

## [Summary Information and Financial Statements]

### 1. Business Results

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2020, the year ended March 31, 2020, were as follows.

In fiscal 2020, the global economy saw clear signs of deceleration in the Chinese economy due to factors such as the materialization of trade friction between the U.S. and China. The impacts of this economic downturn also rippled out to the European, U.S. and Japanese economies, which had been relatively firm. Moreover, in the fourth quarter, the global spread of coronavirus disease 2019 (COVID-19) caused governments to implement massive policy measures to prevent the spread of outbreaks. Notably, governments imposed lockdowns on cities in a variety of countries, such as China. These policy measures had a substantial impact on the real economy.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, trade friction between the U.S. and China and the spread of COVID-19 led to conditions such as a downturn in demand and restrictions on production activities. In the automotive market, global automobile sales volume decreased year on year, including in China, the world's largest market, although the number of components installed per vehicle increased in step with advances in the electrification of automobiles. The Information and Communications Technology (ICT) market saw a rise in demand for products related to the fifth-generation mobile communication system (5G), but smartphone production volume decreased year on year. In addition, production of Hard Disk Drives (HDDs) for data center applications increased, while production of HDDs as a whole decreased year on year.

In this business environment, the TDK's consolidated operating results for fiscal 2020 were as follows.

#### Summary (April 1, 2019 - March 31, 2020)

Term Item	FY2019 (Apr. 1, 2018 - Mar. 31, 2019)		FY2020 (April 1, 2019 - March 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,381,806	100.0	1,363,037	100.0	12,504,927	(18,769)	-1.4
Operating income	107,823	7.8	97,870	7.2	897,890	(9,953)	-9.2
Income before income taxes	115,554	8.4	95,876	7.0	879,596	(19,678)	-17.0
Net income attributable to TDK	82,205	5.9	57,780	4.2	530,092	(24,425)	-29.7
Per common share :							
Net income attributable to TDK / Basic	Yen 651.02		Yen 457.47		U.S.\$ 4.20		
Net income attributable to TDK / Diluted	Yen 649.45		Yen 456.44		U.S.\$ 4.19		

**Note:**

U.S.\$1=Yen 109, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during fiscal 2020 were ¥108.82 and ¥120.92, respectively, as the yen appreciated 1.9% against the U.S. dollar and 5.9% against the euro. This decreased net sales by approximately ¥40.7 billion and decreased operating income by approximately ¥3.1 billion.

## Sales by Product

Term Product	FY2019 (April 1, 2018 - March 31, 2019)		FY2020 (April 1, 2019 - March 31, 2020)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	173,331	12.6	153,882	11.3	1,411,762	(19,449)	-11.2
Inductive Devices	149,991	10.8	137,572	10.1	1,262,128	(12,419)	-8.3
Other Passive Components	110,084	8.0	104,002	7.6	954,147	(6,082)	-5.5
Passive Components	433,406	31.4	395,456	29.0	3,628,037	(37,950)	-8.8
Sensor Application Products	76,467	5.5	77,938	5.7	715,028	1,471	1.9
Magnetic Application Products	272,807	19.7	219,668	16.1	2,015,303	(53,139)	-19.5
Energy Application Products	537,502	38.9	597,698	43.9	5,483,468	60,196	11.2
Other	61,624	4.5	72,277	5.3	663,091	10,653	17.3
Total	1,381,806	100.0	1,363,037	100.0	12,504,927	(18,769)	-1.4
Overseas sales	1,268,437	91.8	1,252,634	91.9	11,492,055	(15,803)	-1.2

### Notes:

1. U.S.\$1=Yen 109, for convenience only.
2. In accordance with the redefinition of product group in 1Q of FY2020, certain products of Inductive Devices were reclassified into Other Passive Components. The prior year's sales are also reclassified to conform to the new segmentation.

### 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 ¥395,456 million (U.S.\$ 3,628,037 thousand), down 8.8% year on year from ¥433,406 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥153,882 million (U.S.\$ 1,411,762 thousand), down 11.2% year on year from ¥173,331 million. Sales of Ceramic Capacitors increased to the automotive and the ICT markets, while decreased to the industrial equipment market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 8.3% year on year from ¥149,991 million to ¥137,572 million (U.S.\$ 1,262,128 thousand). Sales decreased mainly to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components decreased by 5.5% year on year from ¥110,084 million to ¥104,002 million (U.S.\$ 954,147 thousand). Sales decreased mainly to the automotive and the ICT markets.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Segment sales increased by 1.9% year on year from ¥76,467 million to ¥77,938 million (U.S.\$ 715,028 thousand). Sales increased to the ICT and the industrial equipment markets, while decreased 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 by 19.5% year on year from ¥272,807 million to ¥219,668 million (U.S.\$ 2,015,303 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased mainly to the industrial equipment market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 11.2% from ¥537,502 million to ¥597,698 million (U.S.\$ 5,483,468 thousand). Sales of Energy Devices increased significantly mainly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 17.3% year on year from ¥61,624 million to ¥72,277 million (U.S.\$ 663,091 thousand).

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

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

**[Sales by Region]**

Overseas sales decreased by 1.2% year on year from ¥1,268,437 million to ¥1,252,634 million (U.S.\$ 11,492,055 thousand). Overseas sales accounted for 91.9% of consolidated net sales, a 0.1 percentage point increase from 91.8% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 26.



### **Cautionary Statements with Respect to Forward-Looking Statements**

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

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

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

## **(2) Summary Information Regarding Consolidated Financial Position**

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

Total assets	¥1,943,379 million	( 2.5% decrease)
Total TDK stockholders' equity	¥843,957 million	( 3.8% decrease)
Stockholders' equity ratio	43.4%	( 0.6 point decrease)

As of March 31, 2020 total assets decreased by ¥49,101 million compared with March 31, 2019. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥35,530 million. While right-of-use assets of operating leases (adopted new accounting principle) and net property, plant and equipment increased by ¥39,215 million and ¥8,040 million respectively, investments in securities decreased by ¥122,077 million.

Total liabilities decreased by ¥13,909 million from March 31, 2019. While long-term debt (including current installments of long-term debt) decreased by ¥90,869 million, long-term operating lease obligations (including current portion of operating lease obligations), retirement and severance benefits, and trade payable increased by ¥36,076 million, ¥13,908 million, and ¥11,933 million respectively.

Total TDK stockholders' equity, which is included in total equity, decreased by ¥33,333 million from March 31, 2019. While accumulated other comprehensive income (loss) decreased by ¥65,620 million, retained earnings increased by ¥35,491 million.



## 2) Cash Flows

(Yen millions)

	FY 2019	FY 2020	Change
Net cash provided by operating activities	140,274	222,390	82,116
Net cash used in investing activities	(140,179)	(41,964)	98,215
Net cash provided by (used in) financing activities	9,435	(121,769)	(131,204)
Effect of exchange rate changes on cash and cash equivalents	21	(15,115)	(15,136)
Net increase in cash and cash equivalents	9,551	43,542	33,991
Cash and cash equivalents at beginning of period	279,624	289,175	9,551
Cash and cash equivalents at end of period	289,175	332,717	43,542

Operating activities provided net cash of ¥222,390 million (U.S.\$2,040,276 thousand), an increase of ¥82,116 million year on year. It mainly came from increase in trade payables and decrease (increase) in other assets and liabilities.

Investing activities used net cash of ¥41,964 million (U.S.\$384,991 thousand), changed by ¥98,215 million year on year. It mainly came from proceeds from sale of investments in affiliates.

Financing activities used net cash of ¥121,769 million (U.S.\$1,117,147 thousand), changed by ¥131,204 million year on year. It mainly came from a decrease in debt.

3) Trends in Cash Flow Indicators

	FY2017	FY2018	FY2019	FY2020
1) Stockholders' equity ratio (%)	47.7	43.3	44.0	43.4
2) Stockholders' equity ratio on a market value basis (%)	53.5	63.5	55.0	54.5
3) No. of years to redeem debt	2.09	5.29	3.71	1.91
4) Interest coverage ratio (times)	46.7	20.5	33.8	60.6

[Notes]

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

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

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

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

(\*3)

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

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

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

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

**(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2020 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.

TDK plans to pay a year-end dividend of ¥90 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 23, 2020. Combined with the interim dividend of ¥90 per common share paid in December 2019, the planned dividend per common share applicable to the year will be ¥180.

TDK plans to pay an interim dividend of ¥80 per common share and a year-end dividend of ¥80 per common share respectively in Fiscal 2021.

(Yen)	FY 2021 Forecast	FY 2020
Interim dividend	80.00	(Actual) 90.00
Year-end dividend	80.00	(Forecast) 90.00
Annual dividend	160.00	(Forecast) 180.00