	225	422		
NIKKO COMPANY	2,346,100	2,371,300	The company contributes on retirement benefit trust currently. As to exercising voting rights, the Company holds the authority to give instructions.	No
	342	348		

③Investment stock whose holding purpose is for net investment

Not available

V. Financial Information

1. Preparation methods of consolidated financial statements

(1) The accompanying consolidated financial statements of TDK Corporation ("TDK") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as prescribed in Article 312 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, "the Ordinance on Consolidated Financial Statements"), as the consolidated financial statements of TDK satisfy the requirements for Specified Companies Complying with Designated International Accounting Standards defined in Article 1-2, Item 1 of the Ordinance on Consolidated Financial Statements.

(2) The amounts in the consolidated financial statements are rounded to the nearest million yen.

(3) The accompanying consolidated financial statements of TDK have been prepared in accordance with provisions of Part 1, 2, and 5 of the Ordinance on Consolidated Financial Statements.

2. Audit certification

The accompanying consolidated financial statements of TDK as of March 31, 2025 and for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025) have been audited by KPMG AZSA LLC as prescribed in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special efforts to ensure the fairness of the consolidated financial statements and system to properly prepare the consolidated financial statements in accordance with IFRS

TDK makes special efforts to ensure the fairness of the consolidated financial statements and has established a system to properly prepare the consolidated financial statements in accordance with IFRS. The details are as follows:

(1) In order to properly understand accounting standards and to establish a system to appropriately respond to revisions in accounting standards, TDK joins organizations such as the Financial Accounting Standards Foundation and participates in the training sessions conducted by the Foundation.

(2) In applying IFRS, TDK obtains press releases and pronouncements issued by the International Accounting Standards Board, as needed, to understand the latest standards. In addition, TDK has prepared the Group's internal policies and manuals to prepare and present fairly the consolidated financial statements in accordance with IFRS.

1. Consolidated Financial Statements and Notes to the Consolidated Financial Statements

(1) Consolidated financial statements

I. Consolidated statements of financial position

(Millions of yen)

	Note	March 31, 2024	March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	5	649,998	697,307
Trade receivables	6,20	558,298	583,133
Other financial assets	7,20	47,052	77,304
Inventories	8	406,084	410,038
Income taxes receivables		4,828	5,852
Other current assets	14	61,715	63,224
Total current assets		1,727,975	1,836,858
Non-current assets			
Investments accounted for using the equity method	9	36,990	42,186
Other financial assets	7,20	184,425	183,840
Property, plant and equipment	10,13	991,072	1,030,122
Right-of-use assets	11,13	71,334	73,230
Goodwill	12,13	168,383	164,868
Intangible assets	12,13	57,114	49,159
Long-term advances to suppliers	8	105,941	93,850
Deferred tax assets	15	56,183	54,651
Other non-current assets		15,887	12,651
Total non-current assets		1,687,329	1,704,557
Total assets		3,415,304	3,541,415

(Millions of yen)

	Note	March 31, 2024	March 31, 2025
Liabilities			
Current liabilities			
Bonds and borrowings	17,20	212,907	187,145
Lease liabilities	11	11,627	12,654
Trade payables	16,20	351,940	392,502
Other financial liabilities	18,20	81,774	114,502
Income taxes payables		38,746	41,093
Provisions	23	12,605	12,329
Other current liabilities	19,25	307,291	338,235
Total current liabilities		1,016,890	1,098,460
Non-current liabilities			
Bonds and borrowings	17,20	400,259	346,001
Lease liabilities	11	60,943	62,600
Other financial liabilities	18,20	5,837	4,719
Retirement benefit liabilities	21	98,388	95,368
Provisions	23	13,660	13,124
Deferred tax liabilities	15	91,616	94,678
Other non-current liabilities	25	12,770	15,211
Total non-current liabilities		683,473	631,701
Total liabilities		1,700,363	1,730,161
Equity			
Equity attributable to owners of parent			
Share capital	24	32,641	32,641
Capital surplus	24	34	264
Retained earnings	24	1,138,732	1,273,453
Other components of equity	24	551,998	509,555
Treasury shares	24	(16,073)	(15,843)
Total equity attributable to owners of parent		1,707,332	1,800,070
Non-controlling interests		7,609	11,184
Total equity		1,714,941	1,811,254
Total liabilities and equity		3,415,304	3,541,415

II. Consolidated statements of profit or loss and comprehensive income

Consolidated statements of profit or loss

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	4,25	2,103,876	2,204,806
Cost of sales	8,10,12 13, 21,26	(1,500,858)	(1,516,764)
Gross profit		603,018	688,042
Selling, general and administrative expenses	10,12,13 20,21, 22 26	(452,520)	(494,029)
Other operating income	27	22,712	30,717
Other operating expenses	27	(317)	(538)
Operating profit		172,893	224,192
Finance income	20,28	35,902	27,047
Finance costs	20,28	(30,224)	(13,365)
Share of profit/(loss) of investments accounted for using the equity method	9	670	(66)
Profit before tax		179,241	237,808
Income tax expense	15	(53,106)	(67,419)
Net profit		126,135	170,389
Net profit attributable to:			
Owners of parent		124,687	167,161
Non-controlling interests		1,448	3,228
Net profit		126,135	170,389

(Yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share	29		
Basic earnings per share		65.74	88.10
Diluted earnings per share		65.64	87.98

Consolidated statements of comprehensive income

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit		126,135	170,389
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments measured at fair value through other comprehensive income	24	(13,308)	9,537
Remeasurements of defined benefit plans	24	1,160	1,607
Share of other comprehensive income of investments accounted for using the equity method	24	151	(33)
Total		(11,997)	11,111
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	24	177,972	(36,889)
Share of other comprehensive income of investments accounted for using the equity method	24	217	(648)
Total		178,189	(37,537)
Total other comprehensive income, net of tax		166,192	(26,426)
Comprehensive income		292,327	143,963
Comprehensive income attributable to:			
Owners of parent		290,832	140,941
Non-controlling interests		1,495	3,022
Comprehensive income		292,327	143,963

III. Consolidated statements of changes in equity

(Millions of yen)

Fiscal year ended March 31, 2024	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2023		32,641	45	1,054,738	387,281	(16,259)	1,458,446	4,421	1,462,867
Comprehensive income									
Net profit		-	-	124,687	-	-	124,687	1,448	126,135
Other comprehensive income, net of tax	24	-	-	-	166,145	-	166,145	47	166,192
Total comprehensive income		-	-	124,687	166,145	-	290,832	1,495	292,327
Transactions with owners									
Equity transactions with non-controlling interests		-	(34)	-	-	-	(34)	2,112	2,078
Dividends paid	24	-	-	(42,103)	-	-	(42,103)	(546)	(42,649)
Transfer from retained earnings to capital surplus		-	18	(18)	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	(1)	(1)	-	(1)
Disposal of treasury shares		-	-	-	-	1	1	-	1
Share-based payment transactions	22	-	191	-	-	-	191	127	318
Exercise of share options	22	-	(142)	-	-	142	0	-	0
Delivery of share under restricted stock unit	22	-	(44)	-	-	44	-	-	-
Total transactions with owners		-	(11)	(42,121)	-	186	(41,946)	1,693	(40,253)
Transfer from other components of equity to retained earnings	24	-	-	1,428	(1,428)	-	-	-	-
Balance as of March 31, 2024		32,641	34	1,138,732	551,998	(16,073)	1,707,332	7,609	1,714,941

(Millions of yen)

Fiscal year ended March 31, 2025	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2024		32,641	34	1,138,732	551,998	(16,073)	1,707,332	7,609	1,714,941
Comprehensive income									
Net profit		-	-	167,161	-	-	167,161	3,228	170,389
Other comprehensive income, net of tax	24	-	-	-	(26,220)	-	(26,220)	(206)	(26,426)
Total comprehensive income		-	-	167,161	(26,220)	-	140,941	3,022	143,963
Transactions with owners									
Equity transactions with non-controlling interests		-	(48)	-	-	-	(48)	1,342	1,294
Dividends paid	24	-	-	(48,569)	-	-	(48,569)	(940)	(49,509)
Transfer from retained earnings to capital surplus		-	94	(94)	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	(3)	(3)	-	(3)
Share-based payment transactions	22	-	417	-	-	-	417	151	568
Exercise of share options	22	-	(105)	-	-	105	0	-	0
Delivery of share under post-delivery type stock remuneration		-	(128)	-	-	128	-	-	-
Total transactions with owners		-	230	(48,663)	-	230	(48,203)	553	(47,650)
Transfer from other components of equity to retained earnings	24	-	-	16,223	(16,223)	-	-	-	-
Balance as of March 31, 2025		32,641	264	1,273,453	509,555	(15,843)	1,800,070	11,184	1,811,254

IV. Consolidated statements of cash flows

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities			
Net profit		126,135	170,389
Depreciation and amortization		190,546	196,228
Impairment losses (reversal of impairment losses)	13	9,570	18,032
Finance income		(35,902)	(27,047)
Finance costs		30,224	13,365
Share of (profit)/loss of investments accounted for using the equity method		(670)	66
Income tax expense		53,106	67,419
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		36,976	(28,011)
Decrease (increase) in inventories		72,950	(8,273)
Decrease (increase) in long-term advances to suppliers		13,093	10,832
Decrease (increase) in other current assets		(2,905)	5,865
Increase (decrease) in trade payables		(19,744)	38,777
Increase (decrease) in other current liabilities		14,966	37,063
Increase (decrease) in retirement benefit liabilities		(4,533)	(4,269)
Decrease (increase) in other financial assets		12,997	(1,297)
Increase (decrease) in other financial liabilities		(2,834)	6,669
Other		(18,794)	(2,558)
Subtotal		475,181	493,250
Interest and dividends received		20,965	20,391
Interest paid		(8,942)	(8,045)
Income taxes paid		(40,197)	(59,757)
Cash flows from operating activities		447,007	445,839

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities			
Purchase of tangible and intangible assets		(218,589)	(225,290)
Proceeds from sale of tangible and intangible assets		26,100	20,517
Proceeds from withdrawal of time deposits		44,796	71,492
Payments into time deposits		(43,183)	(115,127)
Proceeds from sale and redemption of securities		1,952	19,093
Payment for purchase of securities		(17,918)	(9,184)
Payment for purchase of investments in associates		(9,693)	(5,975)
Other		(57)	(368)
Cash flows from investing activities		(216,592)	(244,842)
Cash flows from financing activities			
Proceeds from long-term borrowings	33	80,339	13,677
Repayment of long-term borrowings	33	(25,478)	(134,934)
Net increase (decrease) in short-term borrowings	33	(168,237)	10,050
Proceeds from bonds	33	20,000	-
Net increase (decrease) in commercial papers	33	-	29,954
Repayment of lease liabilities	33	(12,286)	(14,183)
Dividends paid	24	(42,152)	(48,536)
Other		1,446	639
Cash flows from financing activities		(146,368)	(143,333)
Effect of exchange rate changes on cash and cash equivalents		59,766	(10,355)
Net increase in cash and cash equivalents		143,813	47,309
Cash and cash equivalents at beginning of year	5	506,185	649,998
Cash and cash equivalents at end of year	5	649,998	697,307

Notes to the consolidated financial statements

1. Reporting Entity

TDK Corporation ("TDK" or "the Company") is a company limited by shares, domiciled in Japan. Its registered office is located in Nihonbashi, Chuo-ku, Tokyo. TDK's consolidated financial statements comprise the financial statements of TDK and its consolidated subsidiaries (collectively, "TDK Group") as well as its interests in associates, for the fiscal year ended March 31, 2025.

TDK was founded in Tokyo in 1935 to accomplish the world's first industrialization of a magnetic material called ferrite. By pursuing its core technologies, TDK has always been a multinational developer, manufacturer and distributor of unique and diverse products, including ferrite cores, inductive devices, ceramic capacitors, magnetic heads, magnets and other products.

TDK Group has four reportable segments, consisting of Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products. Details of the reportable segments are set out in Note 4 Segment Information.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of TDK Group satisfy the requirements for Specified Companies Complying with Designated International Accounting Standards defined in Article 1-2, Item 1 of the Ordinance on Consolidated Financial Statements in Japan, and have been prepared in accordance with IFRS as prescribed in Article 312 of the Ordinance on Consolidated Financial Statements.

The consolidated financial statements were approved on June 13, 2025 by Noboru Saito, Representative Director, President & CEO and Tetsuji Yamanishi, CFO, Representative Director Senior Executive Vice President.

(2) Measurement basis

The consolidated financial statements of TDK Group have been prepared on a historical cost basis, except for financial instruments measured at fair value detailed in Note 3 Material Accounting Policies.

(3) Functional and presentation currencies

Items included in the financial statements of each of the TDK's group companies are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The consolidated financial statements of TDK Group are presented in Japanese yen, which is TDK's functional and presentation currency. All amounts are rounded to the nearest million yen.

(4) Significant accounting estimates and judgements

In preparing the consolidated financial statements in accordance with IFRS, TDK Group makes judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates, and these estimates and assumptions are regularly reviewed. The impact of changes in accounting estimates is recognized in the financial statements for the period in which the change occurs and the future periods affected by the change.

The information about the assumptions and estimates that could have a material impact on the consolidated financial statements for the fiscal year ending March 31, 2026 is as follows:

- Impairment of property, plant and equipment, right-of-use assets, goodwill, and intangible assets ((11) Impairment of non-financial assets in Note 3 Material Accounting Policies and Note 13 Impairment of Non-Financial Assets)
- Measurement of defined benefit obligations ((12) Employee benefits in Note 3 Material Accounting Policies and Note 21 Employee Benefits)
- Recoverability of deferred tax assets ((18) Income taxes in Note 3 Material Accounting Policies and Note 15 Income Taxes)
- Recognition and measurement of provisions, and the possibility of an outflow of future economic benefits related to contingent liabilities ((14) Provisions in Note 3 Material Accounting Policies, Note 23 Provisions, and Note 30 Commitments and Contingent Liabilities)
- Impact of tariffs by the new U.S. administration

The outlook for the global economy is extremely uncertain due to repeated changes in tariff measures by the new U.S. administration. TDK Group's accounting estimates are based on its best estimates made under such environment. However, depending on future developments in tariff measures, the financial position and operating results of TDK Group may be significantly affected in the following fiscal years.

(5) Standards and interpretations issued but not yet adopted

The new or amended standards and interpretations that were issued up to the date of approval of the TDK Group's consolidated financial statements for which TDK Group did not early apply are mainly as follows. The impact of the adoption of the standards and interpretations on the TDK Group's consolidated financial statements is under consideration.

Accounting standards	Title	Mandatory effective date (annual period beginning on or after)	TDK Group's timing of application	Summary
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	New provisions on presentation and disclosure of financial performance in the statement of profit or loss
IAS 7	Statement of Cash Flows	January 1, 2027	Fiscal year ending March 31, 2028	Amendments to provisions on presentation and disclosure of the statement of cash flows

3. Material Accounting Policies

(1) Basis of consolidation

I. Subsidiary

A subsidiary is an entity that is controlled by TDK. TDK controls an entity when TDK is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. TDK includes the financial statements of a subsidiary in the consolidated financial statements from the date when it gains control until the date when it ceases to control the subsidiary.

Intercompany balances and transactions and unrealized gains and losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Changes in ownership interests in a subsidiary while control is maintained are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of parent. Gains and losses arising from the loss of control of a subsidiary are recognized in profit or loss.

II. Associate

An associate is an entity over which TDK has significant influence, being the power to participate in the financial and operating policy decisions of the entity, but not control or jointly control those policies. TDK accounts for its investment in an associate using the equity method from the date when it gains the significant influence until the date when the significant influence ceases.

(2) Business combination

TDK accounts for each business combination by applying the acquisition method. Acquisition-related costs are expensed as incurred. In principle, identifiable assets acquired and the liabilities assumed in a business combination are measured at their acquisition-date fair values.

If the sum of the consideration transferred in a business combination, the amount of any non-controlling interest in the acquiree, and the fair value of equity interests of the acquiree that TDK previously held exceeds the net fair value of the acquired assets and assumed liabilities, the excess is recognized as goodwill. If below, it is recognized in profit or loss. The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred by TDK, the liabilities incurred by TDK to former owners of the acquiree and the equity interests issued by TDK, which includes the fair values of assets or liabilities arising from contingent consideration arrangements.

For each business combination, non-controlling interest is measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(3) Foreign currency translation

I. Foreign currency transaction

Foreign currency transactions are translated into TDK Group companies' functional currency using the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at the end of the reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date of the fair value measurement, and non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from translation and settlement are recognized in profit or loss. Exchange differences arising from equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

II. Financial statements of foreign operations

Assets and liabilities of a foreign operation are translated into Japanese yen using the exchange rate at the end of the reporting period. Income and expenses are translated using the average exchange rate prevailing during the period unless there is signification fluctuation in the exchange rate. Exchange differences arising on the translation of financial statements of a foreign operation are recognized in other comprehensive income and accumulated in a separate component of equity, except for the portion allocated to non-controlling interests.

When a foreign operation is disposed of and control or significant influence ceases, the cumulative amount of the exchange differences relating to the foreign operation is reclassified to profit or loss.

(4) Financial instruments

I. Non-derivative financial assets

(i) Initial recognition and measurement

Regular way purchase or sale of securities is initially recognized at the settlement date, and the rest of the financial assets are initially recognized when TDK Group becomes a contractual party to the financial instruments.

Financial assets are, at initial recognition, classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. This classification is made based on whether the financial assets are debt instruments or equity instruments.

A financial asset that is a debt instrument is classified as financial assets measured at amortized cost if both of the conditions described below are met. Otherwise, it is classified as financial assets measured at fair value through profit or loss. TDK Group does not hold financial assets that are debt instruments measured at fair value through other comprehensive income.

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

In principle, TDK Group makes an irrevocable election for financial assets that are equity instruments to present subsequent changes in fair value in other comprehensive income, except for equity instruments held for trading. These financial assets are classified as financial assets measured at fair value through other comprehensive income.

For financial assets measured at fair value through profit or loss, transaction costs are initially recognized in profit or loss when incurred. Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are initially measured at fair value plus the transaction costs that are directly attributable to the acquisition of the assets. Trade receivables that do not have a significant financing component are initially measured at their transaction price.

(ii) Subsequent measurement

Financial assets measured at amortized cost are measured using the effective interest method and the interest is recognized in profit or loss.

Financial assets other than those measured at amortized cost are measured at fair value. Changes in fair value of equity instruments that are classified as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. When a financial asset is derecognized or when a decline in fair value of the financial asset below cost is significant or prolonged, cumulative gains or losses recognized in other comprehensive income are transferred to retained earnings. Dividends are recognized in profit or loss.

Changes in fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(iii) Impairment

A financial asset measured at amortized cost is assessed for impairment and a loss allowance is recognized based on expected credit losses at each reporting date.

At the reporting date, if credit risk on the financial asset has not increased significantly since initial recognition, the loss allowance for that financial asset is measured at an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the loss allowance for that financial asset is measured at an amount equal to lifetime expected credit losses, taking reasonable and supportable information including forecasts into consideration.

However, the loss allowance for trade receivables is recognized at an amount equal to lifetime expected credit losses regardless of whether credit risk has increased significantly since initial recognition. The amount of expected credit losses or reversal is recognized in profit or loss.

(iv) Derecognition

When contractual rights to the cash flows from a financial asset expire, or TDK Group transfers contractual rights to receive the cash flows of that financial asset and substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized.

II. Non-derivative financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially recognized when TDK Group becomes a contractual party to the financial instruments. Financial liabilities other than contingent considerations are classified as financial liabilities measured at amortized cost upon initial recognition. All financial liabilities are initially measured at fair value. Financial liabilities measured at amortized cost are measured at fair value less transaction costs that are directly attributable to the issue of the financial liabilities.

(ii) Subsequent measurement

Financial liabilities measured at amortized cost are measured using the effective interest method. Interest calculated using the effective interest method and gains and losses from derecognition are recognized in profit or loss.

Contingent considerations are measured at fair value and changes in the fair value are recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when an obligation specified in a contract is discharged or cancelled or expires.

III. Derivatives

TDK Group enters into derivative contracts, such as forward foreign exchange contracts, to hedge the risk of foreign exchange rate fluctuations. These derivatives are initially recognized at fair value at the date of contract and subsequently remeasured at fair value. Changes in fair value of derivatives are recognized in profit or loss.

TDK Group does not apply hedge accounting to any of these derivatives.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time and short-term investments that are easily redeemable and have a redemption date within three months from the date of acquisition with little risk of value fluctuations.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined based mainly on the weighted average cost formula, and includes the costs of purchase, the costs of conversion and all other costs incurred in bringing the inventories to their present location and condition.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(8) Property, plant and equipment

Property, plant and equipment is measured at its cost less accumulated depreciation and accumulated impairment losses using the cost model. The cost includes the incidental costs directly related to acquisition of the assets and the costs of site dismantlement, removal and restoration. Property, plant and equipment is depreciated using the straight-line method over its estimated useful lives.

The estimated useful lives are as follows:

Buildings: 2 to 60 years

Machinery and equipment: 2 to 25 years

Residual values, estimated useful lives and depreciation methods are reviewed at the end of each fiscal year. Changes in these items, if any, are applied prospectively as a change in accounting estimates.

(9) Goodwill and intangible assets

I. Goodwill

Goodwill acquired in a business combination is recorded at cost less any accumulated impairment losses.

II. Intangible assets

Intangible assets are measured using the cost model. Intangible assets with finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses, and intangible assets with indefinite useful lives are recorded at cost less accumulated impairment losses.

Intangible assets acquired separately are measured at their cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at their acquisition-date fair values if they meet the definition of intangible assets, they are identifiable, and their fair values can be measured reliably.

All expenditure incurred in a research phase with the prospect of gaining new scientific or technical knowledge is expensed when it is incurred.

An expenditure incurred in a development phase is capitalized if the expenditure can demonstrate all the following criteria; otherwise, it is expensed as incurred.

・The technical feasibility of completing the intangible asset so that it will be available for use or sale
・The intention to complete the intangible asset and use or sell it
・The ability to use or sell the intangible asset
・How the intangible asset will generate probable future economic benefits
・The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
・The ability to measure reliably the expenditure attributable to the intangible asset during its development

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets are as follows:

Patent: 3 to 13 years
Customer relationships: 3 to 10 years
Software: 2 to 10 years
Technologies other than patent: 3 to 20 years
Other: 2 to 12 years

Residual values, estimated useful lives and amortization methods are reviewed at the end of each fiscal year. Changes in these items, if any, are applied prospectively as a change in accounting estimates.

(10) Leases

TDK Group determines whether a contract is a lease contract, or if it contains a lease, at inception of the contract. Some of the lease contracts include lease and non-lease components, and TDK Group accounts for them separately.

At commencement date of the lease, TDK Group as a lessee recognizes a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at cost. The cost comprises the amount of the initial measurement of the lease liability adjusted for initial direct costs, lease payments made at or before the commencement date and other. After initial recognition, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects the possibilities that the lessee will exercise a purchase option, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the useful life of the underlying asset. Otherwise, it is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used based on the information available at the commencement date.

For short-term leases with a lease term of 12 months or less and leases of low-value assets, a right-of-use asset and a lease liability are not recognized. Instead, total lease payment is recognized as an expense over the lease term using the straight-line method.

(11) Impairment of non-financial assets

Non-financial assets (excluding inventories, deferred tax assets, etc.) are assessed for impairment at each reporting date. If any indication of impairment exists, an impairment test is performed based on the recoverable amount of that asset. The recoverable amount is determined for a cash-generating unit to which the individual asset belongs, unless the asset generates cash inflows that are largely independent of those from other assets or groups of assets. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment test is performed for goodwill and intangible assets with indefinite useful lives at the same time every year, regardless of indications of impairment. The impairment test is also performed whenever there is an indication of impairment. When goodwill acquired in a business combination is tested for impairment, the goodwill is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the business combination.

For investments accounted for using the equity method, the carrying amount of the entire investment is treated as a single asset to test for impairment when there is objective evidence of impairment.

The recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is the higher of its value in use and fair value less costs of disposal. In determining value in use, estimated future cash flows are discounted to their present values at pre-tax discount rates that reflect the time value of money and the risks specific to the asset.

If the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is less than its carrying amount, the carrying amount is reduced to the recoverable amount. That reduction is an impairment loss, which is recognized in profit or loss.

TDK Group assesses whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If there is such indication and the recoverable amount of the asset or the cash-generating unit exceeds its carrying amount, the impairment loss recognized in prior periods is reversed. In this case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(12) Employee benefits

I. Post-employment benefits

TDK Group sponsors defined benefit plans and defined contribution plans for its employees.

Net defined benefit asset or liability is calculated as the present value of defined benefit obligations less the fair value of any plan assets. The net defined benefit asset has the asset ceiling, which is the present value of future economic benefits available in the form of a cash refund or a reduction in future contributions.

The projected unit credit method is used to determine defined benefit obligations. The present value of the defined benefit obligations is calculated as expected future benefits discounted using the discount rate. The discount rate is determined by reference to market yields on high quality corporate bonds with a term similar to the estimated period of benefit. Service cost and net interest on the net defined benefit asset or liability are recognized in profit or loss. Actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined benefit asset or liability and any change in the effect of the asset ceiling are recognized in other comprehensive income as remeasurements of defined benefit plans in the period in which they occur and immediately transferred to retained earnings.

Past service cost is recognized in profit or loss in the period in which it occurs.

The contributions required under defined contribution plans for the services rendered by employees are recognized in profit or loss and included in employee benefit expenses.

II. Short-term employee benefits

Short-term employee benefits are recognized in profit or loss at the undiscounted amount during the period in which employees provide relevant services and included in employee benefit expenses.

The estimated amounts of bonuses and compensated absences are recognized as liabilities when there is a legal or constructive obligation to make payments and a reliable estimate of the amount can be made.

(13) Share-based payment

TDK Group has a share option plan and post-delivery type share remuneration plans.

The share option plan is an equity-settled share-based payment plan. TDK Group measures share-based compensation granted to directors and corporate officers in exchange for services received at the grant-date fair value of equity awards and uses the straight-line attribution method to recognize compensation expenses over the vesting period, with a corresponding increase in capital surplus.

The post-delivery type share remuneration plans are classified into equity-settled and cash-settled share-based payment plans. For the equity-settled plan, TDK Group measures share-based compensation granted to directors and corporate officers in exchange for services received at the grant-date fair value of equity awards and uses the straight-line attribution method to recognize compensation expenses over the vesting period, with a corresponding increase in capital surplus. For the cash-settled plan, TDK Group measures share-based compensation granted to directors and corporate officers in exchange for services received at the grant-date fair value of equity awards and uses the straight-line attribution method to recognize compensation expenses over the vesting period, with a corresponding increase in liability. Until the liability is settled, the fair value of the liability is remeasured with any changes in the fair value recognized in profit or loss.

(14) Provisions

A provision is recognized when TDK Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, estimated future cash flows are discounted to the present value using the discount rate that reflects the time value of money and the risks specific to the liability.

(15) Equity

I. Common shares

The issue price of common shares issued by TDK is recorded in share capital and capital surplus, and the issuance cost, net of tax, is deducted from capital surplus.

II. Treasury shares

Treasury shares are measured at the amount of consideration paid (including transaction costs) and recognized as a deduction from equity.

When such shares are sold, the amount received is recognized as an increase in equity.

(16) Revenue

TDK Group recognizes revenue arising from transactions within the scope of IFRS 15 Revenue from contracts with customers (“IFRS 15”) based on the following 5 steps:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

TDK Group sells passive components, sensor application products, magnetic application products and energy application products to global ICT related companies, manufacturers of automobile and automotive components, and manufacturers of home electrical appliances and industrial equipment. For these product sales, TDK Group recognizes revenue when products are transferred to the customers as the customers gain control over the products and the performance obligation is satisfied accordingly.

Transaction price that TDK Group receives in exchange for products transferred may include variable consideration such as sales discounts, customer rewards and sales rebates. Variable consideration is included in the transaction price when uncertainty over the variable consideration is resolved to the extent that a significant reversal in the amount of revenue is not expected. Variable consideration is estimated based on past trend or other elements known as of the transaction date and is updated based on the information available at each reporting date.

(17) Government grants

Government grants are recognized at fair value if there is reasonable assurance that TDK Group will comply with the conditions attaching to them and the grants will be received.

When government grants are related to items of expense, the government grants are recognized as revenue on a systematic basis over the periods in which TDK Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to an asset are presented by deducting the grant in arriving at the carrying amount of the asset.

(18) Income taxes

Income tax expense consists of current income tax and deferred income tax and is recognized in profit or loss except to the extent that the tax arises from a business combination and a transaction or event which is recognized either in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for the temporary differences between the carrying amount and tax base of assets and liabilities, the net operating loss carryforwards and the tax credit carryforwards. Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences arising from initial recognition of goodwill
- Temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profits, and does not give rise to equal taxable temporary differences and deductive temporary differences
- Deductible temporary differences arising from investments in subsidiaries and associates to the extent that it is probable that the temporary difference will not reverse in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilized
- Taxable temporary differences arising from investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences are expected to reverse, based on tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are included in non-current assets or non-current liabilities.

Deferred tax assets and deferred tax liabilities are offset if TDK Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets are recognized for the deductible temporary differences, net operating loss carryforwards and tax credit carryforwards to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it has become probable that tax benefits will not flow to TDK Group.

Uncertain tax positions are recognized as assets or liabilities at the amount reasonably estimated when it is probable that the tax positions will be sustained upon examinations by the taxation authorities.

TDK Group applies the temporary exemption provided in IAS 12 and does not recognize or disclose deferred tax assets and deferred tax liabilities on taxes arising from tax laws enacted or substantively enacted to implement the Pillar 2 model rules (“the Pillar 2 rules”) issued by the Organisation for Economic Co-operation and Development (“OECD”).

(19) Earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of parent by the weighted average number of common shares outstanding adjusted for treasury shares for the reporting period.

Diluted earnings per share is calculated by adjusting for the impact of potentially dilutive shares.

4. Segment Information

(1) Description of reportable segments

TDK Group's operating segments are components of the group for which discrete financial information is available and whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segments and to assess their performance.

TDK Group aggregates its operating segments into the following four reportable segments: Passive Components, Sensor Application Products, Magnetic Application Products, and Energy Application Products, based on the similarities in the type and nature of products, the nature of production processes, markets to distribute products, economic indicators and other characteristics. Operating segments which are not classified as one of these four reportable segments are included in Other.

Principal businesses/products of each reportable segment and Other segment are as follows:

Segment	Principal businesses/Products
Passive Components	Ceramic capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils, Ferrite Cores and Transformers), High-Frequency Components, 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, etc.

Accounting policies applied to each segment are the same as those for the consolidated financial statements of TDK Group. Intersegment transactions are based on arm's length prices.

(2) Information about reportable segments

The reportable segment information for the fiscal years ended March 31, 2024 and 2025 are as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment						
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products	Other	Adjustments	Consolidated
Net sales							
External customers	565,649	180,511	184,211	1,121,662	51,843	-	2,103,876
Intersegment	6,901	1,697	79	11	7,215	(15,903)	-
Total	572,550	182,208	184,290	1,121,673	59,058	(15,903)	2,103,876
Operating profit (loss)	53,886	6,042	(35,589)	195,654	(1,799)	(45,301)	172,893
Other items							
Assets	906,017	386,344	476,949	1,786,018	67,616	(207,640)	3,415,304
Depreciation and amortization	48,312	18,514	24,608	88,345	1,426	9,341	190,546
Capital expenditure	81,374	34,341	23,006	70,417	2,238	7,213	218,589
Impairment losses (reversal of impairment losses)	(234)	2,796	4,417	2,038	-	553	9,570

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	559,639	189,472	223,637	1,176,499	55,559	-	2,204,806
Intersegment	4,225	981	68	2	4,740	(10,016)	-
Total	563,864	190,453	223,705	1,176,501	60,299	(10,016)	2,204,806
Operating profit (loss)	34,072	4,983	3,377	234,448	(4,437)	(48,251)	224,192
Other items							
Assets	948,865	399,595	530,045	1,944,197	68,657	(349,944)	3,541,415
Depreciation and amortization	54,008	20,251	21,316	90,896	1,464	8,293	196,228
Capital expenditure	46,952	25,934	35,739	107,739	1,109	7,817	225,290
Impairment losses (reversal of impairment losses)	11,485	12	3,321	3,209	5	-	18,032

Segment profit represents a segment's sales less its cost of sales, selling, general and administrative expenses and other operating income and expenses that are not attributable to Corporate headquarters.

The adjustment in the table above mainly represents corporate expenses for company-wide operational and administrative purposes that are not allocated to operating segments.

Segment assets are adjusted for elimination of intersegment transactions, cash and cash equivalents and property, plant and equipment that are held for general corporate purposes, and deferred tax assets and investments that are not allocated to operating segments.

(3) Geographic segment information

The geographic segment information for the fiscal years ended March 31, 2024 and 2025 are as follows:

Net sales

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Japan	184,631	174,415
Americas	148,687	140,109
Europe	203,003	175,168
China	1,117,576	1,192,472
Asia and others	449,979	522,642
Total	2,103,876	2,204,806

The net sales are based on the location of external customers.

There is no single country or region, except Japan and China, whose net sales are material to TDK Group.

Major countries in each geographical area are as follows:

(1) Americas.....United States of America

(2) Europe.....Germany

(3) Asia and others.....India, Vietnam, Philippines, Thailand

Non-current assets (property, plant and equipment, right-of-use assets, goodwill, and intangible assets)

(Millions of yen)

	March 31, 2024	March 31, 2025
Japan	337,634	337,875
Americas	238,225	240,623
Europe	130,140	126,397
China	429,263	439,187
Asia and others	152,641	173,297
Total	1,287,903	1,317,379

(4) Information about major customers

There is one customer group that accounts for more than 10% of the consolidated net sales for the fiscal year ended March 31, 2024. The net sales to the customer group are ¥353,848 million.

There is one customer group that accounts for more than 10% of the consolidated net sales for the fiscal year ended March 31, 2025. The net sales to the customer group are ¥391,887 million.

These net sales are mainly included in the Energy Application Products segment for both of the fiscal years ended March 31, 2024 and 2025.

5. Cash and Cash Equivalents

Cash and cash equivalents comprise the following. The balance in Cash and cash equivalents in the statements of financial position is consistent with the balance in Cash and cash equivalents in the statements of cash flows.

(Millions of yen)

	March 31, 2024	March 31, 2025
Cash on hand and demand deposits	233,194	420,393
Time deposits (with a maturity of three months or less)	416,391	276,639
Money market fund and other	413	275
Total	649,998	697,307

In principle, cash and cash equivalents are classified as financial assets measured at amortized cost.

6. Trade Receivables

Trade receivables comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Accounts receivables-trade	452,312	492,761
Notes receivables	108,182	93,048
Loss allowance	(2,196)	(2,676)
Total	558,298	583,133

Trade receivables are classified as financial assets measured at amortized cost.

7. Other Financial Assets

Other financial assets comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Financial assets measured at amortized cost		
Time deposits (with a maturity of three months or more)	16,118	56,487
Accounts receivable-others	21,489	13,115
Other	22,105	21,221
Financial assets measured at fair value through profit or loss		
Derivative financial assets	1,753	635
Mutual funds	3,401	3,393
Rabbi trust investments	10,535	10,183
SAFE investments	1,722	2,479
Convertible bonds	227	359
Commercial paper	34	26
Stock	29,802	35,910
Other	794	-
Financial assets measured at fair value through other comprehensive income		
Shares	123,497	117,336
Total	231,477	261,144
Current assets	47,052	77,304
Non-current assets	184,425	183,840
Total	231,477	261,144

Shares measured at fair value through other comprehensive income comprise the following:

(Millions of yen)

Name	March 31, 2024	March 31, 2025
Guangdong Brunp Recycling Technology Co., Ltd.	38,677	40,884
Group14 Technologies, Inc.	36,378	35,902
Oura Health Oy	4,357	9,164
Sila Nanotechnologies, Inc.	8,745	3,725
China Renewable Energy Fund, LP	3,657	3,383
Other	31,683	24,278
Total	123,497	117,336

The shares listed above have been designated as financial assets measured at fair value through other comprehensive income as they are principally held for strategic investment purposes.

Financial assets measured at fair value through other comprehensive income are disposed of and derecognized in order to maximize the efficiency and effective use of assets held. The fair value of the assets and their cumulative gain or loss at the date of derecognition are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Fair value at the date of disposal	1,773	16,290
Cumulative gain at the date of disposal	330	14,827

When shares measured at fair value through other comprehensive income are derecognized or a decline in fair value below cost is significant or prolonged, the cumulative gain or loss recognized in other comprehensive income is transferred to retained earnings. The amount transferred from other components of equity to retained earnings upon derecognition is ¥244 million and ¥14,917 million, net of tax, for the fiscal years ended March 31, 2024 and 2025, respectively. The amount transferred from other components of equity to retained earnings as a result of the significant decline in fair value below cost for the fiscal year ended March 31, 2025 is ¥(335) million.

Dividends from shares measured at fair value through other comprehensive income comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Dividends from shares derecognized during the period	134	63
Dividends from shares held at the end of the reporting period	156	335

Dividend income is included in Finance income in the consolidated statements of profit or loss.

8. Inventories

Inventories comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Finished goods	153,693	148,874
Work in process	92,910	109,826
Raw materials	159,481	151,338
Total	406,084	410,038

The amount of write-down of inventories is ¥3,133 million and ¥2,570 million for the fiscal years ended March 31, 2024 and 2025, respectively, which is included in Cost of sales in the consolidated statements of profit or loss.

Long-term advances are paid to suppliers to ensure stable procurement of raw materials over the medium to long term. As of March 31, 2024 and 2025, long-term advances (including current portion) is ¥120,668 million and ¥108,754 million, respectively.

9. Investments Accounted for Using the Equity Method

The carrying amount of investments in individually immaterial associates in aggregate and TDK's share of these associates' comprehensive income are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Carrying amount	36,990	42,186

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
TDK's share of profit	1,236	345
TDK's share of other comprehensive income	368	(681)
TDK's share of comprehensive income	1,604	(335)

In addition to the above, for the fiscal years ended March 31, 2024 and 2025, the impairment loss of ¥566 million and ¥411 million was recognized for the investments accounted for using the equity method, respectively, which is included in Share of profit/(loss) of investments accounted for using the equity method in the consolidated statements of profit or loss.

10. Property, Plant and Equipment

A reconciliation of the carrying amount at the beginning and end of the period, the cost, and the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
April 1, 2023					
Cost	34,143	533,033	1,708,912	174,048	2,450,136
Accumulated depreciation and accumulated impairment losses	(1,938)	(278,614)	(1,233,850)	(5,446)	(1,519,848)
	32,205	254,419	475,062	168,602	930,288
Additions	-	-	-	197,922	197,922
Depreciation expenses	-	(23,174)	(141,700)	-	(164,874)
Impairment losses (reversal of impairment losses)	(76)	(746)	(8,483)	397	(8,908)
Sale or disposal	(116)	(1,113)	(28,585)	(210)	(30,024)
Transfers to other accounts	429	42,745	133,709	(176,883)	-
Other	-	-	(1,112)	(147)	(1,259)
Exchange differences on translation of foreign operations	2,477	14,987	33,399	17,064	67,927
March 31, 2024					
Cost	36,932	602,223	1,878,121	209,675	2,726,951
Accumulated depreciation and accumulated impairment losses	(2,013)	(315,105)	(1,415,831)	(2,930)	(1,735,879)
	34,919	287,118	462,290	206,745	991,072
Additions	-	-	-	246,816	246,816
Depreciation expenses	-	(24,630)	(143,533)	-	(168,163)
Impairment losses (reversal of impairment losses)	93	(1,430)	(11,401)	(2,066)	(14,804)
Sale or disposal	(311)	(844)	(9,782)	(4)	(10,941)
Transfers to other accounts	414	20,640	194,436	(215,490)	-
Other	-	(265)	49	(154)	(370)
Exchange differences on translation of foreign operations	(578)	(1,768)	(7,437)	(3,705)	(13,488)
March 31, 2025					
Cost	36,210	609,093	1,928,856	234,379	2,808,538
Accumulated depreciation and accumulated impairment losses	(1,673)	(330,272)	(1,444,234)	(2,237)	(1,778,416)
	34,537	278,821	484,622	232,142	1,030,122

Depreciation expenses for property, plant and equipment are included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss.

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 30 Commitments and Contingent Liabilities. There is no material property, plant and equipment pledged as security for liabilities.

Also, there are no material borrowing costs included in the cost of property, plant and equipment for the fiscal years ended March 31, 2024 and 2025.

11. Leases

TDK Group leases land, buildings, machinery and other assets under various lease contracts expiring after March 31, 2025.

TDK Group does not have material lease contracts with variable lease payments.

Some lease contracts include an option to extend or terminate the lease to increase flexibility in TDK Group's businesses. If it is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease, TDK Group determines the lease term together with periods covered by these options.

TDK Group's lease contracts do not contain any material residual value guarantees or material financial covenants.

The carrying amounts of right-of-use assets by class of underlying asset are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Class of underlying asset		
Land	7,246	6,819
Buildings	58,775	61,299
Machinery	2,912	2,879
Other	2,401	2,233
Total	71,334	73,230

The right-of-use assets increased by ¥21,817 million and ¥21,221 million for the fiscal years ended March 31, 2024 and 2025, respectively.

The amounts recognized in profit or loss for leases where TDK Group is the lessee are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation expenses for right-of-use assets		
Land	407	659
Buildings	9,567	11,520
Machinery	442	677
Other	1,151	1,154
Total	11,567	14,010
Impairment losses for right-of-use assets		
Buildings	134	1,345
Machinery	477	20
Other	-	9
Total	611	1,374
Interest expenses on lease liabilities	2,213	2,610
Expense relating to short-term leases	885	1,120
Expense relating to leases of low-value assets (excluding short-term leases)	416	587

Total cash outflow for leases as a lessee is ¥15,800 million and ¥18,500 million for the fiscal years ended March 31, 2024 and 2025, respectively.

Leases recognized as of March 31, 2024 and 2025 contain extension options or termination options which were not included in the measurement of lease liabilities because it was not reasonably certain at that point that the options would be exercised or not exercised. If the possibility of exercising these options changes, it could result in potential future cash outflows.

The maturity analysis of lease liabilities is as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Lease payments		
Within 1 year	13,878	14,836
1 to 2 years	10,952	11,386
2 to 3 years	9,133	8,852
3 to 4 years	7,038	9,313
4 to 5 years	6,073	6,412
More than 5 years	44,982	36,410
Total future minimum lease payments	92,056	87,209
Less: interest portion	19,486	11,955
Lease liabilities	72,570	75,254

The weighted average incremental borrowing rate for the lease liabilities is 2.66% as of March 31, 2024 and 3.59% as of March 31, 2025, with the maturity from April 2025 to May 2054.

12. Goodwill and Intangible Assets

A reconciliation of the carrying amount at the beginning and end of the period, the cost, and the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

	Goodwill	Intangible assets								
		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives						Total intangible assets
		Trademarks	Other	Patents	Customer relationships	Software	Unpatented technologies	Other		
April 1, 2023										
Cost	202,455	4,275	190	24,427	15,659	60,894	50,426	14,016		169,887
Accumulated amortization and impairment losses	(52,939)	(823)	-	(15,534)	(14,792)	(36,657)	(34,504)	(6,336)		(108,646)
	149,516	3,452	190	8,893	867	24,237	15,922	7,680		61,241
Additions	-	-	-	2	-	5,908	79	28		6,017
Amortization expenses	-	-	-	(1,688)	(209)	(6,286)	(5,612)	(310)		(14,105)
Impairment losses	-	-	-	-	-	(51)	-	(0)		(51)
Sale or disposal	-	-	(1)	(0)	(1)	(46)	(0)	-		(47)
Other	-	-	-	0	-	30	(4)	-		26
Exchange differences on translation of foreign operations	18,867	-	-	1,090	78	441	1,789	636		4,033
March 31, 2024										
Cost	228,067	4,275	189	26,954	16,182	67,716	56,563	15,389		187,269
Accumulated amortization and impairment losses	(59,684)	(823)	-	(18,657)	(15,447)	(43,483)	(44,389)	(7,356)		(130,155)
	168,383	3,452	189	8,297	735	24,233	12,174	8,033		57,114
Additions	-	-	-	14	-	7,110	88	39		7,251
Amortization expenses	-	-	-	(1,508)	(196)	(6,102)	(5,902)	(348)		(14,056)
Impairment losses	(1,629)	-	-	-	-	(46)	(179)	-		(225)
Sale or disposal	-	-	(62)	(831)	-	(56)	(0)	(1)		(951)
Other	-	-	-	1	-	119	1	150		271
Exchange differences on translation of foreign operations	(1,886)	-	-	(68)	0	(41)	(23)	(113)		(245)
March 31, 2025										
Cost	225,486	4,275	127	21,802	16,142	75,675	56,050	15,344		189,415
Accumulated amortization and impairment losses	(60,618)	(823)	-	(15,897)	(15,603)	(50,458)	(49,891)	(7,584)		(140,256)
	164,868	3,452	127	5,905	539	25,217	6,159	7,760		49,159

The amortization expenses of intangible assets are included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss. There are no significant internally generated intangible assets other than software.

The amount of research and development expenditure recognized as an expense was ¥188,860 million and ¥253,586 million for the fiscal years ended March 31, 2024 and 2025, respectively.

TDK Group determines that certain assets presented under trademarks and other intangible assets have indefinite useful lives on the grounds that continuous use of the assets is not legally restricted as long as the business continues and management plans to offer services in connection with the assets for the foreseeable future.

13. Impairment of Non-Financial Assets

(1) Impairment losses (reversal of impairment losses)

Impairment losses are included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss.

Fiscal year ended March 31, 2024

(Millions of yen)

Reporting segment	Property, plant and equipment	Right-of-use assets	Goodwill	Intangible assets	Total
Passive Components	(234)	-	-	-	(234)
Sensor Application Products	2,925	(129)	-	0	2,796
Magnetic Application Products	4,006	410	-	1	4,417
Energy Application Products	1,658	330	-	50	2,038
Other	-	-	-	-	-
Corporate (Common)	553	-	-	0	553
Total	8,908	611	-	51	9,570

The impairment losses were recognized mainly for the following assets and segments for the fiscal year ended March 31, 2024:

The impairment loss of ¥2,809 million was recognized for the Magnets business within the Magnetic Application Products segment, which resulted from the recoverable amount of the cash-generating unit falling below its carrying amount, reflecting decreased profitability due to lower sales. The impairment loss consisted of ¥2,332 million for property, plant and equipment and ¥477 million for right-of-use assets. The recoverable amount was zero, which was determined based on the value in use at a discount rate of 10.2%.

The impairment loss of ¥2,038 million was recognized for the Power supplies for EV business within the Energy Application Products segment, which resulted from the recoverable amount of the cash-generating unit falling below its carrying amount, reflecting decreased profitability due to lower sales. The impairment loss consisted of ¥1,658 million for property, plant and equipment, ¥330 million for right-of-use assets, and ¥50 million for intangible assets. The recoverable amount was ¥2,015 million, which was determined based on the value in use at a discount rate of 9.5%.

Fiscal year ended March 31, 2025

(Millions of yen)

Reporting segment	Property, plant and equipment	Right-of-use assets	Goodwill	Intangible assets	Total
Passive Components	9,677	-	1,629	179	11,485
Sensor Application Products	12	-	-	-	12
Magnetic Application Products	1,939	1,374	-	8	3,321
Energy Application Products	3,171	-	-	38	3,209
Other	5	-	-	-	5
Corporate (Common)	-	-	-	-	-
Total	14,804	1,374	1,629	225	18,032

The impairment losses were recognized mainly for the following assets and segments for the fiscal year ended March 31, 2025:

An impairment test was performed for the cash-generating unit, including a part of goodwill, of the High-frequency components business within the Passive Components segment as the operating profit was continuously negative, reflecting decreased profitability due to lower sales of ICT products, such as smartphones. As the recoverable amount of the cash-generating unit fell below its carrying amount, the impairment loss of ¥10,624 million was recognized. The impairment loss consisted of ¥8,816 million for property, plant and equipment, ¥1,629 million for goodwill, and ¥179 million for intangible assets.

The recoverable amount was ¥39,598 million, which was measured based on the value in use at a discount rate of 12.5%. In estimating future cash flows used to measure value in use, major assumptions include the recovery of the ICT market and an increase in sales volume to major customers, both of which underpin the projected sales growth in the business plan, as well as the estimated discount rate based on the weighted average cost of capital. The carrying amount of property, plant and equipment in the High-frequency components business cash-generating unit is ¥27,616 million after impairment losses.

The impairment loss of ¥3,256 million was recognized for the Magnets business within the Magnetic Application Products segment, which resulted from the recoverable amount of the cash-generating unit falling below its carrying amount, reflecting decreased profitability due to lower sales. The impairment loss consisted of ¥1,874 million for property, plant and equipment, ¥1,374 million for right-of-use assets, and ¥8 million for intangible assets. The recoverable amount was zero, which was determined based on the value in use at a discount rate of 11.1%.

The impairment loss of ¥908 million was recognized for the Power supplies for EV business within the Energy Application Products segment, which resulted from the recoverable amount of the cash-generating unit falling below its carrying amount, reflecting decreased profitability due to lower sales. The impairment loss consisted of ¥870 million for property, plant and equipment and ¥38 million for intangible assets. The recoverable amount was zero, which was determined based on the value in use at a discount rate of 10.7%.

In allocating the impairment losses recognized to an individual asset within the relevant cash-generating units, the carrying amount of the individual asset is not reduced below its fair value less costs of disposal, if measurable. The fair value was determined based on the property valuation. As unobservable inputs were used in the measurement, the amount is classified as Level 3 in the fair value hierarchy. The levels of the fair value hierarchy are set out in (8) Fair Value Measurement of Financial Instruments in Note 20 Financial Instruments.

(2) Impairment test of cash-generating unit to which goodwill has been allocated

Goodwill acquired in a business combination is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The following table presents the amount of goodwill allocated to a cash-generating unit or a group of cash-generating units. Intangible assets with indefinite useful lives are allocated primarily to the power supplies business within the Energy Application Products segment.

Goodwill

(Millions of yen)

Cash-generating unit or group of cash-generating units	March 31, 2024	March 31, 2025
MEMS Sensors business	93,449	92,282
HDD Heads business	20,397	20,139
Other	54,537	52,447
Total	168,383	164,868

The recoverable amounts of cash-generating units to which a significant amount of goodwill is allocated are measured at their fair values less costs of disposal. As unobservable inputs were used in the measurement, these amounts are classified as Level 3 in the fair value hierarchy. The methods used to measure the fair value less costs of disposal, the key assumptions on which the determination of fair value less costs of disposal is based, and management's approach to determining the values assigned to each of the key assumption are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
MEMS Sensors business		
Measurement method	Discounted cash flow method	Discounted cash flow method
Perpetual growth rate (%)	1.6	2.0
Cash flow forecast period (years)	5	5
Discount rate (%)	11.0	11.5
HDD Heads business		
Measurement method	Discounted cash flow method	Discounted cash flow method
Perpetual growth rate (%)	2.0	2.0
Cash flow forecast period (years)	9	9
Discount rate (%)	11.5	11.0

Under the discounted cash flow method, estimated cash flows determined based on the business plan approved by management are discounted to the present value using the after-tax discount rate for the relevant cash-generating unit. Net sales included in the business plan are based on factors such as the expected growth rate of the market to which the cash-generating unit belongs and the expected sales volume to major customers. The perpetual growth rate applied to extrapolate cash flow projections beyond the period covered by the business plan is calculated using inflation rates and other factors for the cash-generating unit's major sales region or the major sales regions of the business to which the cash-generating unit belongs. The cash flow forecast period is the period covered by the management-approved business plan. The discount rate is determined based on the weighted average cost of capital of the relevant cash-generating unit.

The key assumptions used in determining fair values are based on historical experience and externally-obtained information.

The recoverable amount of the cash-generating unit for the MEMS Sensor business within the Sensor Application Products segment exceeded its carrying amount by ¥55,500 million and ¥19,900 million for the fiscal years ended March 31, 2024 and 2025, respectively. Also, the recoverable amount of the cash-generating unit for the HDD Heads business within the Magnetic Application Products segment exceeded its carrying amount by ¥63,748 million and ¥82,657 million for the fiscal years ended March 31, 2024 and 2025, respectively. The cash-generating unit for the HDD Heads business mainly comprises property, plant and equipment, and its carrying amount was ¥115,431 million and ¥126,661 million as of March 31, 2024 and 2025, respectively.

For MEMS Sensor business and HDD Heads business, management judges that any reasonably possible change in key assumptions used in the impairment test would unlikely cause the unit's or group of units' carrying amount to exceed its recoverable amount.

14. Other Current Assets

Other current assets comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Consumption tax receivable	22,955	23,178
Advances to suppliers	17,185	17,636
Prepaid expenses	11,665	12,128
Accrued interest	5,164	7,427
Other	4,746	2,855
Total	61,715	63,224

15. Income Taxes

(1) Deferred tax assets and liabilities

Changes in deferred tax assets and deferred tax liabilities comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2024				
	Balance as of April 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Other changes	Balance as of March 31, 2024
Deferred tax assets					
Inventories	5,244	(1,214)	-	197	4,227
Accrued expenses	21,462	4,477	-	0	25,939
Defined benefit liability	5,248	(1,828)	1,510	382	5,312
Net operating loss carryforwards	8,495	3,905	-	429	12,829
Tax credit carryforwards	-	-	-	-	-
Lease liabilities	5,787	(562)	-	555	5,780
Property, plant and equipment and intangible assets	11,092	(2,205)	-	1,170	10,057
Other	166	362	-	78	606
Total deferred tax assets	57,494	2,935	1,510	2,811	64,750
Deferred tax liabilities					
Marketable securities and other investments in securities	7,361	20	(160)	(1)	7,220
Undistributed earnings of foreign subsidiaries and associates	66,837	13,403	-	4,401	84,641
Right-of-use assets	5,433	(652)	-	512	5,293
Tangible and intangible assets acquired in business combinations	1,272	(18)	-	15	1,269
Other	2,788	(824)	-	(204)	1,760
Total deferred tax liabilities	83,691	11,929	(160)	4,723	100,183
Net amount	(26,197)	(8,994)	1,670	(1,912)	(35,433)

(Millions of yen)

	Fiscal year ended March 31, 2025				
	Balance as of April 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Other changes	Balance as of March 31, 2025
Deferred tax assets					
Inventories	4,227	1,094	-	(10)	5,311
Accrued expenses	25,939	4,296	-	(33)	30,202
Defined benefit liability	5,312	(159)	(557)	(66)	4,530
Net operating loss carryforwards	12,829	(3,058)	-	(114)	9,657
Tax credit carryforwards	-	135	-	(17)	118
Lease liabilities	5,780	577	-	(3)	6,354
Property, plant and equipment and intangible assets	10,057	(2,527)	-	(31)	7,499
Other	606	(354)	-	(12)	240
Total deferred tax assets	64,750	4	(557)	(286)	63,911
Deferred tax liabilities					
Marketable securities and other investments in securities	7,220	(392)	(652)	(409)	5,767
Undistributed earnings of foreign subsidiaries and associates	84,641	5,462	-	(743)	89,360
Right-of-use assets	5,293	592	-	(49)	5,836
Tangible and intangible assets acquired in business combinations	1,269	(519)	-	(23)	727
Other	1,760	504	-	(16)	2,248
Total deferred tax liabilities	100,183	5,647	(652)	(1,240)	103,938
Net amount	(35,433)	(5,643)	95	954	(40,027)

In recognizing deferred tax assets, TDK Group assesses whether it is probable that part or all of deductible temporary differences, net operating loss carryforwards and tax credit carryforwards reduces future taxable profits or the amount of taxes. The recoverability of deferred tax assets is determined by the level of future taxable profits during the periods in which these temporary differences, net operating loss carryforwards and tax credit carryforwards will be deducted. TDK Group assesses the ultimate recoverability of deferred tax assets by considering the expected timing of the reversal of taxable temporary differences, estimated future taxable profits and tax planning strategies. TDK Group believes it is probable that the deferred tax assets recognized as of March 31, 2025 are recoverable based on the consideration of taxable profits in the previous years and the estimated taxable profits of future periods in which deferred tax assets will be used.

The deductible temporary differences, net operating loss carryforwards and tax credit carryforwards for which no deferred tax asset is recognized are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Deductible temporary differences	296,099	322,669
Net operating loss carryforwards	431,406	454,077
Tax credit carryforwards	20,830	22,708

The net operating loss carryforwards for which no deferred tax asset is recognized are expected to expire as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Within 1 year	20,852	38,095
1 to 5 years	96,955	104,644
5 to 20 years	139,125	111,953
Indefinite periods	174,474	199,385
Total	431,406	454,077

The tax credit carryforwards for which no deferred tax asset is recognized are expected to expire as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Within 20 years	9,016	9,988
Indefinite periods	11,814	12,720
Total	20,830	22,708

Deferred tax liabilities are not recognized for temporary differences arising from investments when TDK Group is able to control the timing of reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. As of March 31, 2024 and 2025, such temporary differences are ¥214,335 million and ¥217,186 million, respectively.

(2) Income tax expense

Income tax expenses comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Current tax expense		
Corporate income taxes	44,112	60,769
Income taxes on global minimum taxes	-	1,007
Deferred tax expense		
Temporary differences and reversals	2,017	3,850
Assessment of recoverability of deferred tax assets	6,977	5,771
Changes in tax rates	-	(3,978)
Total	53,106	67,419

TDK's statutory effective tax rates are 31.1% and 31.1% for the fiscal years ended March 31, 2024 and 2025, respectively.

The difference between the statutory effective tax rates and the average effective tax rates for the fiscal years ended March 31, 2024 and 2025 are as follows:

(%)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Statutory effective tax rate	31.1	31.1
Difference in statutory tax rates of foreign subsidiaries	(15.6)	(16.2)
Non-deductible items	3.6	3.5
Non-taxable items	(0.8)	(0.6)
Tax rate differences related to changes in profit or loss of loss-making companies	7.0	6.0
Changes in unrecognized deferred tax assets	2.2	2.1
Research and development and investment tax credit	(5.5)	(6.9)
Foreign withholding taxes	4.7	9.3
Research and development tax credit	(1.4)	(0.7)
Prior-year tax adjustments	(2.4)	(2.8)
Undistributed earnings of associates	5.6	2.5
Income taxes on global minimum taxes	-	0.4
Other	1.1	0.7
Average effective tax rate	29.6	28.4

(3) Global minimum top-up taxes

The Pillar 2 rules issued by OECD have been enacted or substantively enacted in some of the countries and regions in which TDK Group operates its businesses. In addition, the Japan's 2023 tax reform introduced a global minimum corporate tax, and the related Tax Reform Act (Act on Partial Amendments to the Income Tax Act, etc. (Act No. 3 of 2023) was enacted on March 28, 2023. For the fiscal year ended March 31, 2025, TDK Group recognized the top-up tax under the global minimum tax rules in Current tax expense.

16. Trade Payables

Trade payables comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Notes payables	175,866	169,269
Accounts payables	176,074	223,233
Total	351,940	392,502

Trade payables are classified as financial liabilities measured at amortized cost.

Trade payables to be settled more than one year after the end of the fiscal year are ¥289 million and ¥72 million as of March 31, 2024 and 2025, respectively.

17. Bonds and Borrowings

Bonds and borrowings (current liabilities) comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Short-term borrowings from banks, unsecured (weighted-average interest rate: 1.15% as of March 31, 2024 and 0.46% as of March 31, 2025)	80,087	89,970
Commercial paper (weighted-average interest rate: 0.62% as of March 31, 2025)	-	29,988
Current portion of long-term borrowings	132,820	37,197
Current portion of bonds	-	29,990
Total	212,907	187,145

Bonds and borrowings (non-current liabilities) comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Long-term borrowings from banks, unsecured (weighted-average interest rate: 1.13% as of March 31, 2024 and 0.65% as of March 31, 2025)	313,640	193,610
Unsecured bonds due 2025 - 0.18% (issued by TDK)	29,967	29,990
Unsecured bonds due 2027 - 0.31% (issued by TDK)	29,941	29,959
Unsecured bonds due 2030 - 0.43% (issued by TDK)	39,885	39,904
Unsecured bonds due 2026 - 0.15% (issued by TDK)	29,936	29,960
Unsecured bonds due 2028 - 0.26% (issued by TDK)	39,895	39,918
Unsecured bonds due 2031 - 0.38% (issued by TDK)	29,895	29,909
Unsecured bonds due 2028 - 0.52% (issued by TDK)	19,920	19,938
Subtotal	533,079	413,188
Less: current portion	132,820	67,187
Total	400,259	346,001

Bonds and borrowings are classified as financial liabilities measured at amortized cost.

18. Other Financial Liabilities

Other financial liabilities comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Financial liabilities measured at amortized cost		
Accounts payable-others	75,674	109,371
Other	6,723	7,937
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities	4,911	1,913
Other	303	-
Total	87,611	119,221
Current liabilities	81,774	114,502
Non-current liabilities	5,837	4,719
Total	87,611	119,221

19. Other Current Liabilities

Other current liabilities comprise the following:

(Millions of yen)

	March 31, 2024	March 31, 2025
Accrued expenses	264,083	295,444
Advances received	13,623	8,546
Accrued consumption tax and other	8,250	11,816
Retirement benefit liabilities	6,249	3,855
Other	15,086	18,574
Total	307,291	338,235

20. Financial Instruments

(1) Financial risk management

TDK Group is exposed to various risks such as credit risk, liquidity risk and market risk (including currency risk, interest rate risk and risk of market price changes). TDK Group uses derivative financial instruments, such as forward foreign exchange contracts, to hedge market risk. Derivative transactions are executed and managed based on TDK Group's internal policies that stipulate the level of trading authorizations. TDK Group has a policy not to conduct speculative transactions using derivative financial instruments.

(2) Credit risk

Credit risk is the risk that counterparties to financial instruments will default on their contractual obligations and results in financial losses for TDK Group. In the course of its business operations, TDK Group is exposed to the credit risks of its customers and counterparties that arise from trade receivables, other receivables and other financial assets (such as derivatives).

In order to prevent or reduce such risks, TDK Group does not hold any exposures that result in excessive concentration of credit risks.

Notes receivable and accounts receivable are trade receivables from customers, and TDK Group is exposed to the credit risks of these customers. To manage credit risks arising from receivables from customers, TDK Group manages due dates and balances of the receivables by each customer and operates under a structure to regularly monitor the credit status of major customers based on TDK Group's internal credit management policies.

Derivative transactions are executed and managed based on management policies for derivative transactions. When using derivatives, TDK Group enters into transactions only with financial institutions with high credit ratings in order to mitigate credit risks.

TDK Group's maximum exposure to credit risk at the end of the fiscal year is the carrying amount of financial assets in the consolidated statements of financial position, net of impairment losses, and maximum amount of guarantee obligations. Obligations under guarantee arrangements are set out in Note 30 Commitments and Contingent Liabilities. There are no financial assets or non-financial assets acquired as a result of taking ownership of properties held as collateral or exercising other credit enhancements for the fiscal years ended March 31, 2024 and 2025.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. For receivables other than trade receivables, expected credit losses are determined based on the assessment of significant increases in credit risk. TDK Group determines whether there is a significant increase in credit risk based on changes in the risk of default occurring, and in making this determination, TDK Group considers past due information, deterioration in operating results, external credit ratings and other factors related to its counterparties. For receivables other than trade receivables, loss allowances are generally measured at an amount equal to 12-month expected credit losses. However, if credit risk increases significantly since initial recognition, they are measured at an amount equal to lifetime expected credit losses.

The amount of expected credit losses is determined as follows:

- Trade receivables

  Determined by applying a certain rate based on historical credit loss experiences, calibrated by forward-looking information, to the outstanding balance of trade receivables.
- Receivables other than trade receivables

  If the credit risks of financial assets are not determined to have increased significantly, the amount is determined as a portion of lifetime expected credit losses that represents expected credit losses resulting from events of default on the financial instrument that are possible to occur within 12 months after the reporting date. If the credit risks of financial assets are determined to have increased significantly or if assets are credit-impaired, TDK Group calculates the expected credit losses as the difference between the assets' gross carrying amount and the expected present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

If the following events of default occur that have a detrimental impact on the estimated future cash flows of financial assets, TDK Group assesses whether the financial assets are credit-impaired and measures expected credit losses for each asset separately such as individual receivable. In addition, carrying amounts of financial assets are directly reduced by the amounts that are clearly not recoverable in the future. Financial assets that are not individually material are assessed on a collective basis based on the characteristics of credit risk and the nature of transactions.

- Significant financial difficulties of the issuer or the borrower

・A breach of contract, such as failure to repay or past due interest or principal payments
・It became probable that the borrower will enter bankruptcy or financial reorganization

I. Carrying amounts of financial assets subject to loss allowances are as follows (without netting loss allowance):

(i) Trade receivables

(Millions of yen)

	March 31, 2024	March 31, 2025
Trade receivables and contract assets that are measured at an amount equal to lifetime expected credit losses on a recurring basis	558,144	583,610
Credit-impaired financial assets	2,350	2,199
Total	560,494	585,809

(ii) Receivables other than trade receivables

TDK Group determines that the credit risks of receivables other than trade receivables as of March 31, 2024 and 2025 have not increased significantly and the credit risks relating to the carrying amounts of these receivables are not material.

II. Reconciliation of loss allowance

A reconciliation of loss allowance at the beginning and end of the period is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024		
	Financial assets that are measured at amount equal to lifetime expected credit losses on a recurring basis	Credit-impaired financial assets	Total
Opening balance	1,050	1,264	2,314
Increase	383	519	902
Decrease (intended use)	(37)	(357)	(394)
Decrease (reversal)	(489)	(415)	(904)
Exchange differences on translation of foreign operations	168	110	278
Ending balance	1,075	1,121	2,196

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Financial assets that are measured at amount equal to lifetime expected credit losses on a recurring basis	Credit-impaired financial assets	Total
Opening balance	1,075	1,121	2,196
Increase	461	320	781
Decrease (intended use)	(5)	(23)	(28)
Decrease (reversal)	(79)	(156)	(235)
Exchange differences on translation of foreign operations	(15)	(23)	(38)
Ending balance	1,437	1,239	2,676

The increases and reversals of loss allowances are recorded in Selling, general and administrative expenses in the consolidated statements of profit or loss.

There are no significant changes in the gross carrying amount of financial instruments that would affect changes in the loss allowances for the fiscal years ended March 31, 2024 and 2025.

Of the financial assets that were directly written off, there are no significant financial assets that are still subject to enforcement activity for the fiscal years ended March 31, 2024 and 2025.

(3) Liquidity risk

Liquidity risk is the risk that TDK Group will be unable to repay its financial obligations when due. TDK Group needs working capital primarily for manufacturing costs, such as procuring raw materials and components used in the manufacturing of products, as well as for selling, general and administrative costs which include research and development costs used for continuous development of new products. In addition, TDK Group needs long-term capital for capital expenditures to appropriately respond to rapid technological innovations and intensified sales competition in the electronics market, and also for mergers and acquisitions in line with its strategies for further growth.

TDK Group's basic policy is to ensure that it has sufficient liquidity and capital resources necessary for its business operations. TDK Group introduced a cash management system in Japan, the U.S., Europe, China and ASEAN regions to improve its capital efficiencies as well as to ensure liquidity through commitment line agreements. Undrawn amounts of commitment lines are ¥106,685 million and ¥105,658 million as of March 31, 2024 and 2025, respectively.

The following table presents a maturity analysis of TDK Group's non-derivative and derivative financial liabilities. The maturity analysis of lease liabilities is set out in Note 11 Leases.

(Millions of yen)

	March 31, 2024							
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade payables	351,940	351,940	351,666	265	9	-	-	-
Short-term borrowings	80,087	81,011	81,011	-	-	-	-	-
Long-term borrowings	313,640	317,178	134,334	36,070	45,614	579	20,398	80,183
Bonds	219,439	223,409	686	30,650	30,617	30,525	60,398	70,533
Other financial liabilities	82,700	82,700	76,863	1,067	1,229	2,574	2	965
Total	1,047,806	1,056,238	644,560	68,052	77,469	33,678	80,798	151,681
Derivative financial liabilities								
Forward exchange contracts and others	4,911	4,911	4,911	-	-	-	-	-
Total	4,911	4,911	4,911	-	-	-	-	-

(Millions of yen)

	March 31, 2025							
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade payables	392,502	392,502	392,453	47	-	2	-	-
Short-term borrowings	89,970	90,385	90,385	-	-	-	-	-
Commercial paper	29,988	30,000	30,000	-	-	-	-	-
Long-term borrowings	193,610	197,423	38,463	48,583	9,409	20,755	80,161	52
Bonds	219,578	222,723	30,650	30,617	30,525	60,398	286	70,247
Other financial liabilities	117,308	117,308	112,589	3,370	43	43	178	1,085
Total	1,042,956	1,050,341	694,540	82,617	39,977	81,198	80,625	71,384
Derivative financial liabilities								
Forward exchange contracts and others	1,913	1,913	1,913	-	-	-	-	-
Total	1,913	1,913	1,913	-	-	-	-	-

For short-term and long-term borrowings from banks, securities or guarantees are given for present and future borrowings when they are requested by the banks. Additionally, the banks have the rights under general agreements to offset cash

deposits against such borrowings due from TDK Group as the borrowings become due or in the events of default.

There are no debt covenants or cross-default provisions under TDK Group's borrowing arrangements which cause significant disadvantage to TDK Group. Furthermore, there are no subsidiary-level dividend restrictions under the borrowing arrangements.

(4) Currency risk

TDK Group operates businesses globally, with overseas sales ratio exceeding 90% on a consolidated basis, and many of the currencies used in the transactions are currencies other than Japanese yen, such as the U.S. dollar (USD) and Euro. The sudden appreciation of Japanese yen against these currencies will have an impact on profit or loss, such as decreases in sales and profits. To mitigate this risk, TDK Group is pursuing a strategy to increase the purchase of raw materials denominated in foreign currencies and to promote local procurement of materials that are consumed overseas. In addition, as assets and liabilities denominated in foreign currencies are translated into Japanese yen on the financial statements, fluctuations in foreign exchange rates have an impact on the financial statements arising from the translation differences. TDK Group is taking measures to respond to these fluctuations in foreign exchange rates, such as obtaining funding in foreign currencies and entering into forward foreign exchange contracts. However, sudden or substantial fluctuations in foreign exchange rates could have a significant impact on TDK Group's financial position and results of operations.

The following table presents TDK Group's major exposures to currency risks (net). Amounts for which the currency risks are hedged by forward foreign exchange contracts are excluded.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
USD	123,539	37,990
Euro	(1,236)	3,558

The following table presents the effect of 1% appreciation of Japanese yen against USD and Euro on profit in the consolidated statements of profit or loss arising from translation of foreign currency denominated financial instruments held as of March 31, 2024 and 2025. All other assumptions are held constant in this calculation.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
USD	(1,235)	(381)
Euro	6	41

(5) Interest rate risk

TDK Group pays interest incurred in procuring funds necessary for working capital and capital expenditures in the course of its business activities. TDK Group is exposed to interest rate risk arising from changes in future cash flows when interest on variable interest loans is affected by changes in market interest rates.

TDK Group may use interest rate swap contracts to maintain a desired level of exposures to interest rate risk and to minimize interest expense. Interest-bearing liabilities consist primarily of bonds and borrowings with fixed interest rates. Therefore, the impact of interest rate risk on TDK Group's cash flows is immaterial.

(6) Market price change risk

TDK Group is exposed to the risk of share price changes as it primarily holds shares of companies with which it has business relationships for the purpose of facilitating its business activities. TDK Group regularly monitors market prices of shares held and financial conditions of the issuers to determine valuation gains and losses. In addition, TDK Group continuously reviews its holdings of shares, taking into account the relationships with the issuers.

Shares are classified as financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, and sudden or substantial fluctuations in the market prices could have a significant impact on TDK Group's financial position and results of operations.

The following table presents the effect of 10% fluctuation in market price of shares held as of March 31, 2024 and 2025 on net profit and other comprehensive income, net of tax. All other assumptions are held constant in this calculation.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit	259	258
Other comprehensive income, net of tax	1,021	193

(7) Derivatives and hedging activities

TDK Group operates businesses globally and is exposed to the risk of changes in foreign exchange rates and interest rates. In addition, it is exposed to the risk of changes in raw material prices related to its businesses. TDK Group assesses these risks by continuously monitoring changes in foreign exchange rates, interest rates and raw material prices and by considering hedging opportunities. Derivative financial instruments are utilized to reduce these risks.

Derivative financial instruments are not used for speculative trading purposes. Although TDK Group is exposed to credit risks arising from the event of non-performance of counterparties to these derivative contracts, TDK Group does not expect any counterparties to fail to meet their obligations considering their credit ratings. The credit risks of these financial instruments are reflected in the fair values of these contracts, which are determined based on quoted prices obtained from financial institutions. TDK Group does not hold any derivative financial instruments that contain credit-risk-related contingent features.

I. Derivatives not designated as hedging instruments

TDK Group primarily uses forward foreign exchange contracts, non-deliverable forward contracts, currency swap contracts and currency option contracts in order to reduce currency risks related to assets and liabilities denominated in foreign currencies and forecasted transactions. Although these contracts are not designated as hedging instruments, which is required to apply hedge accounting, TDK Group believes that these contracts are effective as hedges from an economic viewpoint. Changes in fair values of these undesignated contracts are immediately recognized in profit or loss.

II. Fair values and gains or losses on derivative financial instruments

The impact of derivative financial instruments on the consolidated statements of profit or loss, net of tax, for the fiscal years ended March 31, 2024 and 2025 is as follows:

Derivatives not designated as hedging instruments

(Millions of yen)

	Account	Recognized gains (losses) on derivative instruments	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Forward foreign exchange contracts	Finance income and costs	(15,393)	1,252
Non-deliverable forward contracts	Finance income and costs	(2,700)	(693)
Currency swap contracts	Finance income and costs	-	5
Currency option contracts	Finance income and costs	(2,438)	383
	Total	(20,531)	947

Notional amounts and carrying amounts of derivatives as of March 31, 2024 and 2025 are as follows:

Derivatives not designated as hedging instruments

(Millions of yen)

	March 31, 2024		
	Notional amount	Carrying amount (fair value)	
	Gross amount	Assets	Liabilities
Forward foreign exchange contracts	275,917	1,747	3,857
Currency option contracts	34,211	6	1,054

(Millions of yen)

	March 31, 2025		
	Notional amount	Carrying amount (fair value)	
	Gross amount	Assets	Liabilities
Forward foreign exchange contracts	347,054	575	1,199
Non-deliverable forward contracts	36,325	53	156
Currency swap contracts	1,049	5	-
Currency option contracts	68,904	1	558

(8) Fair Value Measurement of Financial Instruments

Financial instruments measured at fair value on a recurring basis subsequent to initial recognition are classified into three levels of a fair value hierarchy based on the observability and significance of inputs used in the measurement.

In this categorization, the fair value hierarchy is defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that TDK Group has the ability to access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are available from the market for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

I. Comparison of fair values and carrying amounts of financial instruments

Carrying amounts and fair values of financial instruments are as follows:

(Millions of yen)

	March 31, 2024		March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds (including current portion)	219,439	215,796	219,578	212,174
Long-term borrowings (including current portion)	313,640	311,058	193,610	192,332

Financial instruments measured at fair value or for which the carrying amount is a reasonable approximation of fair value are not included in the table above.

The fair value of TDK Group's bonds (including current portion) and long-term borrowings (including current portion) above is estimated based on the amount of their respective future cash flows discounted by the borrowing rate applied to TDK Group for similar borrowings with comparable maturity as at the closing date or based on the quoted market prices for the same or similar bonds. These financial instruments are classified as Level 2.

II. Categorization by level of fair value hierarchy

Categorization of financial instruments measured at fair value on a recurring basis by level of fair value hierarchy is as follows:

(Millions of yen)

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	1,747	-	1,747
Currency option contracts	-	6	-	6
Commercial paper	-	34	-	34
SAFE investments	-	-	1,722	1,722
Convertible bonds	-	-	227	227
Shares	10,523	-	142,776	153,299
Mutual funds	3,401	-	-	3,401
Rabbi trust investments	10,535	-	-	10,535
Other	-	-	794	794
Total	24,459	1,787	145,519	171,765
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	3,857	-	3,857
Currency option contracts	-	1,054	-	1,054
Total	-	4,911	-	4,911

(Millions of yen)

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	575	-	575
Non-deliverable forward contracts	-	53	-	53
Currency swap contracts	-	5	-	5
Currency option contracts	-	1	-	1
Commercial paper	-	26	-	26
SAFE investments	-	-	2,479	2,479
Convertible bonds	-	-	359	359
Shares	2,267	-	150,979	153,246
Mutual funds	3,393	-	-	3,393
Rabbi trust investments	10,183	-	-	10,183
Total	15,843	660	153,817	170,320
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	1,199	-	1,199
Non-deliverable forward contracts	-	156	-	156
Currency option contracts	-	558	-	558
Total	-	1,913	-	1,913

Level 1 shares and mutual funds are measured at unadjusted quoted prices in active markets in which transactions occur

with sufficient frequency and volume. Rabbi trust investments represent an investment in which a portion of the employees' salaries is placed into the trust and invested in financial instruments with quoted prices (require no adjustments) in active markets.

Level 2 derivatives, including forward foreign exchange contracts, currency option contracts and others, are measured at quoted prices obtained from counterparties, which are determined using observable market inputs such as foreign currency exchange rates.

Fair values of Level 3 shares are measured mainly based on the comparable multiple valuation method or transaction cases comparison method.

As of March 31, 2024 and 2025, for financial assets measured at fair value on a recurring basis that are classified as Level 3, a significant unobservable input used in fair value measurement of equity instruments is primarily enterprise value to revenue multiples. As of March 31, 2024 and 2025, the weighted average of enterprise value to revenue multiples is 0.43 times and 0.5 times, respectively. If enterprise value to revenue multiples increases, fair values of shares increase. Changes in fair value resulting from changing unobservable inputs to reflect reasonably possible alternative assumptions are not material.

Transfers between levels of the fair value hierarchy are recognized as if they occurred at the end of each reporting period. There are no transfers between Level 1 and Level 2 for the fiscal years ended March 31, 2024 and 2025.

III. Fair value measurement of financial instruments classified as Level 3

(i) Valuation process

Fair values of financial instruments are calculated by TDK Group's Finance and Accounting staff members using valuation techniques and inputs that most appropriately reflect the nature, characteristics and risks of the financial instruments in accordance with TDK Group's internal policies. In addition, external experts are used in the fair value measurement of financial instruments when the amount of financial instruments is significant and the measurement requires a high degree of knowledge and expertise. In order to verify results of each period-end fair value measurement of financial instruments including results of measurement by external experts, the results of a fair value fluctuation analysis are reviewed and approved by Finance and Accounting managers.

(ii) Reconciliation of financial instruments classified as Level 3

A reconciliation of financial instruments classified as Level 3 at the beginning and end of the period is as follows:

Financial assets (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Opening balance	129,502	145,519
Gains or losses		
Profit or loss	9,191	3,231
Other comprehensive income	(18,905)	1,563
Acquisition	15,694	7,822
Sales	(1,214)	(2,153)
Transfers from Level 3	(2,633)	-
Other	13,884	(2,165)
Ending balance	145,519	153,817

Transfers from Level 3 recognized during the fiscal years ended March 31, 2024 were due to the listing of investees.

Gains or losses recognized in net income are included in Finance income and Finance costs in the consolidated statements of profit or loss.

Gains or losses recognized in other comprehensive income, net of tax, are included in Net change in fair value of equity instruments measured at fair value through other comprehensive income in the consolidated statements of comprehensive income.

21. Employee Benefits

(1) Defined benefits plans

I. Description of retirement benefit plans

TDK and certain of its subsidiaries sponsor retirement and severance plans to substantially all employees. These plans provide for lump-sum retirement payments or pension benefits based on years of service, employee salaries and certain other factors.

TDK and most of its subsidiaries in Japan establish fund-type corporate pension plans under the Defined Benefit Corporate Pension Act. Pools of money in the pension funds are managed by several financial institutions in accordance with applicable laws and regulations. These plan assets are invested primarily in equities, government bonds and insurance contracts.

Directors of the funds are obliged to comply with applicable laws and regulations, administrative actions taken by the Minister of Health, Labor and Welfare or by the directors of the Local Bureaus of Health and Welfare in accordance with laws and regulations, applicable rules and resolutions of the board of representatives, as well as to faithfully perform their duties on behalf of the funds. In addition, it is stipulated that the directors shall be jointly and severally liable to the funds for damages if they fail to fulfill their duties with respect to administration and management of the pooled funds.

Most overseas subsidiaries have pension plans or lump-sum retirement benefit plans for their employees. Under these plans, retirement benefit costs are recognized when contributions are made to the plans each period or when provision for retirement benefit liabilities is recorded. Benefit payments under these plans are calculated based primarily on salary upon retirement and years of service.

These retirement benefit plans are exposed to various risks including general investment, interest rate and inflation risks.

II. Defined benefit obligation and plan assets

A reconciliation of defined benefit obligation and plan assets at the beginning and end of the period is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Japan	Overseas	Japan	Overseas
Present value of defined benefit obligation:				
Opening balance	196,053	97,430	182,547	113,564
Service cost	4,127	2,592	3,998	2,953
Interest cost	2,611	4,230	3,123	4,458
Remeasurements				
Actuarial gains and losses arising from changes in demographic assumptions	-	(222)	-	215
Actuarial gains and losses arising from changes in financial assumptions	(9,961)	1,562	(16,830)	(3,323)
Actuarial gains and losses arising from experience adjustments	1,030	2,459	1,827	1,182
Benefits paid	(6,954)	(6,331)	(11,275)	(6,325)
Plan amendment	143	-	1	-
Plan curtailment/settlement	(4,502)	4	-	(951)
Exchange differences on translation of foreign operations	-	11,842	-	(1,414)
Other	-	(2)	-	(1)
Ending balance	182,547	113,564	163,391	110,358
Plan assets:				
Opening balance	181,682	39,997	192,208	50,240
Interest income	2,307	1,944	3,440	2,388
Remeasurements				
Return on plan assets	11,798	3,674	(579)	105
Employer contributions	2,855	1,077	3,986	598
Benefits paid	(6,434)	(1,635)	(9,921)	(2,311)
Exchange differences on translation of foreign operations	-	5,183	-	(2,085)
Ending balance	192,208	50,240	189,134	48,935
Deficit/(surplus)	(9,661)	63,324	(25,743)	61,423
Effect of asset ceiling	37,156	2,340	51,233	3,370
Net defined benefit liability	27,495	65,664	25,490	64,793

The Company and some of its domestic consolidated subsidiaries have partially amended the retirement benefit plans effective April 1, 2023, which reflects the extension of the retirement age from 60 to 65. As a result, retirement benefit liabilities decreased.

A portion of retirement benefit liabilities is included in Other current liabilities in the consolidated statements of financial position.

Retirement benefit asset is included in Other non-current assets in the consolidated statements of financial position.

Key actuarial assumptions used to determine the present value of defined benefit obligation are as follows:

(%)

	March 31, 2024		March 31, 2025	
	Japan	Overseas	Japan	Overseas
Discount rate	1.7	4.1	2.4	4.2

The following table presents the effect of changes in discount rates used in actuarial calculations on the present value of defined benefit obligation at the end of the reporting period. All other assumptions are held constant in this calculation.

No significant change is assumed for the expected rate of increase in future compensation levels.

(Millions of yen)

			March 31, 2024	March 31, 2025
Discount rate	Japan	Increase by 0.5%	(11,865)	(10,054)
		Decrease by 0.5%	13,317	11,196
	Overseas	Increase by 0.5%	(6,054)	(5,632)
		Decrease by 0.5%	6,682	6,209

The contributions to the plan assets by TDK and certain of its subsidiaries are determined by considering various factors including employee salary levels and years of service, funded status of the plan assets and actuarial calculations. In addition, in accordance with provisions of the Defined Benefit Corporate Pension Act, the contributions are regularly recalculated to ensure an adequate funding level for the future. TDK and certain of its subsidiaries make adequate contributions if the amount in the pension funds falls below the minimum funding requirement.

TDK Group expects to contribute ¥2,815 million to defined benefit plans in Japan and ¥542 million to defined benefit plans overseas for the fiscal year ending March 31, 2026.

Weighted average durations of defined benefit obligations are as follows:

	March 31, 2024	March 31, 2025
Japan	17.8 years	17.7 years
Overseas	11.7 years	11.3 years

TDK Group's investment policies are designed to ensure that adequate plan assets are available to provide for future payments of pension benefits to eligible participants. TDK Group creates a model portfolio comprising of an optimal combination of equity instruments and debt instruments, taking into account the expected long-term rate of return on plan assets. Plan assets are invested in individual equity and debt instruments using a guideline for the model portfolio in order to produce total return that will match the expected return over the medium to long term.

TDK Group evaluates the gap between expected long-term return and actual return on plan assets every year to determine if the model portfolio should be revised. TDK Group revises the model portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

TDK Group's asset portfolio for benefit plans in Japan is categorized into three asset classes. As of March 31, 2025, approximately 20% consists of equity instruments, approximately 31% of debt instruments and approximately 49% of cash and cash equivalents and other assets. TDK Group's asset portfolio for benefit plans overseas is also categorized into three asset classes. As of March 31, 2025, approximately 23% consists of equity instruments, approximately 64% of debt instruments and approximately 13% of cash and cash equivalents and other assets. As of March 31, 2025, there is no significant deviation between TDK Group's target allocations and actual results.

Domestic shares included in equity instruments mainly consist of shares listed on stock exchanges, which are selected after thorough examination and analysis of business performance of investment target companies and are appropriately diversified among different sectors and companies. Domestic bonds included in debt instruments mainly consist of government bonds, public bonds and corporate bonds, which are selected after thorough examination and analysis of terms of the bond issue such as bond ratings, coupons and maturity dates and are appropriately diversified among issuers and remaining periods. Investments in foreign shares are made based on selection of target countries and currencies after thorough examination of political and economic stability and market characteristics such as clearing systems and taxation systems of the investment target companies. Other assets include life insurance company general accounts, pooled funds and real estate investment trusts, consisting of investments selected based on thorough examination and analysis of general economic conditions and investment target assets. A life insurance company general account is a product of life insurance companies in which individual insurance funds, corporate plan assets and other funds are jointly managed.

Fair values of TDK Group's plan assets by type are as follows:

(Millions of yen)

	March 31, 2024					
	Japan			Overseas		
	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total
Cash and cash equivalents	1,948	-	1,948	4,047	-	4,047
Equity instruments:						
Listed shares	2,483	-	2,483	-	-	-
Mutual funds	-	29,525	29,525	21,931	4,433	26,364
Pooled funds	-	11,115	11,115	-	404	404
Debt instruments:						
Government bonds, public bonds, corporate bonds	7,507	-	7,507	2,824	10,227	13,051
Mutual funds	-	37,343	37,343	1,221	2,176	3,397
Pooled funds	-	20,455	20,455	-	447	447
Other assets:						
Life insurance company general account	-	17,673	17,673	-	294	294
Mutual funds	-	19,729	19,729	-	104	104
Pooled funds	-	37,520	37,520	-	-	-
Other	-	6,910	6,910	-	2,132	2,132
Total	11,938	180,270	192,208	30,023	20,217	50,240

(Millions of yen)

	March 31, 2025					
	Japan			Overseas		
	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total
Cash and cash equivalents	1,230	-	1,230	4,026	-	4,026
Equity instruments:						
Listed shares	1,202	-	1,202	-	-	-
Mutual funds	-	25,400	25,400	9,332	1,439	10,771
Pooled funds	-	10,804	10,804	-	391	391
Debt instruments:						
Government bonds, public bonds, corporate bonds	12,573	-	12,573	-	29,708	29,708
Mutual funds	-	31,201	31,201	1,001	-	1,001
Pooled funds	-	15,006	15,006	-	492	492
Other assets:						
Life insurance company general account	-	14,239	14,239	-	267	267
Mutual funds	-	19,569	19,569	-	106	106
Pooled funds	-	51,818	51,818	-	-	-
Other	-	6,092	6,092	-	2,173	2,173
Total	15,005	174,129	189,134	14,359	34,576	48,935

Mutual funds and pooled funds invest mainly in marketable instruments such as listed shares, government bonds and public bonds in domestic and global markets.

Defined benefit cost for the fiscal years ended March 31, 2024 and 2025 consists of the following components:

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Japan	Overseas	Japan	Overseas
Service cost	4,127	2,592	3,998	2,953
Interest cost on defined benefit obligations	2,611	4,230	3,123	4,458
Interest income on plan assets	(2,307)	(1,944)	(3,440)	(2,388)
Past service cost	143	-	1	-
Other	(257)	4	-	(2)
Net defined benefit cost	4,317	4,882	3,682	5,021

The service cost, past service cost and other, which are the components of defined benefit cost, are included in Cost of sales and Selling, general and administrative expenses in the consolidated statements of profit or loss and the interest cost is included in Finance costs in the consolidated statements of profit or loss.

(2) Defined contribution plans

The amounts recognized by TDK and certain of its subsidiaries as expenses for defined contribution plans are ¥26,785 million and ¥29,417 million for the fiscal years ended March 31, 2024 and 2025, respectively.

These amounts include the expenses recognized in relation to the state plan.

22. Share-Based Payment

The amounts recognized by TDK Group as expenses for share-based compensation are ¥699 million and ¥1,056 million for the fiscal years ended March 31, 2024 and 2025, respectively.

(1) TDK's share-based payment plans

TDK has the following share-based payment plans, and the share options described in II. below contains certain performance conditions.

I. Share options, each representing a right to purchase 100 common shares of TDK, are granted to directors and corporate officers of TDK. The share options are fully vested on the grant date and have the exercise period of 20 years. The exercise price of the share options is ¥1 per share.

II. Share options, each representing a right to purchase 100 common shares of TDK, are granted to directors and corporate officers of TDK. The share options are vested depending on the degree of achievement of its Medium-Term Plan and have the exercise period of 20 years. The exercise price of the share options is ¥1 per share.

A summary of TDK's share option activities for the fiscal years ended March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at beginning of year	2,748,000	1	2,331,000	1
Granted	-	-	-	-
Exercised	(417,000)	1	(304,500)	1
Forfeited	-	-	(43,500)	1
Expired	-	-	-	-
Outstanding at end of year	2,331,000	1	1,983,000	1
Exercisable at end of year	2,331,000	1	1,983,000	1

The weighted average share prices of share options exercised during the year at the date of exercise are ¥1,236 and ¥1,564 for the fiscal years ended March 31, 2024 and 2025, respectively.

Information on share options outstanding as of March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024		
Range of exercise price (Yen)	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (Yen)
1	2,331,000	12.4	1

	Fiscal year ended March 31, 2025		
Range of exercise price (Yen)	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (Yen)
1	1,983,000	11.4	1

Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. Given this, the number of shares and the weighted average share prices are calculated assuming that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

(2) Share-based payment plans for subsidiaries

TDK's certain subsidiaries in China have share-based payment plans, which grant share options, each representing a right to purchase one common share of the subsidiaries, to directors and senior executives of the subsidiaries and its affiliated companies. The share options are gradually vested by May 31, 2026 and gradually become exercisable by July 31, 2026. The exercise price of the share options is 1 RMB per option.

When these share options are exercised, common shares of the subsidiaries held by its affiliated companies are delivered.

The fair value of these share options is determined based on valuation techniques using certain assumptions as these subsidiaries are not listed companies.

A summary of TDK's share option activities for the fiscal years ended March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted average exercise price (RMB)	Number of shares	Weighted average exercise price (RMB)
Outstanding at beginning of year	-	-	64,815,450	1
Granted	79,759,500	1	2,508,000	1
Exercised	(14,908,050)	1	(12,919,482)	1
Forfeited	(36,000)	1	(8,679,007)	1
Expired	-	-	-	-
Outstanding at end of year	64,815,450	1	45,724,961	1
Exercisable at end of year	-	-	-	-

Information on share options outstanding as of March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024		
Range of exercise price (RMB)	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (RMB)
1	64,815,450	1.3	1

	Fiscal year ended March 31, 2025		
Range of exercise price (RMB)	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (RMB)
1	45,724,961	0.8	1

Fair values of share options as of the grant date are determined using the Binomial model with the following assumptions:

Share-based options

	Fiscal year ended March 31, 2024	
	Granted in April	Granted in December
Grant-date fair value	0.463 RMB	0.355 RMB
Expected remaining life	1.8 years	1.4 years
Risk-free interest rate	2.2%	2.1%
Expected volatility	48.1%	43.1%

	Fiscal year ended March 31, 2025
	Granted in June
Grant-date fair value	0.427 RMB
Expected remaining life	1.6 years
Risk-free interest rate	1.6%
Expected volatility	54.9%

The expected volatility is determined based on the actual volatility of a similar company for the immediate period corresponding to the expected remaining life.

(3) TDK's Post-delivery Type Share Remuneration Plan

TDK has the following post-delivery type share remuneration plans:

I. Restricted share units ("RSU")

Under this restricted share plan, subject to continuous service for a period of three years corresponding to the Medium-Term Plan (or a period of three years or more as determined by the Board of Directors of TDK, "Target Period"), a pre-determined amount of TDK shares and cash is delivered to directors and corporate officers of TDK as well as to senior executives of TDK Group after the end of the Target Period.

A summary of RSU activities for the fiscal years ended March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Number of units	Number of units
Outstanding at beginning of year	918,170	997,345
Granted	319,240	349,971
Delivered	(236,460)	(352,010)
Forfeited	(3,605)	-
Expired	-	-
Outstanding at end of year	997,345	995,306
Deliverable at end of year	-	-

Fair values of RSUs as of the grant date are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Granted in June	Granted in July
Fair value as of the grant date	999 yen	1,905 yen

The fair value of equity-settled RSUs is determined based on the grant-date fair value of TDK's common shares, and the fair value of cash-settled RSUs is determined based on the fair value of TDK's common shares at the end of the reporting period. The fair value measurements include expected dividend yields determined based on the actual dividends for the most recent period corresponding to the Target Period.

The carrying amounts of cash-settled RSUs are ¥359 million and ¥392 million as of March 31, 2024 and 2025, respectively.

Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. Given this, the number of units and the fair values are calculated assuming that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

II. Performance share units ("PSU")

Under this performance-based plan, subject to continuous service for a period of three years corresponding to the

Medium-Term Plan (or a period of three years or more as determined by the Board of Directors of TDK, "Target Period"), TDK shares and cash, which are determined based on the degree of achievement of the performance targets of the Medium-Term Plan, are delivered to directors and corporate officers of TDK as well as to senior executives of TDK Group after the end of the Target Period.

A summary of PSU activities for the fiscal years ended March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Number of units	Number of units
Outstanding at beginning of year	759,530	767,060
Granted	7,530	635,235
Delivered	-	(292,460)
Forfeited	-	(423,535)
Expired	-	-
Outstanding at end of year	767,060	686,300
Deliverable at end of year	-	-

Fair value of PSUs as of the grant date are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Granted in June	Granted in July
Fair value as of the grant date	999 yen	1,905 yen

The fair value of equity-settled PSUs is determined based on the grant-date fair value of TDK's common shares, and the fair value of cash-settled PSUs is determined based on the fair value of TDK's common shares at the end of the reporting period. The fair value measurements include expected dividend yields determined based on the actual dividends for the most recent period corresponding to the Target Period.

The carrying amount of cash-settled PSUs is ¥190 million and ¥134 million as of March 31, 2024 and 2025, respectively.

Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. Given this, the number of units and the fair values are calculated assuming that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

23. Provisions

Provisions comprise the following and a reconciliation of the carrying amount at the beginning and end of the period is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025				
	Asset retirement obligations	Provision for product warranties	Provision for restructuring	Other	Total
Opening balance	4,255	11,996	5,291	4,723	26,265
Increase	806	3,156	2,453	2,819	9,234
Decrease (intended use)	(187)	(1,743)	(1,973)	(1,389)	(5,292)
Decrease (reversal)	(1)	(2,861)	(324)	(617)	(3,803)
Exchange differences on translation of foreign operations	(16)	(196)	77	(105)	(240)
Other	9	452	(236)	(936)	(711)
Ending balance	4,866	10,804	5,288	4,495	25,453

Asset retirement obligations

TDK Group recognizes asset retirement obligations mainly for the TDK headquarters building and certain plants in Akita, Japan. The amount of obligations is based on reasonably estimated costs required to remove facilities/equipment or restore the premises to their original conditions. TDK Group expects to pay for these costs after the period of use, which is determined by considering the useful lives of leasehold improvements made to the headquarters building or useful lives of the plants. However, factors such as business plans affect the amount of these costs.

Provision for product warranties

TDK Group recognizes provisions for product warranties to provide for repair costs expected to be incurred during the warranty period of certain products. The amount of provisions is based on reasonably estimated costs of product warranties determined using historical experience and estimated future warranty claims. These costs are expected to be incurred mainly in the following year.

Provision for restructuring

TDK Group recognizes provisions for restructuring when it has a detailed formal plan for the restructuring and it starts to implement that plan, or when the plan is announced to those affected. The amount of provisions is based on reasonably estimated costs related to the plan. A provision for restructuring is necessarily entailed by the restructuring and only includes direct expenditures not associated with the ongoing activities of an entity. The timing of expenditures depends on the future business plans, etc.

24. Equity and Other Components of Equity

(1) Capital management

TDK Group's basic policy for capital management is to achieve and maintain an optimal capital structure in order to maintain sustained growth in the medium to long term and maximize its corporate value. TDK group uses the following key indicators in its capital management:

- Ratio of equity attributable to owners of parent (equity attributable to owners of parent divided by Total liabilities and equity)
- Ratio of net profit attributable to owners of parent (Return On Equity "ROE") (Net profit attributable to owners of parent divided by the average equity attributable to owners of parent)

The ratio of equity attributable to owners of parent and the ratio of net profit attributable to owners of parent (ROE) are as follows:

(%)

	March 31, 2024	March 31, 2025
Equity attributable to owners of parent	50.0	50.8
ROE	7.9	9.5

These financial indicators are regularly reported to and monitored by management.

TDK Group is not subject to any externally-imposed capital requirements (other than general requirements such as the Companies Act).

(2) Number of shares authorized and number of shares issued

The number of shares authorized is as follows:

(Number of shares)

	March 31, 2024	March 31, 2025
Common shares	1,440,000,000	7,200,000,000

Based on the resolution of the Board of Directors' meeting held on July 30, 2024, TDK partially changed its articles of incorporation effective October 1, 2024 in connection with the share split. As a result, the number of shares authorized increased by 5,760,000,000 shares for the fiscal year ended March 31, 2025.

A reconciliation of the number of shares issued at the beginning and end of the period is as follows:

(Number of shares)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Opening balance	388,771,977	388,771,977
Increase	-	1,555,087,908
Decrease	-	-
Ending balance	388,771,977	1,943,859,885

The shares issued by TDK are no-par value common shares with no limited rights, and all shares issued are fully paid.

The increase during the fiscal year ended March 31, 2025 is attributable to a share split at a ratio of five shares per common share implemented effective October 1, 2024.

The number of treasury shares included in the number of shares issued is 9,380,867 shares and 46,225,100 shares as of March 31, 2024 and 2025, respectively. Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. As a result, the number of treasury shares increased by 37,523,468 shares for the fiscal year ended March 31, 2025.

(3) Capital surplus and retained earnings

Capital surplus comprises capital reserves and other capital surplus. Retained earnings comprises legal reserves and other retained earnings.

The Companies Act in Japan ("the Companies Act") provides that at least one-half of the amount paid-in or the contribution in kind for the shares issued shall be allocated to share capital and the remainder to capital reserves. It allows capital reserves to be allocated to share capital, subject to a resolution at a shareholders' meeting.

The Companies Act also stipulates that one-tenth of the amount to be distributed as dividends from surplus shall be appropriated as capital reserves or legal reserves. No further appropriation is required when the sum of capital reserves and legal reserves equals one-fourth of the share capital. The accumulated legal reserves can be used to offset capital deficits. It can also be used for other purposes subject to a resolution at a shareholders' meeting.

(4) Other components of equity

A reconciliation of other components of equity at the beginning and end of the period is as follows:

(Millions of yen)

	Items that will not be reclassified to profit or loss			Items that may be reclassified to profit or loss		Total
	Net change in fair value of equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	
April 1, 2023	73,848	-	86	313,159	188	387,281
Other comprehensive income attributable to owners of parent	(13,308)	1,160	151	177,925	217	166,145
Transfers to retained earnings	(244)	(1,160)	(24)	-	-	(1,428)
March 31, 2024	60,296	-	213	491,084	405	551,998
Other comprehensive income attributable to owners of parent	9,537	1,607	(33)	(36,683)	(648)	(26,220)
Transfers to retained earnings	(14,582)	(1,607)	(34)	-	-	(16,223)
March 31, 2025	55,251	-	146	454,401	(243)	509,555

The amount recognized in other comprehensive income for the period, the amount reclassified to profit or loss and the related tax effects are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024				
	Recognized for the period	Reclassification adjustments	Before tax	Tax effect	After tax
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(13,465)	-	(13,465)	157	(13,308)
Remeasurements of defined benefit plans	(350)	-	(350)	1,510	1,160
Share of other comprehensive income of investments accounted for using the equity method	148	-	148	3	151
Total	(13,667)	-	(13,667)	1,670	(11,997)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	178,045	(73)	177,972	-	177,972
Share of other comprehensive income of investments accounted for using the equity method	217	-	217	-	217
Total	178,262	(73)	178,189	-	178,189
Total other comprehensive income	164,595	(73)	164,522	1,670	166,192

(Millions of yen)

	Fiscal year ended March 31, 2025				
	Recognized for the period	Reclassification adjustments	Before tax	Tax effect	After tax
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments measured at fair value through other comprehensive income	13,684	-	13,684	(4,147)	9,537
Remeasurements of defined benefit plans	2,164	-	2,164	(557)	1,607
Share of other comprehensive income of investments accounted for using the equity method	(50)	-	(50)	17	(33)
Total	15,798	-	15,798	(4,687)	11,111
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(36,889)	(0)	(36,889)	0	(36,889)
Share of other comprehensive income of investments accounted for using the equity method	(648)	-	(648)	-	(648)
Total	(37,537)	(0)	(37,537)	-	(37,537)
Total other comprehensive income	(21,739)	(0)	(21,739)	(4,687)	(26,426)

(5) Dividends

Dividends paid are as follows.

Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. The amounts presented in Dividends per share for which record date is on or before September 30, 2024 represent the amounts before the share split.

Fiscal year ended March 31, 2024

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2023	Common shares	20,102	53	March 31, 2023	June 23, 2023
Board of Directors Meeting on November 1, 2023	Common shares	22,001	58	September 30, 2023	December 4, 2023

Fiscal year ended March 31, 2025

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2024	Common shares	22,005	58	March 31, 2024	June 24, 2024
Board of Directors Meeting on November 1, 2024	Common shares	26,564	70	September 30, 2024	December 3, 2024

Dividends for which the effective date is in the fiscal year ending March 31, 2026 are as follows:

Dividends scheduled to be proposed on Ordinary General Meeting of Shareholders held on June 20, 2025 are as follows:

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 20, 2025	Common shares	30,362	16	March 31, 2025	June 23, 2025

25. Revenue

(1) Disaggregation of revenue

TDK Group disaggregates revenue by industry segment, product and geographic segment based on contracts with customers. The following table presents disaggregation of revenue. The detailed information of geographic segment is set out in Note 4 Segment Information. In accordance with the reorganization for the fiscal year ended March 31, 2025, certain products of Other passive components are reclassified into Inductive devices. Thus, the prior year's figures are also reclassified to conform to the new segmentation.

(Millions of yen)

	Fiscal year ended March 31, 2024					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	26,267	45,427	56,189	74,775	42,389	245,047
Inductive devices	27,579	19,599	48,639	76,360	24,891	197,068
Other passive components	9,769	10,158	34,515	43,850	25,242	123,534
Passive Components	63,615	75,184	139,343	194,985	92,522	565,649
Sensor Application Products	21,362	14,390	30,475	84,820	29,464	180,511
Magnetic Application Products	35,411	954	4,661	34,394	108,791	184,211
Energy Application Products	48,648	54,856	26,546	778,117	213,495	1,121,662
Other	15,595	3,303	1,978	25,260	5,707	51,843
Net sales total	184,631	148,687	203,003	1,117,576	449,979	2,103,876

(Millions of yen)

	Fiscal year ended March 31, 2025					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	26,600	40,219	43,349	77,800	46,292	234,260
Inductive devices	27,559	19,539	43,941	85,538	27,705	204,282
Other passive components	10,537	12,216	29,161	45,026	24,157	121,097
Passive Components	64,696	71,974	116,451	208,364	98,154	559,639
Sensor Application Products	21,307	13,633	28,382	88,769	37,381	189,472
Magnetic Application Products	27,150	1,013	3,846	35,137	156,491	223,637
Energy Application Products	46,430	49,226	25,233	834,219	221,391	1,176,499
Other	14,832	4,263	1,256	25,983	9,225	55,559
Net sales total	174,415	140,109	175,168	1,192,472	522,642	2,204,806

Net sales are primarily revenue recognized from contracts with customers. The revenue recognized from other sources is not material.

TDK Group sells passive components, sensor application products, magnetic application products and energy application products to global ICT related companies, manufacturers of automobile and automotive components, manufacturers of home electrical appliances and industrial equipment. For these product sales, TDK recognizes revenue when products are transferred to the customers as the customers gain control over the products and the performance obligation is satisfied accordingly.

Transaction price that TDK Group receives in exchange for products transferred may include variable consideration such as sales discounts, customer rewards and sales rebates. Variable consideration is included in the transaction price when uncertainty over the variable consideration is resolved to the extent that a significant reversal in the amount of revenue is not expected. Variable consideration is estimated based on past trends or other elements known as of the transaction date and is updated based on the information available at each reporting date.

The amount of consideration in exchange for transactions is received mainly within one year from the satisfaction of the performance obligation, and the consideration does not include a significant financing component.

(2) Contract balances

The balance of contract liabilities is as follows:

(Millions of yen)

	April 1, 2023	March 31, 2024	March 31, 2025
Contract liabilities	7,988	9,045	7,631

The contract liabilities mainly represent advances received from customers. Mainly for the sale of products based on individual contracts, TDK Group recognizes the consideration received from customers that exceeds the amount already recognized as revenue as advances received until the performance obligation is satisfied by delivery of the products, which is included in Other current liabilities and Other non-current liabilities in the consolidated statements of financial position. Of the contract liabilities as of April 1, 2023 and March 31, 2024, ¥2,961 million and ¥6,337 million are recognized as revenue for the fiscal years ended March 31, 2024 and 2025, respectively. For the fiscal year ended March 31, 2025, the amount of revenue recognized from the performance obligation that had been satisfied in the previous periods is not material.

(3) Transaction price allocated to the remaining performance obligations

TDK Group does not disclose information on the remaining performance obligations if they are part of the contracts with an original contract term not exceeding one year, applying the practical expedient. There are no significant transactions with an individual expected contract term exceeding one year.

26. Expenses by Nature

The following table presents major items of cost of sales and selling, general and administrative expenses by nature.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	531,633	587,384
Depreciation and amortization	190,546	196,228
Impairment losses	9,570	18,032

The following table presents restructuring expenses included in each account.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	7,475	1,551
Impairment losses	3,412	180
Other	1,206	637
Total	12,093	2,368

27. Other Operating Income and Other Operating Expenses

Other operating income and other operating expenses comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Other operating income		
Government grants	5,735	4,549
Compensation income	1,488	6,148
Gain on sale of tangible and intangible assets	2,548	3,894
Consumption taxes refund and other	3,914	3,593
Other	9,027	12,533
Other operating income	22,712	30,717
Other operating expenses		
Loss on sale of tangible and intangible assets	317	538
Other operating expense	317	538

The other for the fiscal years ended March 31, 2024 and 2025 consist mainly of income from equipment development and research and development activities.

28. Finance Income and Finance Costs

Finance income and finance costs comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Finance income		
Interest income	23,845	22,362
Dividend income	324	405
Gain on revaluation of securities	9,783	3,203
Other	1,950	1,077
Total finance income	35,902	27,047
Finance costs		
Interest expense	14,655	10,075
Net foreign exchange loss	13,746	2,561
Loss on revaluation of securities	885	-
Other	938	729
Total finance costs	30,224	13,365

The interest income is earned mainly on financial assets measured at amortized cost and the dividend income is earned mainly on financial assets measured at fair value through other comprehensive income. The gain and loss on revaluation of securities is earned on financial assets measured at fair value through profit or loss. The interest expense includes ¥9,953 million and ¥4,925 million of interest expense arising from financial liabilities measured at amortized cost for the fiscal years ended March 31, 2024 and 2025, respectively.

Valuation gains and losses on derivatives not designated as hedging instruments are included in Net foreign exchange loss.

29. Earnings per Share

The basic and diluted earnings per share are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Basic	Diluted	Basic	Diluted
Net profit attributable to owners of parent	124,687	124,687	167,161	167,161
				Number of shares (thousands)
Weighted average number of common shares issued	1,896,680	1,896,680	1,897,372	1,897,372
Incremental shares arising from exercise of share options	-	2,530	-	2,069
Incremental shares arising from delivery under RSU	-	303	-	359
Incremental shares arising from delivery under PSU	-	97	-	122
Weighted average number of common shares issued - Total	1,896,680	1,899,610	1,897,372	1,899,922
				(Yen)
Earnings per share	65.74	65.64	88.10	87.98

Certain PSUs that vest upon the achievement of certain performance conditions are excluded from the calculation of diluted earnings per share for the fiscal year ended March 31, 2024, as the achievement of the conditions is not probable.

Share options issued by TDK's consolidated subsidiaries are excluded from the calculation of diluted earnings per share for the fiscal years ended March 31, 2024 and 2025, as the effect would have been antidilutive.

Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. Weighted average number of common shares issued, Incremental shares arising from exercise of share options, Incremental shares arising from delivery under RSU, Incremental shares arising from delivery under PSU, and Earnings per share are calculated assuming that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

30. Commitments and Contingent Liabilities

(1) Contractual commitments for acquisition of assets

Material contractual commitments for acquisition of assets are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Purchase of property, plant and equipment	114,769	115,010

(2) Warranty obligations

TDK Group provides guarantees to third parties on employee bank loans. The guarantees cover loans to purchase a home, and in the event of default, TDK Group would be required to repay the loan on behalf of its employees.

(Millions of yen)

	March 31, 2024	March 31, 2025
Guarantees to third parties on employee bank loans	123	81

(3) Litigation

Several claims against TDK and a part of its subsidiaries are pending. Claims include class actions filed in the United States of America and Canada for violation of antitrust law associated with HDD suspension assemblies. It is not possible to make a reasonable estimate of the impact for these claims at this time. In the opinion of management, any additional liability not currently provided for will not materially affect the consolidated financial position or results of operations of TDK Group.

31. Subsidiaries

TDK's major subsidiaries are described in Consolidated subsidiaries in 3. Status of subsidiaries and affiliates under I. Overview of the Company.

There are no significant changes in the major subsidiaries and the ownership ratio of voting rights for the fiscal years ended March 31, 2024 and 2025.

32. Related Party Transaction

Although TDK Group's subsidiaries are related parties of TDK, transactions with the subsidiaries are not disclosed as they have been eliminated in the consolidated financial statements. Transactions between TDK and other related parties are as follows:

(1) Transactions with associates

Due from, due to, and lease liabilities owed to associates accounted for using the equity method are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Due from	30,004	24,932
Due to	3,090	16,186
Lease liabilities	2,328	4,521

Due from associates accounted for using the equity method as of March 31, 2024 and 2025 include trade receivables of ¥10,192 million and ¥18,943 million, respectively. Due from associates accounted for using the equity method as of March 31, 2024 and 2025 also includes accounts receivable-others related to sale of tangible and intangible assets of ¥18,833 million and ¥5,038 million, respectively.

Sales and purchases transactions with and lease payments to associates as well as proceeds from sale of tangible and intangible assets for the fiscal years ended March 31, 2024 and 2025 are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	69,145	70,479
Gross purchases	19,979	65,645
Lease payments	222	1,045
Gain (loss) on sale of tangible and intangible assets	(253)	128
Other revenue	604	750

TDK Group has sales transactions of tangible and intangible assets with some of its associates. The total transaction amount for the fiscal years ended March 31, 2024 and 2025 is ¥17,971 million and ¥3,464 million, respectively.

(2) Key management personnel remuneration

TDK Group's key management personnel remuneration is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic remuneration	394	388
Performance-based bonuses	49	266
RSU	93	93
PSU	40	139
Total	576	886

Key management personnel consist of TDK's directors and audit and supervisory board members.

(3) Transactions with other related parties

Due from, due to, and lease liabilities owed to other related parties are as follows:

(Millions of yen)

	March 31, 2024	March 31, 2025
Due from	35,641	36,668
Due to	1,454	1,343
Lease liabilities	165	123

Due from other related parties as of March 31, 2024 and 2025 include trade receivables of ¥35,056 million and ¥36,092 million, respectively. Due from other related parties as of March 31, 2024 and 2025 also includes accounts receivable-others related to sale of tangible and intangible assets of ¥585 million and ¥576 million, respectively.

Sales and purchases transactions with and lease payments to other related parties as well as research and development expenses and license fees for the fiscal years ended March 31, 2024 and 2025 are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	94,279	100,421
Gross purchases	9,171	7,283
Lease payments	37	48
Research and development expenses, and license fees	20,719	22,479
Other revenue	460	261
Other expenses	162	201

33. Cash Flows

(1) Changes in interest-bearing liabilities arising from financing activities

Changes in interest-bearing liabilities arising from financing activities are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024						
			Non-cash changes				
	Balance as of April 1, 2023	Changes arising from cash flows	Changes in foreign exchange rates	New leases	Transfers to other accounts	Other	Balance as of March 31, 2024
Short-term borrowings	242,333	(168,237)	5,991	-	-	-	80,087
Long-term borrowings	255,434	54,861	3,344	-	-	1	313,640
Bonds	199,399	20,000	-	-	-	40	219,439
Lease liabilities	54,992	(12,286)	3,955	21,565	-	4,344	72,570
Total	752,158	(105,662)	13,290	21,565	-	4,385	685,736

(Millions of yen)

	Fiscal year ended March 31, 2025						
			Non-cash changes				
	Balance as of April 1, 2024	Changes arising from cash flows	Changes in foreign exchange rates	New leases	Transfers to other accounts	Other	Balance as of March 31, 2025
Short-term borrowings	80,087	10,050	(167)	-	-	-	89,970
Long-term borrowings	313,640	(121,257)	1,227	-	-	-	193,610
Bonds	219,439	-	-	-	-	139	219,578
Commercial paper	-	29,954	-	-	-	34	29,988
Lease liabilities	72,570	(14,183)	(523)	20,471	-	(3,081)	75,254
Total	685,736	(95,436)	537	20,471	-	(2,908)	608,400

(2) Non-cash transactions

For the fiscal years ended March 31, 2024 and 2025, there were no material non-cash activities.

34. Subsequent Events

TDK issued unsecured straight bonds (with special inter-bond pari passu clause) under the following terms and conditions:

	12th Series Unsecured Straight Bond	13th Series Unsecured Straight Bond	14th Series Unsecured Straight Bond
Date of issuance	June 18, 2025		
Total amount of bond issuance	¥ 200 billion	¥ 150 billion	¥ 150 billion
Issue price	100% of the principal amount		
Coupon rate (per annum)	1.364%	1.635%	2.012%
Maturity date	June 18, 2030	June 18, 2032	June 18, 2035
Use of proceeds	To be used for the repayment of loans		

35. Assets Held for Sale

For the fiscal year ended March 31, 2025, TDK classified shares of ALPS LOGISTICS CO., LTD. as assets held for sale. However, there is no asset held for sale recorded as of March 31, 2025 because the sale of the shares was completed in October 2024.

Other components of equity of ¥10,362 million related to assets held for sale are recognized in retained earnings through other comprehensive income in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2025.

(2) Other

Quarterly information for the fiscal year ended March 31, 2025

(Period)	Three months ended June 30, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	Fiscal year ended March 31, 2025
Net sales (Millions of yen)	518,809	1,089,501	1,670,544	2,204,806
Income before income taxes (Millions of yen)	69,563	137,304	218,082	237,808
Net income attributable to owners of parent (Millions of yen)	59,627	105,710	160,869	167,161
Basic earnings per share (Yen)	31.43	55.72	84.79	88.10

(Period)	Three months ended June 30, 2024	Three months ended September 30, 2024	Three months ended December 31, 2024	Three months ended March 31, 2025
Basic earnings per share (Yen)	31.43	24.29	29.07	3.31

Notes:
1. TDK prepares quarterly financial information for the first and third quarters in accordance with the rules set by the financial exchanges. However, such quarterly financial information is not reviewed by an independent auditor.
2. Effective October 1, 2024, TDK implemented a share split at a ratio of five shares per common share. Basic earnings per share is calculated assuming that the share split was implemented at the beginning of the fiscal year ended March 31, 2025.

VI. Outline of filing company's business concerning shares

Business year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends from surplus	September 30 March 31
Number of shares consisting one unit	100 shares
Purchase demands or additional purchase requests of shares less than one unit:	
Office for handling business	(Special Account) Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited. 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Administrator of shareholder registry	(Special Account) Sumitomo Mitsui Trust Bank, Limited. 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Forwarding office	–
Handling charge for purchase	Free of charge
Method of public notice	Electronic public notice will be made. However, if TDK is unable to make an electronic public notice due to an incident or any other compelling reason, it will make an alternative public notice in "The Nikkei" newspaper. The electronic public notice will be notified on TDK's website (https://www.tdk.com/ja/index.html).
Special benefits for shareholders	None

Note: 1.Pursuant to the provisions of TDK Corporation's Articles of Incorporation, the rights of holders of shares less than one unit are limited to the following: (i) rights listed in the items of Article 189, paragraph 2 of the Companies Act, (ii) rights to request to TDK Corporation in accordance with the provisions of Article 166, paragraph 1 of the same Act, (iii) rights to receive the allotment of the shares for subscription and the stock acquisition rights for subscription in accordance with the number of shares they hold, and (iv) rights to request to TDK Corporation to sell shares less than one unit.

VII. Reference information on filing company

1. Information on filing company's parent company

TDK Corporation does not have a parent company.

B. INFORMATION ON GUARANTEE COMPANIES, ETC. OF FILING COMPANY

No items to report

Independent Auditor's Report on the Financial Statements
and
Internal Control Over Financial Reporting

June 19, 2025

To the Board of Directors of TDK Corporation:

KPMG AZSA LLC
Tokyo Office, Japan

Michitaka Shishido
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Michiaki Yamabe
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ryoma Dodo
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TDK Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "V. Financial Information" section in the company's Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 312 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the MEMS sensor business	
The key audit matter	**How the matter was addressed in our audit**
The Group recognized goodwill of ¥164,868 million on the consolidated statements of financial position for the current fiscal year. As described in Note 13. "Impairment of Non-Financial Assets" to the consolidated financial statements, ¥92,282 million of the above amount, representing approximately 2.6% of total assets, was allocated to the MEMS sensor business. An impairment test is performed for a cash-generating unit (CGU) or a group of CGUs to which goodwill is allocated at the same time every year, regardless of indications of impairment. The impairment test is also performed whenever there is an indication of impairment. When the recoverable amount of a CGU or a group of CGUs to which goodwill is allocated is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the difference is recognized as an impairment loss in profit or loss. The recoverable amount is the higher of a CGU's value in use and its fair value less costs of disposal. Although the MEMS sensor business has not yet had any profitable year since the acquisition of InvenSense, Inc., a core company within the business, since the recoverable amount of CGU exceeds its carrying amount, the Company did not recognize any impairment loss on the CGU (including goodwill) as a result of the impairment test performed in the current fiscal year. The Company used the fair value less costs of disposal as the recoverable amount of the CGU for the MEMS sensor business, and the fair value was measured using the discounted cash flow method based on unobservable inputs. The estimated future cash flows used in the discounted cash flow method reflected key assumptions adopted by management, including the expansion of customer base and product application, which supported the sales increase incorporated into the business plan of the MEMS sensor business, as well as a terminal growth rate	The primary procedures we performed to assess whether the Company's valuation of a CGU (including goodwill) comprising the MEMS sensor business was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to calculating the recoverable amount used in impairment test for a CGU or a group of CGUs to which goodwill is allocated. **(2) Assessment of the appropriateness of the estimated fair value less costs of disposal** In order to assess the appropriateness of the estimated fair value less costs of disposal of the CGU (including goodwill) comprising the MEMS sensor business, we: ● inquired of the personnel responsible for the business about the basis for the expansion of customer base and product application, which supported the sales increase incorporated into the business plan of the MEMS sensor business, and then assessed the reasonableness of respective assumptions by comparing them with market reports related to the MEMS sensor business; ● assessed the reasonableness of the terminal growth rate for the periods subsequent to the years included in the business plan of the MEMS sensor business, with the assistance of valuation specialists within our network firms, by comparing it with the inflation rates and long-term growth rates of major sales regions or markets of the MEMS sensor business published by external organizations; ● assessed the reasonableness of the discount rate calculated based on the weighted average cost of capital, with the assistance of the above valuation specialists, by evaluating the appropriateness of the calculation models and the selection of comparables used to determine

for the periods subsequent to the years included in the business plan. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, in estimating the discount rate based on the weighted average cost of capital, which was another key assumption adopted by management, the selection of calculation models and input data required a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the MEMS sensor business was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	input data, as well as by comparing the input data used by management with relevant data independently obtained by the valuation specialists from external organizations; and ● analyzed, based on our understanding of the achievement status of the past business plans of the MEMS sensor business and the results of performing the above procedures, whether there was any potential effect on the judgment as to whether an impairment loss should be recognized on goodwill when the effects of specific uncertainties were incorporated into the business plan, the terminal growth rate or the discount rate calculated based on the weighted average cost of capital.

Appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the HDD Heads business	
The key audit matter	**How the matter was addressed in our audit**
The Group recognized goodwill of ¥164,868 million and property, plant and equipment of ¥1,030,122 million on the consolidated statements of financial position for the current fiscal year. As described in Note 13. "Impairment of Non-Financial Assets" to the consolidated financial statements, ¥20,139 million of the goodwill and ¥126,661 million of the property, plant and equipment, representing approximately 4.1% of total assets, comprises the HDD Heads business. An impairment test is performed for a cash-generating unit (CGU) or a group of CGUs to which goodwill is allocated at the same time every year, regardless of indications of impairment. The impairment test is also performed whenever there is an indication of impairment. When the recoverable amount of a CGU or a group of CGUs to which goodwill is allocated is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the difference is recognized as an impairment loss in profit or loss. The recoverable amount is the higher of a CGU's value in use and its fair value less costs of disposal. Although HDD Heads business reported a loss in the previous fiscal year, it has returned to profitability in the current fiscal year due to the increase in demand for nearline HDDs for data centers. Since the recoverable amount of CGU exceeds its carrying amount, the Company did not recognize any impairment loss on the CGU	The primary procedures we performed to assess whether the Company's valuation of a CGU (including goodwill) comprising the HDD Heads business was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to calculating the recoverable amount used in impairment test for a CGU or a group of CGUs to which goodwill is allocated. **(2) Assessment of the appropriateness of the estimated fair value less costs of disposal** In order to assess the appropriateness of the estimated fair value less costs of disposal of the CGU (including goodwill) comprising the HDD Heads business, we: ● inquired of the personnel responsible for the business about the basis for the recover of the HDD market and the increase in sales volume to main customers, which supported the sales increase incorporated into the business plan of the HDD Heads business, and then assessed the reasonableness of respective assumptions by comparing them with market reports related to the HDD Heads business; ● assessed the reasonableness of the terminal growth rate for the periods subsequent to the years included in the business plan of the HDD

(including goodwill) as a result of the impairment test performed in the current fiscal year. The Company used the fair value less costs of disposal as the recoverable amount of the CGU for the HDD Heads business, and the fair value was measured using the discounted cash flow method based on unobservable inputs. The estimated future cash flows used in the discounted cash flow method reflected key assumptions adopted by management, including the recover of the HDD market and the increase in sales volume to main customers, which supported the sales increase incorporated into the business plan of the HDD Heads business, as well as a terminal growth rate for the periods subsequent to the years included in the business plan. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, in estimating the discount rate based on the weighted average cost of capital, which was another key assumption adopted by management, the selection of calculation models and input data required a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the HDD Heads business was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	Heads business, with the assistance of valuation specialists within our network firms, by comparing it with the inflation rates and long-term growth rates of major sales regions or markets of the HDD Heads business published by external organizations; ● assessed the reasonableness of the discount rate calculated based on the weighted average cost of capital, with the assistance of the above valuation specialists, by evaluating the appropriateness of the calculation models and the selection of comparables used to determine input data, as well as by comparing the input data used by management with relevant data independently obtained by the valuation specialists from external organizations; and ● analyzed, based on our understanding of the achievement status of the past business plans of the HDD Heads business and the results of performing the above procedures, whether there was any potential effect on the judgment as to whether an impairment loss should be recognized on goodwill when the effects of specific uncertainties were incorporated into the business plan, the terminal growth rate or the discount rate calculated based on the weighted average cost of capital.

Appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the High-frequency components business	
The key audit matter	**How the matter was addressed in our audit**
The Group recognized goodwill of ¥164,868 million and property, plant and equipment of ¥1,030,122 million on the consolidated statements of financial position for the current fiscal year. As described in Note 13. "Impairment of Non-Financial Assets" to the consolidated financial statements, ¥27,616 million of the property, plant and equipment (after recognizing impairment losses), representing approximately 0.8% of total assets, comprises the High-frequency components business. In addition, impairment losses of ¥10,624 million have been recognized in the current fiscal year.	The primary procedures we performed to assess whether the Company's valuation of a CGU (including goodwill) comprising the High-frequency components business was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to calculating the recoverable amount used in impairment test for a CGU or a group of CGUs to which goodwill is allocated. **(2) Assessment of the appropriateness of the estimated value in use**

An impairment test is performed for a cash-generating unit (CGU) or a group of CGUs to which goodwill is allocated at the same time every year, regardless of indications of impairment. The impairment test is also performed whenever there is an indication of impairment. When the recoverable amount of a CGU or a group of CGUs to which goodwill is allocated is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the difference is recognized as an impairment loss in profit or loss. The recoverable amount is the higher of a CGU's value in use and its fair value less costs of disposal. High-frequency components business has continuously reported negative operating income, due to decreased profitability driven by lower sales of ICT products such as smartphones. As a result of the impairment test performed in the current fiscal year, the Company recognized impairment losses on the CGU (including goodwill). The Company used the value in use as the recoverable amount of the CGU for the High-frequency components business. The estimated future cash flows used in the measurement of value in use reflected key assumptions adopted by management, including the recover of the ICT market and the increase in sales volume to main customers, which supported the sales increase incorporated into the business plan of the High-frequency components business. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, in estimating the discount rate based on the weighted average cost of capital, which was another key assumption adopted by management, the selection of calculation models and input data required a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of the valuation of a cash-generating unit (including goodwill) comprising the High-frequency components business was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the appropriateness of the estimated value in use of the CGU (including goodwill) comprising the High-frequency components business, we: ● inquired of the personnel responsible for the business about the basis for the recover of the ICT market and the increase in sales volume to main customers, which supported the sales increase incorporated into the business plan of the High-frequency components business, and then assessed the reasonableness of respective assumptions by comparing them with market reports related to the High-frequency components business; and ● assessed the reasonableness of the discount rate calculated based on the weighted average cost of capital, with the assistance of the above valuation specialists, by evaluating the appropriateness of the calculation models and the selection of comparables used to determine input data, as well as by comparing the input data used by management with relevant data independently obtained by the valuation specialists from external organizations.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon.

Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of TDK Corporation ("the Company") as at March 31, 2025, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control

report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "(3)Status of audit" of "Status of corporate governance, etc."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Management's Annual Report on Internal Control over Financial Reporting

1. Matters relating to the basic framework for internal control over financial reporting

Representative Director, President & CEO Noboru Saito and Representative Director, Senior Executive Vice President, CFO Tetsuji Yamanishi of TDK Corporation are responsible for designing and operating effective internal control over financial reporting of TDK and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" released by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2025, which is the end of the current fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis ("company-level controls") and based on the results of this evaluation, we selected business processes to be tested. In assessing the business processes, we analyzed these selected business processes, identified key controls that may have a material impact on the reliability of TDK's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of TDK.

We determined the scope of assessment of internal control over financial reporting, covering TDK Corporation, consolidated subsidiaries and equity-method affiliates and deemed necessary from the perspective of the materiality that may affect the reliability of their financial reporting. The importance of the impact on the reliability of financial reporting is determined by considering the quantitative and qualitative impacts as well as their likelihood of occurrence. In light of the results of assessment of company-level controls covering all locations and business units except for consolidated subsidiaries and equity-method affiliates whose materiality of such impacts were deemed immaterial, we reasonably determined the scope of assessment of internal controls over business processes.

Regarding the scope of internal control evaluation related to business processes, our group operates as a typical manufacturing company with multiple businesses, and since there

are subsidiaries within the group that have reported losses before income taxes, we have determined that net sales is a more appropriate indicator than profit before income taxes for assessing the importance of business locations. Therefore, we use net sales as the selection criterion for important business locations. We selected business locations that reach approximately two-thirds of the consolidated net sales of the fiscal year ended March 31, 2025 taking into account qualitative factors such as business content, as important business locations. Additionally, we selected further important business locations by considering the proportion of relevant account items that significantly relate to the business purposes of each location, excluding net sales. We have also confirmed that the evaluation scope is sufficient in case of that compared to the consolidated net sales of the fiscal year ended March 31, 2025. As TDK Group is engaged in manufacturing, we identified net sales, accounts receivables, and inventory as account items significantly related to the company's business objectives. We evaluated the sales processes, purchasing processes, manufacturing processes, and inventory processes related to these items. Furthermore, regardless of the selected important business locations, we included other business locations in the scope of evaluation, targeting business processes associated with important account items that have a high risk of significant misstatement and involve estimates or forecasts. These include the impairment processes for tangible fixed assets, goodwill, and intangible assets, as well as the corporate income tax process, which we identified as business processes with a substantial potential impact on financial reporting.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of the current fiscal year, we concluded that TDK’s internal control over financial reporting was effectively maintained.

4. Additional notes

Not applicable.

5. Special notes

Not applicable.