

[Summary Information and Financial Statements]

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

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first three months of fiscal 2021, the period from April 1 to June 30, 2020, are as follows.

During the first three months of fiscal 2021, the global economy was adversely affected by the COVID-19 outbreak becoming a pandemic and a severe worsening in relations between the U.S. and China.

The electronics market, which has a large bearing on the consolidated performance of TDK, was significantly affected by these events. Production volume in automobiles, smartphones, and Hard Disk Drives (HDDs) was substantially lower than the previous year. On the other hand, demand expanded for notebook PCs and tablets as more people worked and studied at home. Demand grew strongly for fifth-generation mobile communication system (5G) base stations, especially in China, where infrastructure is being proactively upgraded.

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

Term Item	1Q of FY2020 (April 1, 2019 - June 30, 2019)		1Q of FY2021 (April 1, 2020 - June 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	336,815	100.0	309,393	100.0	2,864,750	(27,422)	-8.1
Operating income	24,980	7.4	18,440	6.0	170,741	(6,540)	-26.2
Income before income taxes	24,703	7.3	20,711	6.7	191,769	(3,992)	-16.2
Net income attributable to TDK	15,588	4.6	13,192	4.3	122,148	(2,396)	-15.4
Per common share :							
Net income attributable to TDK / Basic	Yen 123.43		Yen 104.43		U.S.\$ 0.97		
Net income attributable to TDK / Diluted	Yen 123.15		Yen 104.22		U.S.\$ 0.97		

Note:

U.S.\$1=Yen 108, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2021 were ¥107.61 and ¥118.45, respectively, as the yen appreciated 2.3% against the U.S. dollar and 4.1% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales declined by approximately ¥11.3 billion and operating income increased by approximately ¥1.3 billion.

Sales by Product

Term Product	1Q of FY2020 (April 1, 2019 - June 30, 2019)		1Q of FY2021 (April 1, 2020 - June 30, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	39,279	11.7	33,334	10.8	308,648	(5,945)	-15.1
Inductive Devices	34,149	10.1	27,377	8.9	253,491	(6,772)	-19.8
Other Passive Components	24,841	7.4	23,646	7.6	218,944	(1,195)	-4.8
Passive Components	98,269	29.2	84,357	27.3	781,083	(13,912)	-14.2
Sensor Application Products	18,142	5.4	14,703	4.7	136,139	(3,439)	-19.0
Magnetic Application Products	55,529	16.5	38,278	12.4	354,426	(17,251)	-31.1
Energy Application Products	144,513	42.9	156,855	50.7	1,452,361	12,342	8.5
Other	20,362	6.0	15,200	4.9	140,741	(5,162)	-25.4
Total	336,815	100.0	309,393	100.0	2,864,750	(27,422)	-8.1
Overseas sales	310,439	92.2	283,907	91.8	2,628,769	(26,532)	-8.5

Note:

U.S.\$1=Yen 108, for convenience only.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥84,357 million (U.S.\$ 781,083 thousand), down 14.2% year on year from ¥98,269 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥33,334 million (U.S.\$ 308,648 thousand), down 15.1% year on year from ¥39,279 million. Sales of Ceramic Capacitors increased to the Information and Communications Technology (ICT) market, while decreased to the automotive and the industrial equipment markets. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased to the industrial equipment and the automotive markets.

Sales of Inductive Devices decreased by 19.8% year on year from ¥34,149 million to ¥27,377 million (U.S.\$ 253,491 thousand). Sales decreased mainly to the automotive market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 4.8% year on year from ¥24,841 million to ¥23,646 million (U.S.\$ 218,944 thousand). Sales increased to the ICT market, while decreased to the automotive market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales decreased by 19.0% from ¥18,142 million to ¥14,703 million (U.S.\$ 136,139 thousand). Sales decreased mainly to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 31.1% year on year, from ¥55,529 million to ¥38,278 million (U.S.\$ 354,426 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the automotive market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 8.5% from ¥144,513 million to ¥156,855 million (U.S.\$ 1,452,361 thousand). Sales of Energy Devices increased significantly to the ICT and the industrial equipment markets.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 25.4% from ¥20,362 million to ¥15,200 million (U.S.\$ 140,741 thousand).

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

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

[Sales by Region]

Overseas sales decreased by 8.5% year on year from ¥310,439 million to ¥283,907 million (U.S.\$ 2,628,769 thousand). Overseas sales accounted for 91.8% of consolidated net sales, a 0.4 percentage point decrease from 92.2% in the first quarter of fiscal 2020. Detailed information on sales by region can be found in the consolidated supplementary information on page 14.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2020.

Total assets	¥1,984,772 million	(2.1% increase)
Total TDK stockholders' equity	¥842,214 million	(0.2% decrease)
Stockholders' equity ratio	42.4%	(1.0 point decrease)

As of June 30, 2020, total assets increased by ¥41,393 million compared with March 31, 2020. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased by ¥5,185 million, while inventories and net property, plant, and equipment increased by ¥21,228 million, ¥18,931 million, respectively.

Total liabilities increased by ¥43,212 million from March 31, 2020. Current installments of long-term debt decreased by ¥23,075 million, while Long-term debt, excluding current installments, short-term debt, and trade payables increased by ¥49,958 million, ¥9,390 million, and ¥8,535 million, respectively.

Total TDK stockholders' equity, which is included in total equity, decreased by ¥1,743 million from March 31, 2020. Accumulated other comprehensive income (loss) decreased by ¥3,591 million, due to a decrease in foreign currency translation adjustments compared with March 31, 2020.

2) Cash Flows

(Yen millions)

	FY 2019 1Q	FY 2020 1Q	Change
Net cash provided by operating activities	7,803	9,798	1,995
Net cash used in investing activities	(45,408)	(42,093)	3,315
Net cash provided by financing activities	22,626	26,124	3,498
Effect of exchange rate changes on cash and cash equivalents	(11,905)	(1,396)	10,509
Net decrease in cash and cash equivalents	(26,884)	(7,567)	19,317
Cash and cash equivalents at beginning of period	289,175	332,717	43,542
Cash and cash equivalents at end of period	262,291	325,150	62,859

Operating activities provided net cash of ¥9,798 million (U.S.\$90,722 thousand), an increase of ¥1,995 million year on year. It mainly came from a decrease in working capital.

Investing activities used net cash of ¥42,093 million (U.S.\$389,750 thousand), a decrease of ¥3,315 million year on year. There was a decrease in capital expenditures.

Financing activities provided net cash of ¥26,124 million (U.S.\$241,889 thousand), an increase of ¥3,498 million year on year. It mainly came from an increase in debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2021 Consolidated Projections)

TDK has not changed the following projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2021, since its announcement on May 15, 2020. However, a worsening in the COVID-19 pandemic or aggravation of opposition between the U.S. and China may have a significant impact on earnings.

Term Item	FY2021 (April 1, 2020 - March 31, 2021)	FY2020 (April 1, 2019 - March 31, 2020)	vs FY2020 Changes	
	Projection in May '20	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,290,000	1,363,037	(73,037)	-5.4
Operating income	70,000	97,870	(27,870)	-28.5
Income before income taxes	70,000	95,876	(25,876)	-27.0
Net income attributable to TDK	48,000	57,780	(9,780)	-16.9
Capital expenditures	180,000	173,429	6,571	3.8
Depreciation and amortization	140,000	124,984	15,016	12.0
Research and development	120,000	117,489	2,511	2.1

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥117 respectively will be assumed from the second quarter onward.

Cautionary Statements with Respect to Forward-Looking Statements

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

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

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

2. Other Information

(1) Changes in Significant Subsidiaries

Nothing to report.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

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

Amendments of fair value measurement disclosure requirements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13 “Amendments of fair value measurement disclosure requirements”. This ASU eliminates, amends and adds some of disclosure requirements for fair value measurement. TDK adopted this ASU from April 1, 2020.

The adoption of this ASU did not have an impact on TDK’s results of operations and financial position because this ASU is related to disclosure.

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

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

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

(Yen)

	FY2021 Forecast	FY2020 Actual
Interim dividend	80.00	90.00
Year-end dividend	80.00	90.00
Annual dividend	160.00	180.00