



TDK Corporation

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**Consolidated results (IFRS) for the 1st quarter of FY March 2023**

(Millions of yen, %)

Term Account	1Q of FY 2022 (April 1, 2021 - June 30, 2021)		1Q of FY 2023 (April 1, 2022 - June 30, 2022)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	420,058	100.0	510,504	100.0	90,446	21.5
Operating profit	31,317	7.5	44,603	8.7	13,286	42.4
Profit before tax	32,434	7.7	43,872	8.6	11,438	35.3
Net profit attributable to owners of parent	26,953	6.4	31,413	6.2	4,460	16.5
Earnings per share:						
- Basic	71.12yen		82.87yen			
- Diluted	70.94yen		82.67yen			
Purchase of tangible and intangible assets	61,205	-	69,651	-	8,446	13.8
Depreciation and amortization	42,612	10.1	51,066	10.0	8,454	19.8
Research and development expenses	37,680	9.0	44,513	8.7	6,763	17.9
Number of employees	128,742	-	114,320	-		

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted earnings per share are calculated assuming that the share split was implemented at the beginning of the three months ended June 30, 2021.

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## **[Summary Information and Financial Statements]**

### **1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2023**

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

Consolidated results for the first three months of fiscal 2023, the period from April 1 to June 30, 2022, are as follows.

During the first three months of fiscal 2023, the Chinese economy was significantly affected by the downturns in production activities and social and economic activities as the Chinese government, which promotes a zero-COVID policy, implemented large-scale lockdowns due to the resurgence of the COVID-19 pandemic. In addition, heightened geopolitical risks in line with Russia's invasion of Ukraine resulted in soaring prices mainly for energy and food, which impacted the global economy. In the United States and Europe, policy interest rates were raised as a countermeasure against rapid inflation, which also affected exchange rates. As a result, the yen's depreciation, particularly against the dollar and the euro, progressed rapidly.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, production volume in the automotive market decreased from the previous fiscal year due to the ongoing supply chain constraints in components procurement as a result of the lockdowns in China and heightened geopolitical risks. However, demand for components remained firm on the back of an increase in vehicle types, such as electric vehicles (EVs), with a large number of components installed per vehicle. In the Information and Communications Technology (ICT) market, demand for notebook PCs and tablets, which had been strong amid the COVID-19 pandemic, started to decline. In addition, smartphone production volume was slightly lower than the sluggish level in the previous fiscal year. Demand also remained weak due to the effect of the economic downturn as a result of China's lockdowns. Production of Hard Disk Drives (HDDs) on the whole was lower than the previous fiscal year's level due to a significant decline in demand related to personal computers, although demand related to data centers remained strong.

In this business environment, the TDK's consolidated operating results for the first quarter of fiscal 2023 were as follows.

TDK Corporation (6762) FY 2023 First Quarter Financial Results (IFRS)

Item	1Q of FY 2022 (April 1, 2021 – June 30, 2021)		1Q of FY2023 (April 1, 2022 – June 30,2022)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Net Sales	420,058	100.0	510,504	100.0	90,446	21.5
Operating profit	31,317	7.5	44,603	8.7	13,286	42.4
Profit before tax	32,434	7.7	43,872	8.6	11,438	35.3
Net profit attributable to owners of parent	26,953	6.4	31,413	6.2	4,460	16.5
Per common share:						
Net profit attributable to owners of parent Basic	Yen 71.12		Yen 82.87			
Net profit attributable to owners of parent / Diluted	Yen 70.94		Yen 82.67			

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted earnings per share are calculated assuming that the share split was implemented at the beginning of the three months ended June 30, 2021.

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2023 were ¥129.36 and ¥137.95, respectively, as the yen depreciated 18.1% 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 ¥63.7 billion and operating profit increased by approximately ¥12.6 billion.

## Sales by Product

Item	1Q of FY 2022 (April 1, 2021 – June 30, 2021)		1Q of FY2023 (April 1, 2022 – June 30,2022)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Capacitors	47,126	11.2	57,587	11.3	10,461	22.2
Inductive Devices	42,085	10.0	49,335	9.7	7,250	17.2
Other Passive Components	32,545	7.8	34,709	6.8	2,164	6.6
Passive Components	121,756	29.0	141,631	27.8	19,875	16.3
Sensor Application Products	26,828	6.4	39,016	7.6	12,188	45.4
Magnetic Application Products	60,623	14.4	55,130	10.8	(5,493)	(9.1)
Energy Application Products	199,592	47.5	260,092	50.9	60,500	30.3
Other	11,259	2.7	14,635	2.9	3,376	30.0
Total	420,058	100.0	510,504	100.0	90,446	21.5
Overseas Sales	384,999	91.7	470,041	92.1	85,042	22.1

Note: In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Other passive components and certain products of Other passive components are reclassified into Capacitors and Inductive devices. Thus, the prior year's figures 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 ¥141,631 million, up 16.3% year on year from ¥121,756 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥57,587 million, up 22.2% year on year from ¥47,126 million. Sales of Ceramic Capacitors increased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment and the automotive markets.

Sales of Inductive Devices increased by 17.2% year on year from ¥42,085 million to ¥49,335 million. Sales increased to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components increased by 6.6% year on year from ¥32,545 million to 34,709 million. Sales increased mainly 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 increased by 45.4% from ¥26,828 million to ¥39,016 million. Sales increased significantly mainly to the ICT market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 9.1% year on year, from ¥60,623 million to ¥55,130 million. Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets increased 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 30.3% from ¥199,592 million to ¥260,092 million. Sales of Energy Devices increased significantly mainly to the ICT and the industrial equipment markets.

5) Other

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Segment sales increased by 30.0% from ¥11,259 million to ¥14,635 million. Sales of Mechatronics increased to the industrial equipment market. Sales of Camera Module Micro Actuators for smartphones increased to the ICT market.

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

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

**[Sales by Region]**

Overseas sales increased by 22.1% year on year from ¥384,999 million to ¥470,041 million. Overseas sales accounted for 92.1% of consolidated net sales, a 0.4 percentage point increase from 91.7% in the first quarter of fiscal 2022. Detailed information on sales by region can be found in the consolidated supplementary information on page 24.

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

1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2022.

Total assets	¥3,287,690 million	(8.1% increase)
Total equity attributable to owners of parent	¥1,448,564 million	(11.4% increase)
Ratio of equity attributable to owners of parent	44.1%	(1.3 point increase)

As of June 30, 2022, total assets increased by ¥246,037 million compared with March 31, 2022. Cash and cash equivalent decreased by ¥11,694 million, while inventories, trade receivables and property, plant, and equipment increased by ¥96,775 million, ¥68,301 million, and ¥60,063 million respectively.

Total liabilities increased by ¥97,341 million from March 31, 2022. Trade payables and borrowings increased by ¥70,313 million and ¥14,115 million respectively.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥148,247 million from March 31, 2022. Other components of equity increased by ¥129,367 million, mainly from exchange differences on translation of foreign operations.



## 2) Cash Flows

(Yen millions)

	FY 2022 1Q	FY 2023 1Q	Change
Net cash used in operating activities	3,905	(8,903)	(11,998)
Net cash used in investing activities	(28,563)	(29,233)	(670)
Net cash used in financing activities	7,185	(10,362)	(17,547)
Effect of exchange rate changes on cash and cash equivalents	5,786	35,994	30,208
Net decrease in cash and cash equivalents	(11,687)	(11,694)	(7)
Cash and cash equivalents at beginning of period	380,387	439,339	58,952
Cash and cash equivalents at end of period	368,700	427,645	58,945

Operating activities used net cash of ¥8,093 million, changed by ¥11,998 million year on year. It mainly came from an increase in working capital.

Investing activities used net cash of ¥29,233 million, an increase of ¥670 million year on year. It mainly came from an increase in purchase of tangible and intangible assets.

Financing activities used net cash of ¥10,362 million, changed by ¥17,547 million year on year. It mainly came from an increase (decrease) in short-term borrowings.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2023 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 2023, since its announcement on May 11, 2022. However, there is a possibility that the further spread of the COVID-19 pandemic, heightened geopolitical risks, and economic slowdown due to interest rate hikes among other factors may have an impact on earnings.

Item	FY 2023 (April 1, 2022 – March 31, 2023)	FY2022 (April 1, 2021 – March 31, 2022)	Vs FY2022 Changes	
	Projection in May'22	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	2,200,000	1,902,124	297,876	15.7
Operating profit	185,000	166,775	18,225	10.9
Profit before tax	190,000	172,490	17,510	10.2
Net profit attributable to owners of parent	145,000	131,298	13,702	10.4
Purchase of tangible and intangible assets	300,000	291,337	8,663	3.0
Depreciation and amortization	200,000	177,031	22,969	13.0
Research and development	190,000	165,250	24,750	15.0

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥120 and ¥130 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**

In the quarter ended June 30, 2022, Xiamen Ampeak Technology Limited and Xiamen Ampack Technology Limited which fall under the category of specific subsidiaries, have been established and included in the scope of consolidation.

### **(2) Accounting Policy Changes, Accounting Estimate Changes and Restatements**

Nothing to report.

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

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

Projected dividends per share for fiscal 2023 are as follows. TDK keeps initial dividend forecast unchanged. TDK split one share of its common stock into three shares with the effective date of October 1, 2021.

(Yen)

	FY2023 Forecast	FY2022 Actual
Interim dividend (Conversion after the stock split)	53.00	100.00 (33.33)
Year-end dividend	53.00	45.00
Annual dividend (Conversion after the stock split)	106.00	- (78.33)

### 3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

#### (1) Condensed quarterly consolidated statements of financial position

	March 31, 2022		June 30, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Assets					
Current assets					
Cash and cash equivalents	439,339		427,645		(11,694)
Trade receivables	524,476		592,777		68,301
Other financial assets	66,944		21,357		(45,587)
Inventories	437,004		533,779		96,775
Income taxes receivables	4,982		4,603		(379)
Assets held for sale	154		16,187		16,033
Other current assets	60,273		81,949		21,676
Total current assets	1,533,172	50.4	1,678,297	51.0	145,125
Non-current assets					
Investments accounted for using the equity method	16,635		16,919		284
Other financial assets	123,581		140,973		17,392
Property, plant and equipment	945,042		1,005,105		60,063
Right-of-use assets	50,169		50,401		232
Goodwill	137,352		151,030		13,678
Intangible assets	69,030		70,819		1,789
Long-term advances to suppliers	121,370		126,337		4,967
Deferred tax assets	40,062		42,140		2,078
Other non-current assets	5,240		5,669		429
Total non-current assets	1,508,481	49.6	1,609,393	49.0	100,912
Total assets	3,041,653	100.0	3,287,690	100.0	246,037

TDK Corporation (6762) FY 2023 First Quarter Financial Results (IFRS)

	March 31, 2022		June 30, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Liabilities					
Current liabilities					
Borrowings	175,924		190,039		14,115
Lease liabilities	9,432		9,570		138
Trade payables	460,132		530,445		70,313
Other financial liabilities	147,272		153,198		5,926
Income taxes payables	29,715		27,418		(2,297)
Provisions	13,949		10,938		(3,011)
Other current liabilities	225,934		227,620		1,686
Total current liabilities	1,062,358	34.9	1,149,228	35.0	86,870
Non-current liabilities					
Bonds and borrowings	455,562		456,743		1,181
Lease liabilities	38,895		40,604		1,709
Other financial liabilities	4,573		3,721		(852)
Retirement benefit liabilities	105,089		101,211		(3,878)
Provisions	5,371		9,446		4,075
Deferred tax liabilities	57,454		65,670		8,216
Other non-current liabilities	8,596		8,616		20
Total non-current liabilities	675,540	22.2	686,011	20.8	10,471
Total liabilities	1,737,898	57.1	1,835,239	55.8	97,341
Equity					
Equity attributable to owners of parent					
Share capital	32,641		32,641		-
Capital surplus	-		36		36
Retained earnings	974,767		993,573		18,806
Other components of equity	309,607		438,974		129,367
Treasury shares	(16,698)		(16,660)		38
Total equity attributable to owners of parent	1,300,317	42.8	1,448,564	44.1	148,247
Non-controlling interests	3,438	0.1	3,887	0.1	449
Total equity	1,303,755	42.9	1,452,451	44.2	148,696
Total liabilities and equity	3,041,653	100.0	3,287,690	100.0	246,037

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income**

**Condensed quarterly consolidated statements of profit or loss**

	Three months ended June 30, 2021		Three months ended June 30, 2022		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	420,058	100.0	510,504	100.0	90,446	21.5
Cost of sales	(301,243)		(358,442)		(57,199)	
Gross profit	118,815	28.3	152,062	29.8	33,247	28.0
Selling, general and administrative expenses	(91,354)		(109,690)		(18,336)	
Other operating income	3,884		2,324		(1,560)	
Other operating expenses	(28)		(93)		(65)	
Operating profit	31,317	7.5	44,603	8.7	13,286	42.4
Finance income	3,076		3,029		(47)	
Finance costs	(2,019)		(3,946)		(1,927)	
Other	60		186		126	
Profit before tax	32,434	7.7	43,872	8.6	11,438	35.3
Income tax expense	(5,473)		(12,112)		(6,639)	
Net profit for the period	26,961	6.4	31,760	6.2	4,799	17.8
Net profit attributable to:						
Owners of parent	26,953	6.4	31,413	6.2	4,460	16.5
Non-controlling interests	8	0.0	347	0.0	339	-
Net profit for the period	26,961	6.4	31,760	6.2	4,799	17.8



**Condensed quarterly consolidated statements of comprehensive income**

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	26,961	31,760	4,799
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	3	(195)	(198)
Remeasurements of defined benefit plans	13	4,449	4,436
Total	16	4,254	4,238
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	13,896	129,645	115,749
Total	13,896	129,645	115,749
Total other comprehensive income, net of tax	13,912	133,899	119,987
Comprehensive income for the period	40,873	165,659	124,786
Comprehensive income attributable to:			
Owners of parent	40,835	165,229	124,394
Non-controlling interests	38	430	392
Comprehensive income for the period	40,873	165,659	124,786

**(3) Condensed quarterly consolidated statements of changes in equity**

Three months ended June 30, 2021	Equity attributable to owners of parent						Non- controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)		
Balance as of April 1, 2021	32,641	-	853,620	89,460	(16,792)	958,929	2,758	961,687
Comprehensive income for the period								
Net profit for the period	-	-	26,953	-	-	26,953	8	26,961
Other comprehensive income, net of tax	-	-	-	13,882	-	13,882	30	13,912
Total comprehensive income for the period	-	-	26,953	13,882	-	40,835	38	40,873
Transactions with owners								
Equity transactions with non-controlling interests	-	38	-	-	-	38	(122)	(84)
Dividends paid	-	-	(11,369)	-	-	(11,369)	-	(11,369)
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions	-	(9)	-	-	-	(9)	-	(9)
Exercise of share options	-	(12)	-	-	12	-	-	-
Total transactions with owners	-	17	(11,369)	-	12	(11,340)	(122)	(11,462)
Transfer from other components of equity to retained earnings	-	-	395	(395)	-	-	-	-
Balance as of June 30, 2021	32,641	17	869,599	102,947	(16,780)	988,424	2,674	991,098

TDK Corporation (6762) FY 2023 First Quarter Financial Results (IFRS)

Three months ended June 30, 2022	Equity attributable to owners of parent						Non- controlling interests  (Yen millions)	Total equity  (Yen millions)
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)		
Balance as of April 1, 2022	32,641	-	974,767	309,607	(16,698)	1,300,317	3,438	1,303,755
Comprehensive income for the period								
Net profit for the period	-	-	31,413	-	-	31,413	347	31,760
Other comprehensive income, net of tax	-	-	-	133,816	-	133,816	83	133,899
Total comprehensive income for the period	-	-	31,413	133,816	-	165,229	430	165,659
Transactions with owners								
Equity transactions with non-controlling interests	-	-	-	-	-	-	(0)	(0)
Dividends paid	-	-	(17,056)	-	-	(17,056)	-	(17,056)
Purchase of treasury shares	-	74	-	-	-	74	19	93
Share-based payment transactions	-	(38)	-	-	38	-	-	-
Total transactions with owners	-	36	(17,056)	-	38	(16,982)	19	(16,963)
Transfer from other components of equity to retained earnings	-	-	4,449	(4,449)	-	-	-	-
Balance as of June 30, 2022	32,641	36	993,573	438,974	(16,660)	1,448,564	3,887	1,452,451

**(4) Condensed quarterly consolidated statements of cash flows**

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from operating activities		
Net profit for the period	26,961	31,760
Depreciation and amortization	42,612	51,066
Finance income	(3,076)	(3,029)
Finance costs	2,019	3,946
Share of profit of investments accounted for using equity method	(60)	(186)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(21,823)	(27,377)
Decrease (increase) in inventories	(42,259)	(64,617)
Decrease (increase) in long-term advances to suppliers	-	3,278
Increase (decrease) in trade payables	48,887	40,933
Net change in other assets and liabilities	(45,066)	(40,077)
Other	1,713	6,354
Subtotal	9,908	2,051
Interest and dividends received	2,516	2,744
Interest paid	(1,378)	(2,414)
Income taxes paid	(7,141)	(10,474)
Cash flows from operating activities	3,905	(8,093)

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(61,205)	(69,651)
Proceeds from sale of tangible and intangible assets	311	287
Proceeds from withdrawal of time deposits	41,195	49,262
Payments into time deposits	(8,696)	(3,820)
Proceeds from sale and redemption of securities	913	2
Payment for purchase of securities	(1,160)	(5,568)
Other	79	255
Cash flows from investing activities	(28,563)	(29,233)
Cash flows from financing activities		
Proceeds from long-term borrowings	4	2
Repayment of long-term borrowings	(322)	(1,612)
Net increase (decrease) in short-term borrowings	21,687	10,656
Repayment of lease liabilities	(2,802)	(2,572)
Dividends paid	(11,251)	(16,836)
Other	(131)	-
Cash flows from financing activities	7,185	(10,362)
Effect of exchange rate changes on cash and cash equivalents	5,786	35,994
Net increase (decrease) in cash and cash equivalents	(11,687)	(11,694)
Cash and cash equivalents at beginning of period	380,387	439,339
Cash and cash equivalents at end of period	368,700	427,645

## (5) Notes to the condensed quarterly consolidated financial statements

(Notes to going concern assumption)

There are no items to report.

(Reporting entity)

TDK Corporation (“TDK”) is a company limited by shares, domiciled in Japan. Its registered office is located in Nihonbashi, Chuo-ku, Tokyo.

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 and its consolidated subsidiaries (collectively, “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 (Segment information).

(Basis of preparation)

### 1. Compliance with IAS 34

The condensed quarterly consolidated financial statements of TDK Group satisfy the requirements for Specified Companies Complying with Designated International Accounting Standards defined in Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements in Japan, and have been prepared in accordance with IAS 34 as prescribed in Article 93 of the Ordinance.

These condensed quarterly consolidated financial statements do not contain all the disclosures required for the annual consolidated financial statements and hence should be read in conjunction with the consolidated financial statements for the fiscal year ended March 31, 2022.

### 2. Measurement basis

The condensed quarterly consolidated financial statements of TDK Group have been prepared on a historical cost basis, except for financial instruments measured at fair value.

### 3. Functional and presentation currency

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 condensed quarterly consolidated financial statements of TDK Group are presented in Japanese yen, which is the TDK’s functional and presentation currency. All amounts are rounded to the nearest million yen.

(Significant accounting policies)

The significant accounting policies adopted in the condensed quarterly consolidated financial statements are consistent with those adopted in the financial statements for the fiscal year ended March 31, 2022.

The income tax expense for the three months ended June 30, 2022 is calculated based on the estimated annual effective income tax rates.

(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 segment and assess its 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.

In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Passive Components segment and Sensor Application Products segment. Thus, the prior year's figures are also reclassified to conform to the new segmentation.

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

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

Accounting policies applied to each segment are the same as those for the condensed quarterly 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 three months ended June 30, 2021 and 2022 are as follows:

Net sales (Yen millions, %)

		Three months ended June 30, 2021		Three months ended June 30, 2022		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	121,756	29.0	141,631	27.8	19,875	16.3
	Intersegment	1,031		1,549		518	50.2
	Total	122,787		143,180		20,393	16.6
Sensor Application Products	External customers	26,828	6.4	39,016	7.6	12,188	45.4
	Intersegment	15		12		(3)	(20.0)
	Total	26,843		39,028		12,185	45.4
Magnetic Application Products	External customers	60,623	14.4	55,130	10.8	(5,493)	(9.1)
	Intersegment	12		22		10	83.3
	Total	60,635		55,152		(5,483)	(9.0)
Energy Application Products	External customers	199,592	47.5	260,092	50.9	60,500	30.3
	Intersegment	1		0		(1)	-
	Total	199,593		260,092		60,499	30.3
Other	External customers	11,259	2.7	14,635	2.9	3,376	30.0
	Intersegment	1,987		2,308		321	16.2
	Total	13,246		16,943		3,697	27.9
Intersegment elimination		(3,046)		(3,891)		(845)	
Total		420,058	100.0	510,504	100.0	90,446	21.5

Segment profit (loss) (Yen millions, %)

		Three months ended June 30, 2021		Three months ended June 30, 2022		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		18,073	14.8	24,595	17.4	6,522	36.1
Sensor Application Products		(3,217)	(12.0)	2,781	7.1	5,998	-
Magnetic Application Products		2,906	4.8	(717)	(1.3)	(3,623)	-
Energy Application Products		23,396	11.7	27,348	10.5	3,952	16.9
Other		(952)	(8.5)	367	2.5	1,319	-
Subtotal		40,206	9.6	54,374	10.7	14,168	35.2
Adjustment		(8,889)		(9,771)		(882)	
Operating profit		31,317	7.5	44,603	8.7	13,286	42.4

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

Segment profit is mainly adjusted for corporate expenses for company-wide operational and administrative purposes that are not allocated to operating segments.



3. Geographic segment information

The geographic segment information for the three months ended June 30, 2021 and 2022 are as follows:

Net sales

	Three months ended June 30, 2021	(Yen millions) Three months ended June 30, 2022
Japan	35,059	40,463
Americas	26,714	45,101
Europe	44,219	52,087
China	232,816	266,433
Asia and others	81,250	106,420
Total	420,058	510,504

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

(Significant subsequent events)

There are no items to report.

**(6) Appendix to the Consolidated Financial Statements**

## 1) Foreign exchange rates

Term Item	Q1 of FY 2022 June 30, 2021		Q1 of FY 2023 June 30, 2022		FY 2022 March 31, 2022	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	110.58	131.58	136.68	142.67	122.39	136.70

## 2) Quarterly sales by product

(Yen millions, %)

Term Product category	Q1 of FY 2022 (April 1, 2021 – June 30, 2021)		Q2 of FY 2022 (July 1, 2021 – September 30, 2021)		Q3 of FY 2022 (October 1, 2021 – December 31, 2021)		Q4 of FY 2022 (January 1, 2022 – March 31, 2022)	
	Amount	%	Amount	%	Amount	%	Amount	%
Capacitors	47,126	11.2	49,804	10.5	50,782	10.2	50,433	9.9
Inductive devices	42,085	10.0	45,304	9.6	47,028	9.4	45,822	9.0
Other passive components	32,545	7.8	32,917	6.9	32,210	6.4	31,770	6.3
Passive Components	121,756	29.0	128,025	27.0	130,020	26.0	128,025	25.2
Sensor Application Products	26,828	6.4	32,685	6.9	36,141	7.2	35,115	6.9
Magnetic Application Products	60,623	14.4	65,363	13.8	64,023	12.8	58,437	11.5
Energy Application Products	199,592	47.5	235,523	49.7	256,145	51.3	274,085	53.9
Other	11,259	2.7	12,531	2.6	13,341	2.7	12,607	2.5
Total	420,058	100.0	474,127	100.0	499,670	100.0	508,269	100.0

(Yen millions, %)

Term Product category	Q1 of FY 2023 (April 1, 2022 – June 30, 2022)	
	Amount	%
Capacitors	57,587	11.3
Inductive devices	49,335	9.7
Other passive components	34,709	6.8
Passive Components	141,631	27.8
Sensor Application Products	39,016	7.6
Magnetic Application Products	55,130	10.8
Energy Application Products	260,092	50.9
Other	14,635	2.9
Total	510,504	100.0

Note: In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Other passive components and certain products of Other passive components are reclassified into Capacitors and Inductive devices. Thus, the prior year's figures are also reclassified to conform to the new segmentation.