

Attracting Tomorrow



Performance Briefing 1Q of Fiscal Year March 2022

- **Consolidated Results for 1Q of FY March 2022**
Consolidated Full Year Projections for FY March 2022
Tetsuji Yamanishi, Executive Vice President

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Executive Vice President

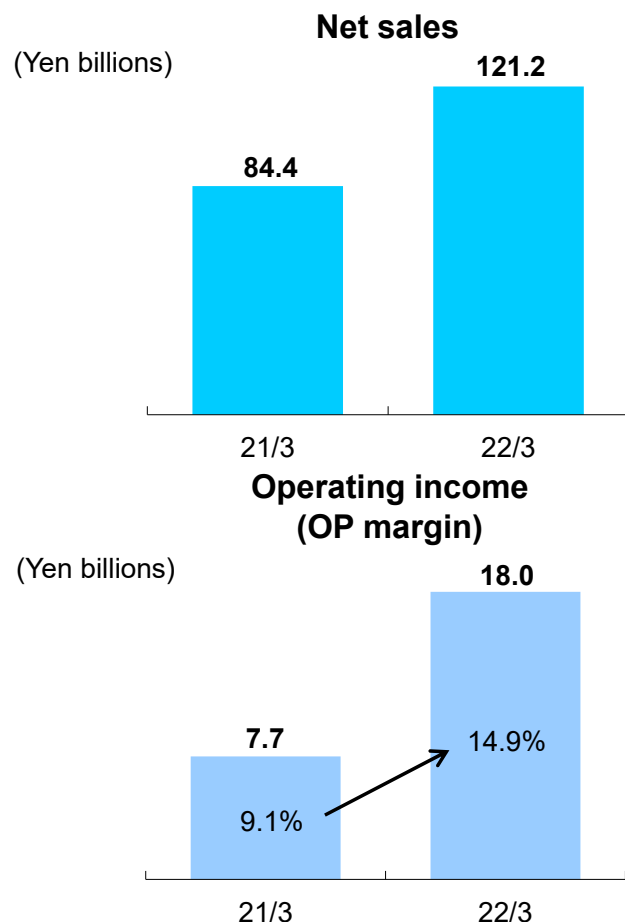
Demand for electronic components, which had stagnated amid the COVID-19 pandemic during fiscal 2021, continued to recover. Demand related to digital transformation (DX) and energy transformation (EX) remained strong.

- **Net sales increased 35.8% year on year. Operating income increased 67.4% year on year.**
 - ▮ In the automotive market, despite the effects of a semiconductor supply shortage, orders remained brisk on the back of an increase in the number of components installed per vehicle. Sales of Passive Components and Sensors increased.
 - ▮ As for sales to the ICT market, while production of smartphones was below the initial forecast due to the semiconductor supply shortage and the effects of the resurgence of COVID-19, demand for PCs and tablets remained at a high level. In addition, investment in data centers picked up and demand for servers increased. Sales of Rechargeable Batteries, Sensors, and HDD Heads increased.
 - ▮ As production activities recovered, capital expenditures remained on an upward trend. Sales of Power Supplies for industrial equipment and Passive Components increased.

Consolidated results for 1Q of FY March 2022

(Yen billions)		FY March 2021 1Q results	FY March 2022 1Q results	Change	
				Yen billions	%
Net sales		309.4	420.1	110.7	35.8
Operating income		18.4	30.8	12.4	67.4
Operating income margin		5.9%	7.3%	+1.4 pt	-
Income before income taxes		20.7	32.2	11.5	55.6
Net income		13.2	26.7	13.5	102.3
Earning per share (JPY)		104.43	211.09	-	-
Ex-rate	US\$ (JPY)	107.61	109.50	Depreciated by 1.8%	
	EURO (JPY)	118.45	131.90	Depreciated by 11.4%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 21.4 billion Yen Operating income : Decreased by about 1.7 billion Yen			

1Q results - Passive Components segment



21/3: FY March 2021

Net sales 121.2 billion yen (up 43.6% year on year)
Operating income 18.0 billion yen (up 133.8% year on year)

- **Ceramic Capacitors**

- ▮ Sales and operating income increased year on year.
- ▮ Sales increased to the automotive market, while decreased to the ICT market.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- ▮ Sales and operating income increased year on year.
- ▮ Sales increased to the industrial equipment and the automotive markets.

- **Inductive Devices**

- ▮ Sales and operating income increased year on year.
- ▮ Sales increased to the automotive and the industrial equipment markets.

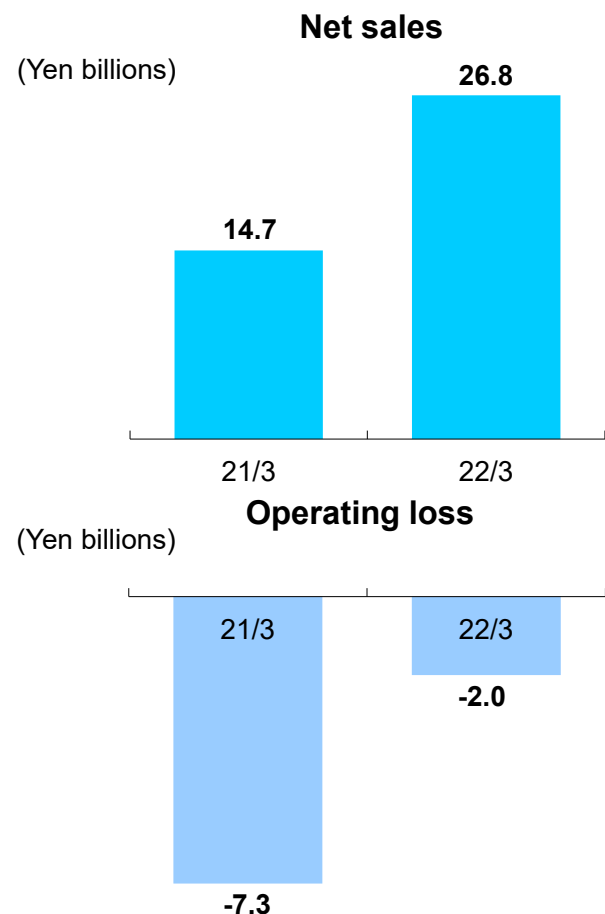
- **High-Frequency Components**

- ▮ Sales increased, while operating income decreased year on year.
- ▮ Sales increased to the ICT and the automotive markets.

- **Piezoelectric Material Products and Circuit Protection Components**

- ▮ Sales and operating income increased year on year.
- ▮ Sales increased to the industrial equipment and the automotive markets.

1Q results - Sensor Application Products segment



Net sales 26.8 billion yen (up 82.3% year on year)
Operating loss -2.0 billion yen (down —% year on year)

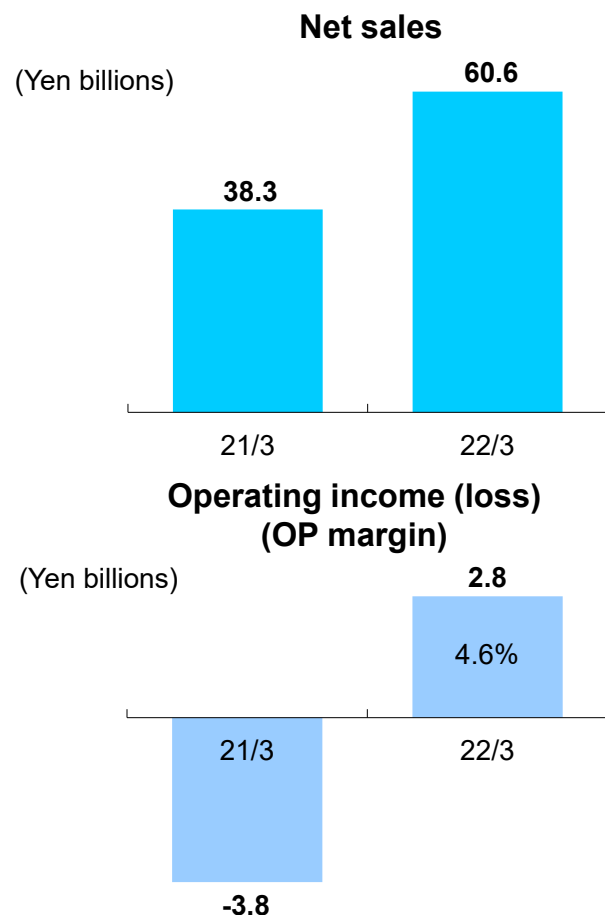
● Sensors

- Sales increased and operating loss decreased year on year.
- Earnings from TMR Sensors rose, driven by dramatic growth in sales to the ICT market due to increased adoption and other factors.
- In MEMS Sensors, sales of Motion Sensors and Microphones increased, owing to the expansion of the customer base and applications. Earnings also improved.
- Sales of conventional products (Temperature and Pressure Sensors, and Hall Sensors), which had declined significantly to the automotive market due to the effects of COVID-19 in the previous fiscal year, surged, with earnings also improving.

21/3: FY March 2021

1Q results - Magnetic Application Products segment

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Net Sales 60.6 billion yen (up 58.2% year on year)
Operating income 2.8 billion yen (up —% year on year)

- **HDD Heads and HDD Suspension Assemblies**

- In line with the recovery of investment in data centers, demand for servers expanded. Sales of Nearline HDD Heads increased significantly. Earnings, which deteriorated due to the effects of lockdowns affecting a major customer in the previous year, improved substantially.

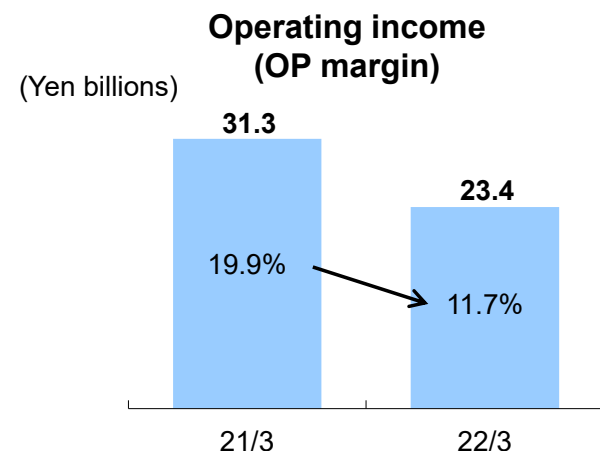
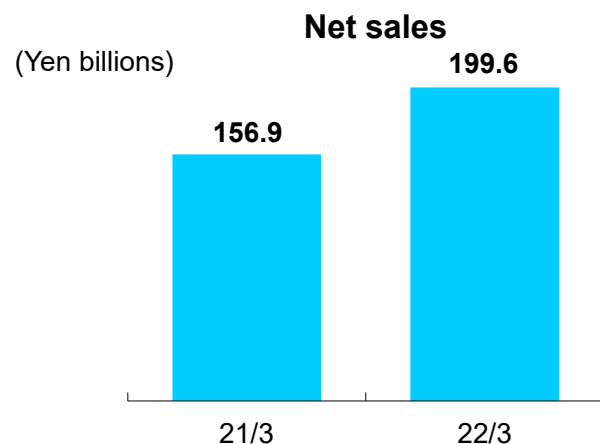
- **Magnets**

- Sales and operating income increased year on year.
- Sales increased to the automotive market.

21/3: FY March 2021

1Q results - Energy Application Products segment

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21/3: FY March 2021

Net Sales 199.6 billion yen (up 27.2% year on year)
Operating income 23.4 billion yen (down 25.2% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales increased year on year. Operating income decreased due to upfront investments for power cell products and soaring raw material prices.
- Sales for mobile applications (smartphones, tablets, notebook PCs) remained strongly.
- Sales of mini cell products for small size equipment and power cell products for electric motorcycles and residential energy storage systems expanded.

- **Power Supplies**

- In line with the recovery of capital expenditures, sales and profit from Power Supplies for industrial equipment increased year on year.

Quarterly results by segment

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(Yen billions)		1Q of FY March 2021 (A)	4Q of FY March 2021 (B)	1Q of FY March 2022 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	33.3	44.3	47.1	13.8	41.4	2.8	6.3
	Inductive Devices	27.4	39.0	42.0	14.6	53.3	3.0	7.7
	Other Passive Components	23.6	30.6	32.0	8.4	35.6	1.4	4.6
	Passive Components	84.4	113.9	121.2	36.8	43.6	7.3	6.4
	Sensor Application Products	14.7	23.9	26.8	12.1	82.3	2.9	12.1
	Magnetic Application Products	38.3	54.6	60.6	22.3	58.2	6.0	11.0
	Energy Application Products	156.9	187.3	199.6	42.7	27.2	12.3	6.6
	Other	15.2	12.5	11.8	(3.4)	-22.4	(0.7)	-5.6
	Total	309.4	392.2	420.1	110.7	35.8	27.9	7.1
Operating income	Passive Components	7.7	9.5	18.0	10.3	133.8	8.5	89.5
	Sensor Application Products	(7.3)	(8.5)	(2.0)	5.3	-	6.5	-
	Magnetic Application Products	(3.8)	(4.1)	2.8	6.6	-	6.9	-
	Energy Application Products	31.3	25.0	23.4	(7.9)	-25.2	(1.6)	-6.4
	Other	(1.9)	(8.3)	(2.9)	(1.0)	-	5.4	-
	Sub total	26.0	13.6	39.2	13.2	50.8	25.6	188.2
	Corporate and eliminations	(7.6)	(9.5)	(8.4)	(0.8)	-	1.1	-
	Total	18.4	4.1	30.8	12.4	67.4	26.7	651.2
Operating income margin		5.9%	1.0%	7.3%	+1.4pt	-	+6.3 pt	-
Ex-rate	US\$ (JPY)	107.61	105.87	109.50				
	EURO (JPY)	118.45	127.75	131.90				

Breakdown of operating income changes

1Q of
FY March 2021
18.4 billion yen

Operating income +12.4 billion yen

1Q of
FY March 2022
30.8 billion yen

(Yen billions)

Changes in sales
+32.5

Sales price
reduction
(7.0)

Rationalization,
cost reduction
+1.2

Benefits from
restructuring
+1.2

SG&A expenses
increase
(13.8)

Exchange
fluctuation
(US\$=Yen 109.50)
(1.7)

18.4

30.8

Projections for 2Q of FY March 2022

- Image of changes in sales

(Yen billions)

Segment	1Q of FY March 2022	2Q projections (QoQ change)	2Q projections excl. forex impact (QoQ change)
Passive Components	121.2	-1~-4%	±0~+3%
Sensor Application Products	26.8	+7~+10%	+11~+14%
Magnetic Application Products	60.6	-1~-4%	±0~+3%
Energy Application Products	199.6	+21~+24%	+28~+31%
Other	11.8	—	—
Total	420.1	+9~+12%	+14~+17%

Forex assumptions

US\$(JPY)
EURO(JPY)

109.50
131.90

105.00
124.00

109.50
131.90

FY March 2022 full year / dividend projections

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(Yen billions)		FY March 2021 full year results	FY March 2022 full year projections (announced on July 28, 2021)	YoY change	
				Yen billions	%
Net sales		1,479.0	1,600.0	121.0	8.2
Operating income		111.5	150.0	38.5	34.5
Operating income margin		7.5%	9.4%	+1.9 pt	-
Income before income taxes		121.9	150.0	28.1	23.1
Net income		79.3	100.0	20.7	26.1
Earning per share (JPY)		628.08	791.61	-	-
Dividends (JPY)		Interim : 90 Year-end : 90 Annual: 180	Interim : 95 Year-end : 96* Annual : 191* *Prior to the stock split	-	-
Ex-rate	US\$ (JPY)	106.05	105.00	-	
	EURO (JPY)	123.67	124.00	-	
Capital expenditure		212.4	300.0	87.6	41.2
Depreciation and amortization		140.3	160.0	19.7	14.0
Research and development		127.0	140.0	13.0	10.2

Supplementary Data

Quarterly sales and operating income by segment

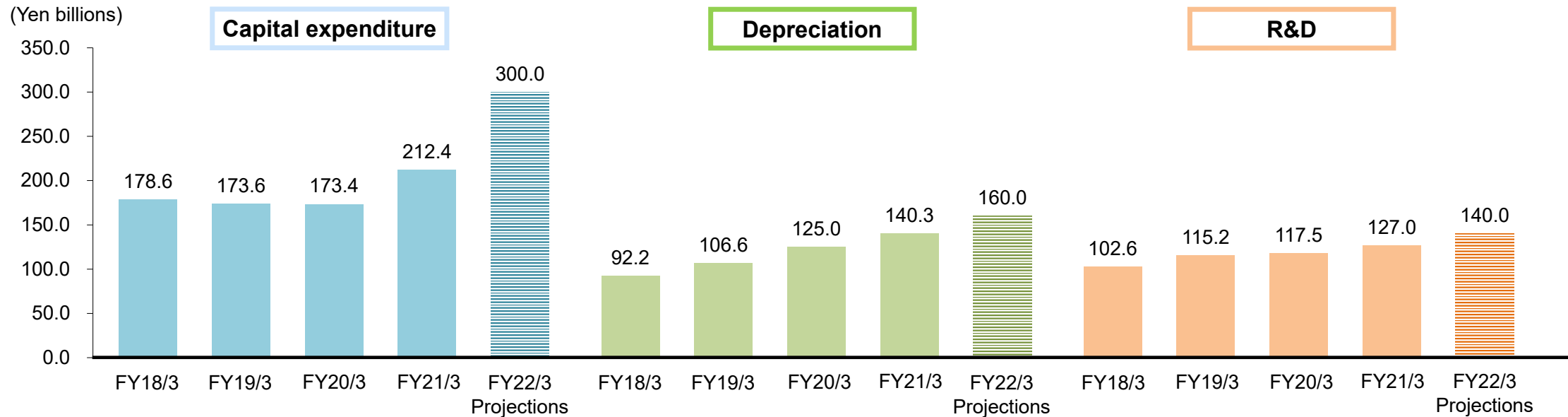
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(Yen billions)		FY March 2021					FY March 2022				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	33.3	38.6	41.9	44.3	158.2	47.1				
	Inductive Devices	27.4	34.6	39.0	39.0	140.0	42.0				
	Other Passive Components	23.6	26.2	28.5	30.6	109.0	32.0				
	Passive Components	84.4	99.4	109.5	113.9	407.1	121.2				
	Sensor Application Products	14.7	19.8	23.0	23.9	81.3	26.8				
	Magnetic Application Products	38.3	50.4	55.9	54.6	199.3	60.6				
	Energy Application Products	156.9	200.7	195.4	187.3	740.2	199.6				
	Other	15.2	11.4	11.9	12.5	51.1	11.8				
	Total	309.4	381.7	395.7	392.2	1,479.0	420.1				
Operating income	Passive Components	7.7	9.7	13.4	9.5	40.2	18.0				
	Sensor Application Products	(7.3)	(5.1)	(4.1)	(8.5)	(24.9)	(2.0)				
	Magnetic Application Products	(3.8)	1.4	4.2	(4.1)	(2.4)	2.8				
	Energy Application Products	31.3	48.3	42.8	25.0	147.4	23.4				
	Other	(1.9)	(2.8)	(3.0)	(8.3)	(16.1)	(2.9)				
	Sub total	26.0	51.5	53.3	13.6	144.3	39.2				
	Corporate and eliminations	(7.6)	(7.5)	(8.2)	(9.5)	(32.7)	(8.4)				
	Total	18.4	44.0	45.1	4.1	111.5	30.8				
Ex-rate	US\$ (JPY)	107.61	106.23	104.50	105.87	106.05	109.50				
	EURO (JPY)	118.45	124.06	124.46	127.75	123.67	131.90				

FY March 2022 projections and forex sensitivity

Expenses



Forex sensitivity (impact by 1 (one) yen change)

- **US\$: Sales 10.0 billion yen, Operating income 1.2 billion yen**
- **EURO : Sales 2.0 billion yen, Operating income 0.2 billion yen**

Financial position

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(Yen billions)	March end, 2021	June end, 2021	Change
Total asset	2,401.4	2,508.2	106.8
Total liability	1,395.1	1,471.7	76.6
Stockholders's equity	1,003.5	1,033.8	30.3
(comprehensive income)	(82.7)	(67.8)	14.9
Stockholders's equity ratio	41.8%	41.2%	-0.6pt

Cash and cash equivalents	446.3	402.5	(43.8)
Interest-bearing debt (*1)	483.3	504.7	21.4
Net cash (*2)	(37.0)	(102.2)	(65.2)

(Yen billions)	1Q of FY March 2021	1Q of FY March 2022	Change
Capital expenditures	46.4	61.2	14.8
Depreciation and amortization	31.7	40.6	8.9

*1: Short-term debt + current installments of long-term debt + long-term debt, excluding current installments (except operating lease obligations)

*2: Cash and cash equivalents - interest-bearing debt

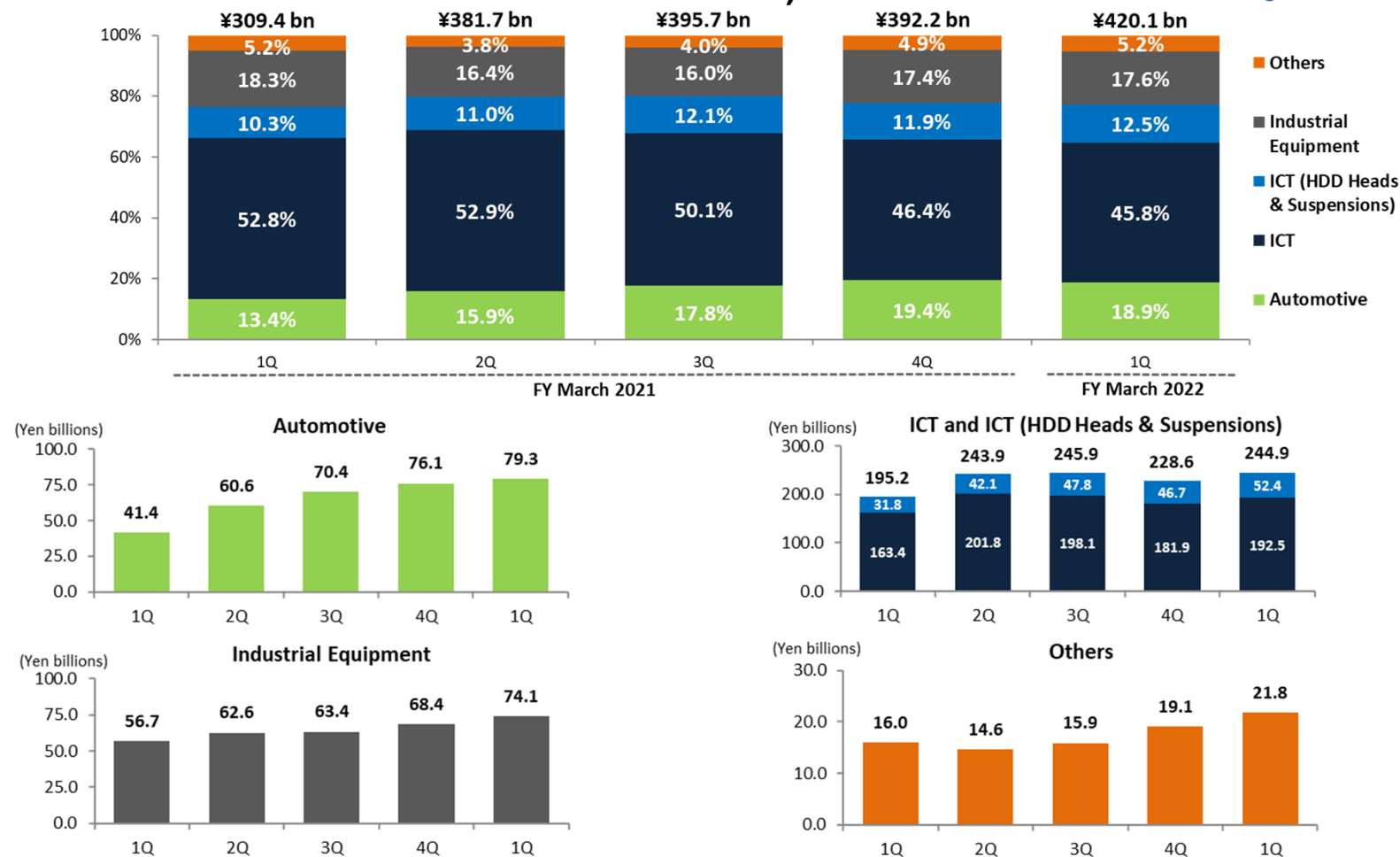
Cash flows

(Yen billions)	FY March 2021 results through 1Q	FY March 2022 results through 1Q	YoY change
Operating cash flow	9.8	1.2	(8.6)
Investing cash flow	(42.1)	(28.5)	13.6
Free cash flow	(32.3)	(27.3)	5.0
Financing cash flow	26.1	9.8	(16.3)
Effect of exchange rate changes on cash and cash equivalents	(1.4)	5.8	7.2

Cash and cash equivalents	325.2	368.7	43.5
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Quarterly sales by markets

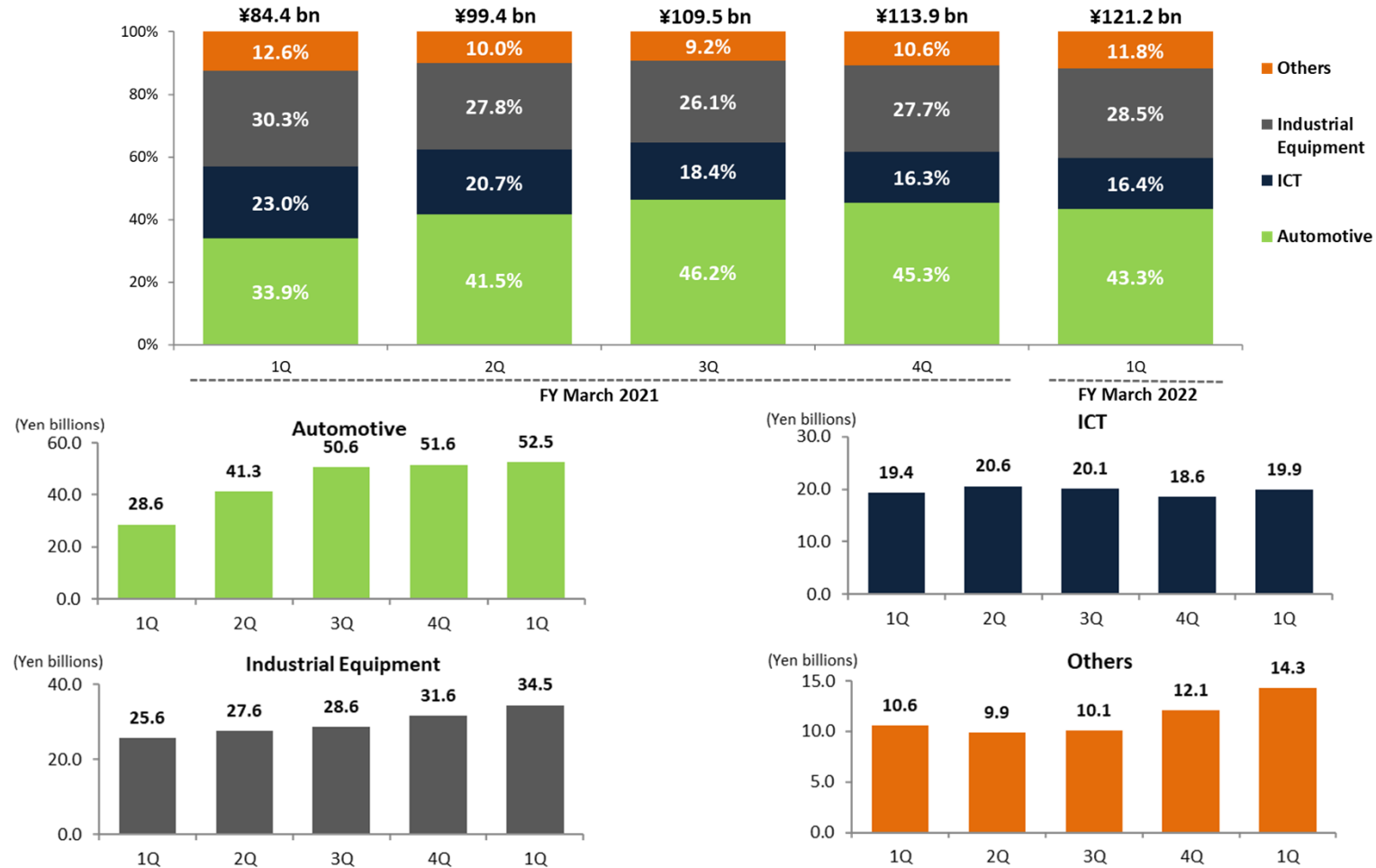
(1Q of FY March 2021 – 1Q of FY March 2022)



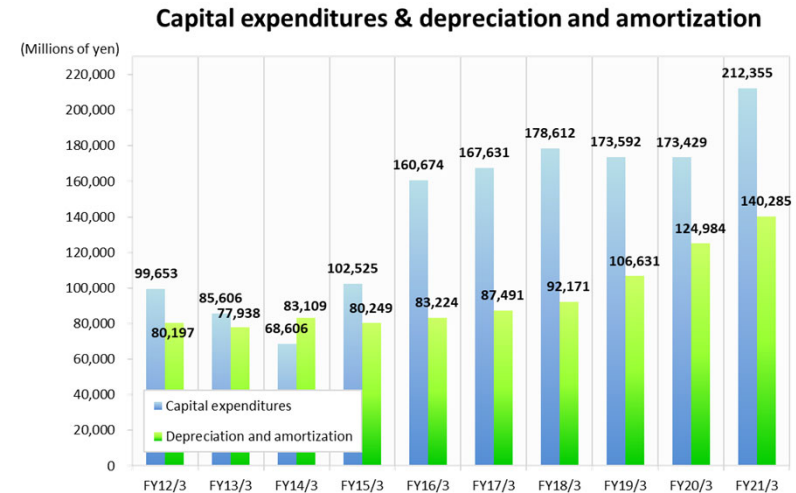
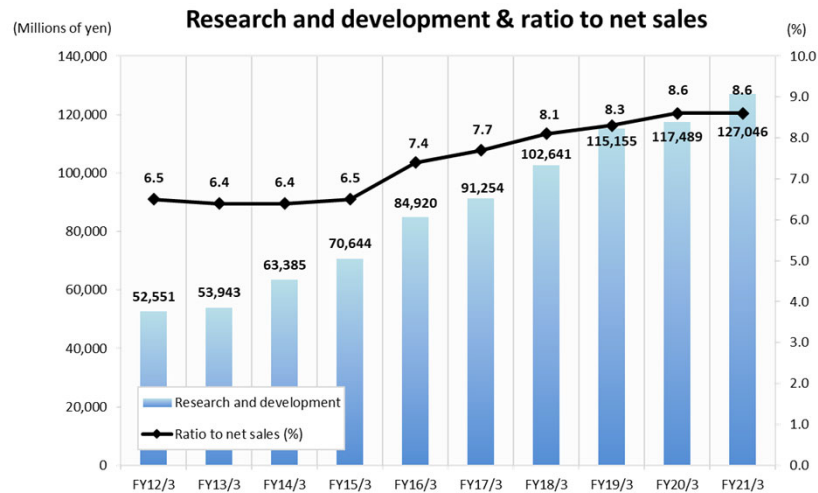
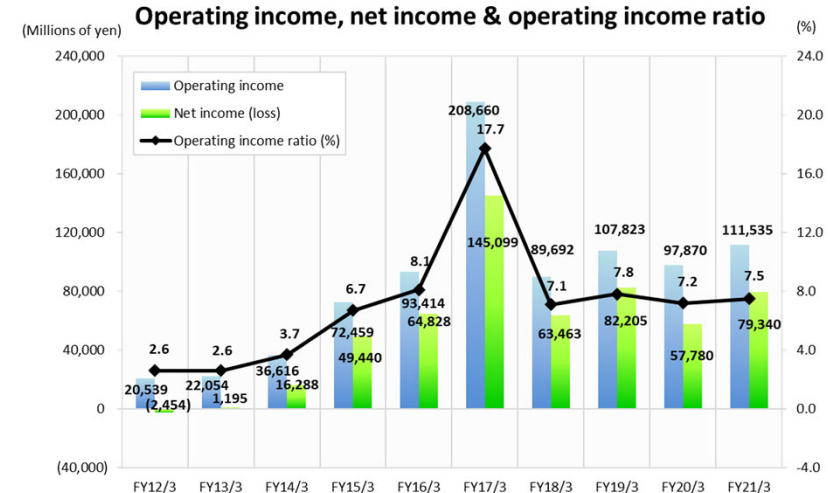
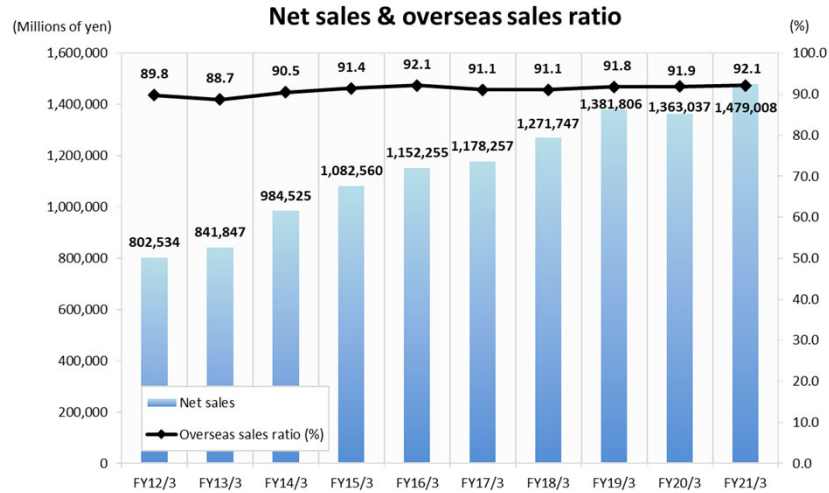
(Note) In accordance with the redefinition of markets in 1Q of FY202, the prior year's sales are also reclassified to conform to the new segmentation.

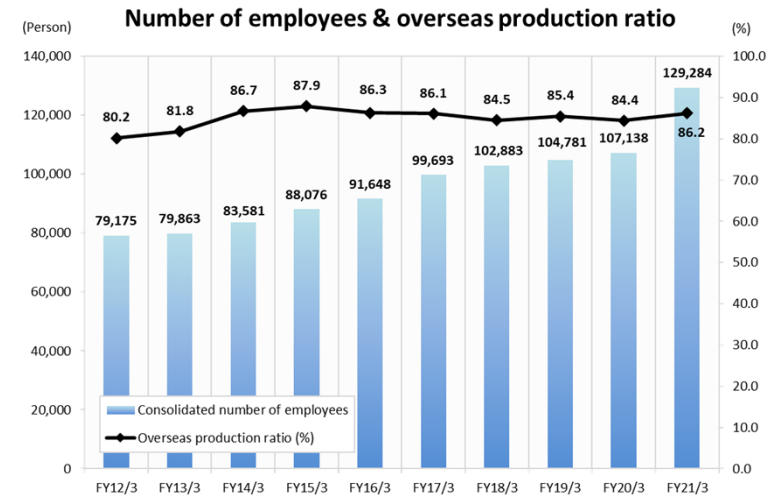
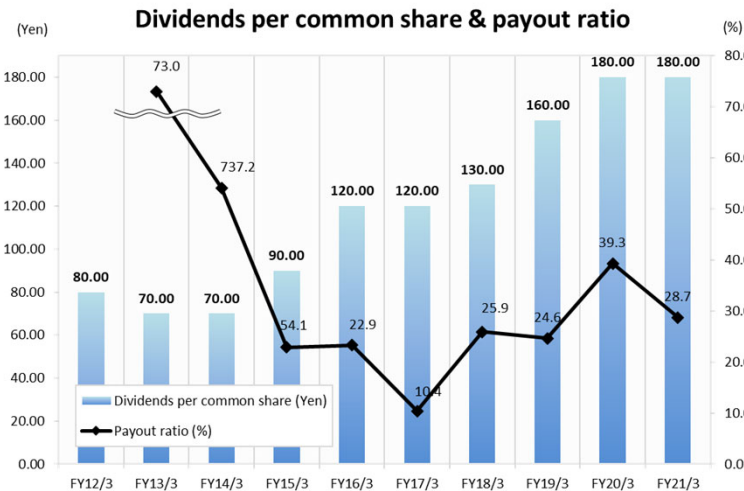
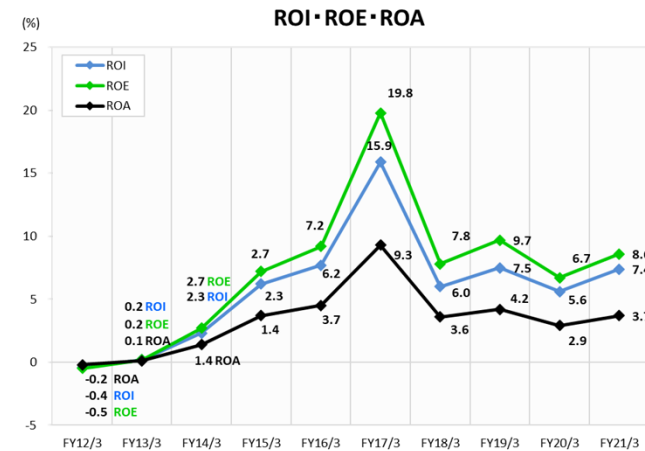
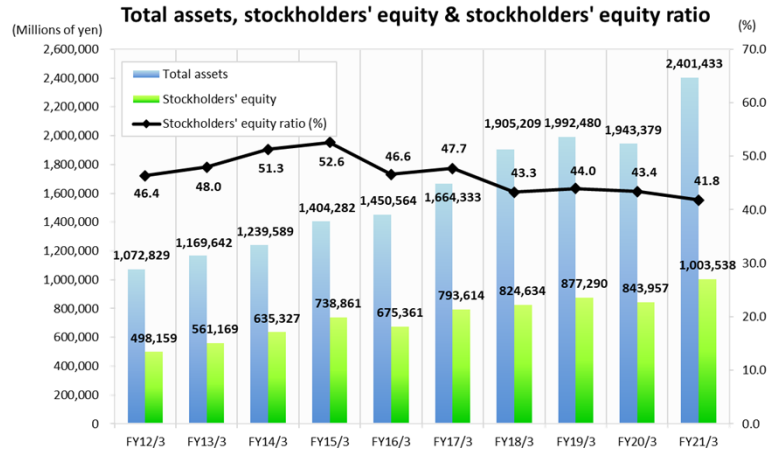
Passive Components business quarterly sales by markets (1Q of FY March 2021 – 1Q of FY March 2022)

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(Note) In accordance with the redefinition of markets in 1Q of FY202, the prior year's sales are also reclassified to conform to the new segmentation.





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