

Attracting Tomorrow



Performance Briefing Fiscal Year March 2022

(Note) The figures in the presentation material were revised on May 25, 2022 in accordance with the revision of the financial results.
The revised figures are underlined.

TDK Corporation
IR&SR Group
May 11, 2022

- **Consolidated Results for FY March 2022**
Tetsuji Yamanishi, Executive Vice President
- **Consolidated Full Year Projections for FY March 2023**
Noboru Saito, President & CEO

Consolidated Results for FY March 2022

Tetsuji Yamanishi
Executive Vice President

Key points concerning earnings for FY March 2022

Despite negative effects of the conflict between the U.S. and China as well as the COVID-19 pandemic, demand for electronic components remained robust as a result of the normalization of social and economic activities and the recovery of production activities.

Both net sales and operating income achieved record highs.*

- **Net sales increased 28.6% year on year. Operating income increased 49.4% year on year.**

- Although automobile production has been affected by the constraints in supply of semiconductors and other components, sales to the automotive market remained brisk on the back of an increase in the number of components installed per vehicle and stockpiling by customers. Sales of Passive Components and Sensors increased.
- As for the ICT market, while production of smartphones was below the initial forecast, demand for PCs and tablets remained brisk. In addition, investment in data centers picked up and demand for servers increased. Sales of Rechargeable Batteries, Sensors, and HDD Heads increased.
- Demand related to the industrial equipment market remained robust due to strong capital expenditures, resulting in expanded sales of Passive Components, Rechargeable Batteries, and Power Supplies.
- The year-end dividend forecast has been revised by 9 yen per share.

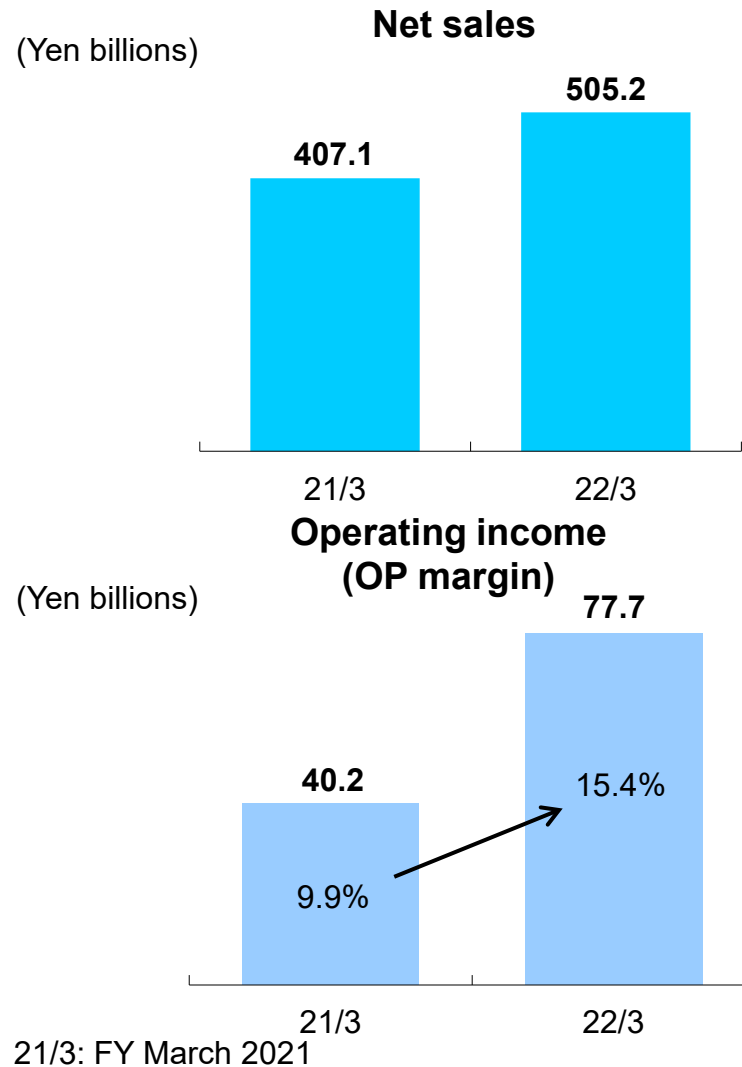
*Operating income is compared on the basis excluding a gain on sale of business recorded in FY March 2017.

Consolidated full year results for FY March 2022

(Yen billions)	FY March 2021 full year results	FY March 2022 full year results	Change	
			Yen billions	%
Net sales	1,479.0	1,902.1	423.1	28.6
Operating income	111.5	166.7	55.1	49.4
Operating income margin	7.5%	8.8%	+1.3 pt	-
Income before income taxes	121.9	234.2	112.3	92.1
Net income	79.3	<u>183.6</u>	<u>104.3</u>	<u>131.4</u>
Earnings per share (JPY)	209.36	<u>484.53</u>	-	-
Ex-rate	US\$ (JPY)	106.05	112.33	Depreciated by 5.9%
	EURO (JPY)	123.67	130.53	Depreciated by 5.5%
Ex-rate impact to net sales & operating income	Net sales : Increased by about 125.7 billion Yen Operating income : Increased by about 6.9 billion Yen			

FY March 2022 results

- Passive Components segment

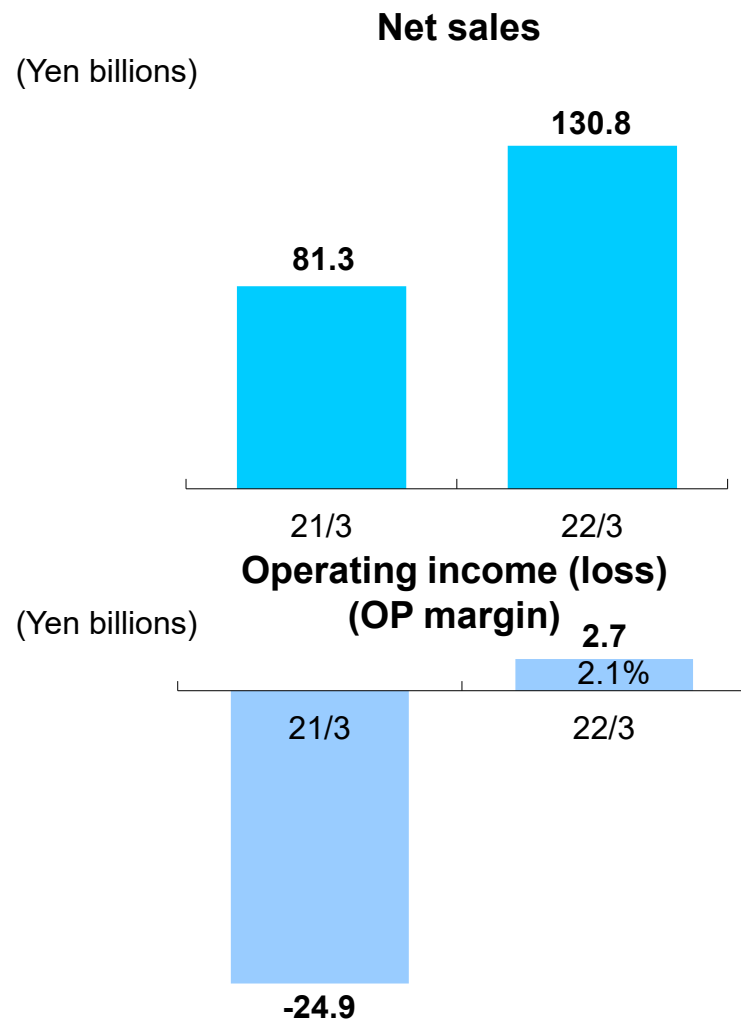


Net sales 505.2 billion yen (up 24.1% year on year)
Operating income 77.7 billion yen (up 93.2% year on year)

- **Ceramic Capacitors**
 - Sales and profit increased year on year.
 - Sales increased to the automotive market and distributors, while decreased to the ICT market.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
 - Sales increased and profitability improved year on year.
 - Sales increased to the industrial equipment and the automotive markets.
- **Inductive Devices**
 - Sales and profit increased year on year.
 - Sales increased to the automotive and the industrial equipment markets.
- **High-Frequency Components**
 - Sales increased while profit decreased year on year.
 - Sales increased to the automotive market.
- **Piezoelectric Material Products and Circuit Protection Components**
 - Sales and profit increased year on year.
 - Sales increased to the industrial equipment and the automotive markets.

FY March 2022 results

- Sensor Application Products segment



21/3: FY March 2021

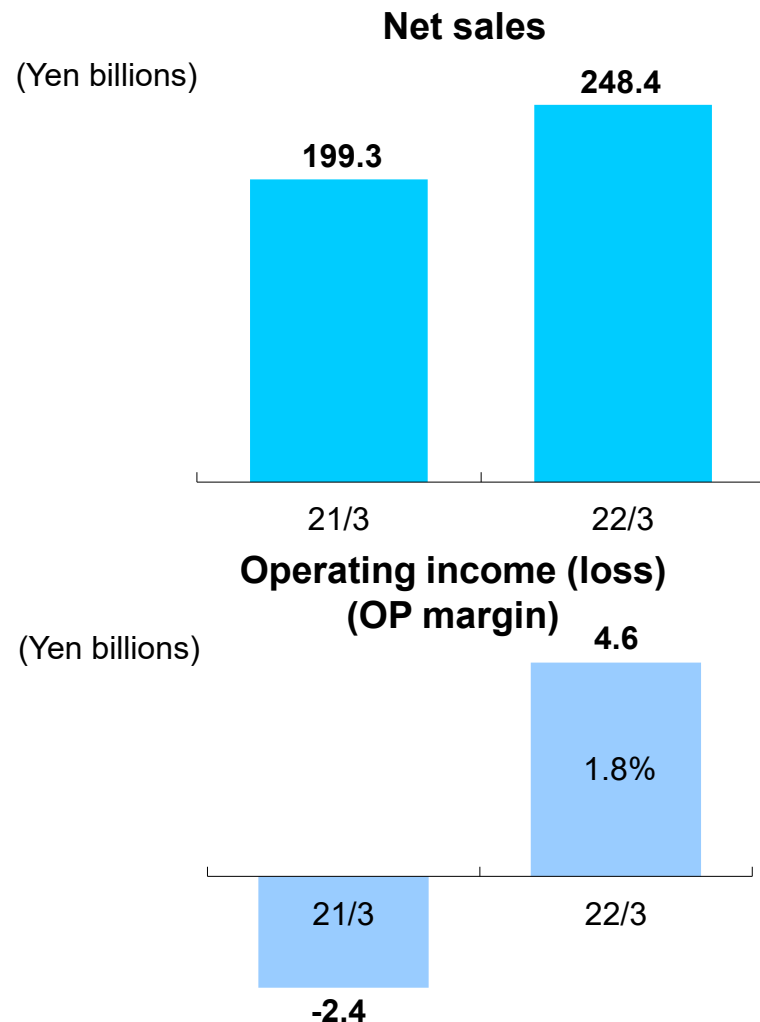
Net sales 130.8 billion yen (up 60.8% year on year)
Operating income 2.7 billion yen (up —% year on year)

- **Sensors**

- The segment achieved profitability due to a significant increase in sales and profit from the previous fiscal year.
- Sales of Temperature and Pressure Sensors increased to the automotive market and for home appliances. Earnings also improved.
- In Magnetic Sensors, sales of Hall Sensors increased to the automotive market and earnings improved. Sales of TMR Sensors increased to the ICT market and earnings expanded significantly.
- In MEMS sensors, sales of Motion Sensors and Microphones increased significantly, owing to the expansion of the customer base and applications. Earnings improved greatly.

FY March 2022 results

- Magnetic Application Products segment



21/3: FY March 2021

Net Sales 248.4 billion yen (up 24.7% year on year)
Operating income 4.6 billion yen (up —% year on year)

- **HDD Heads and HDD Suspension Assemblies**

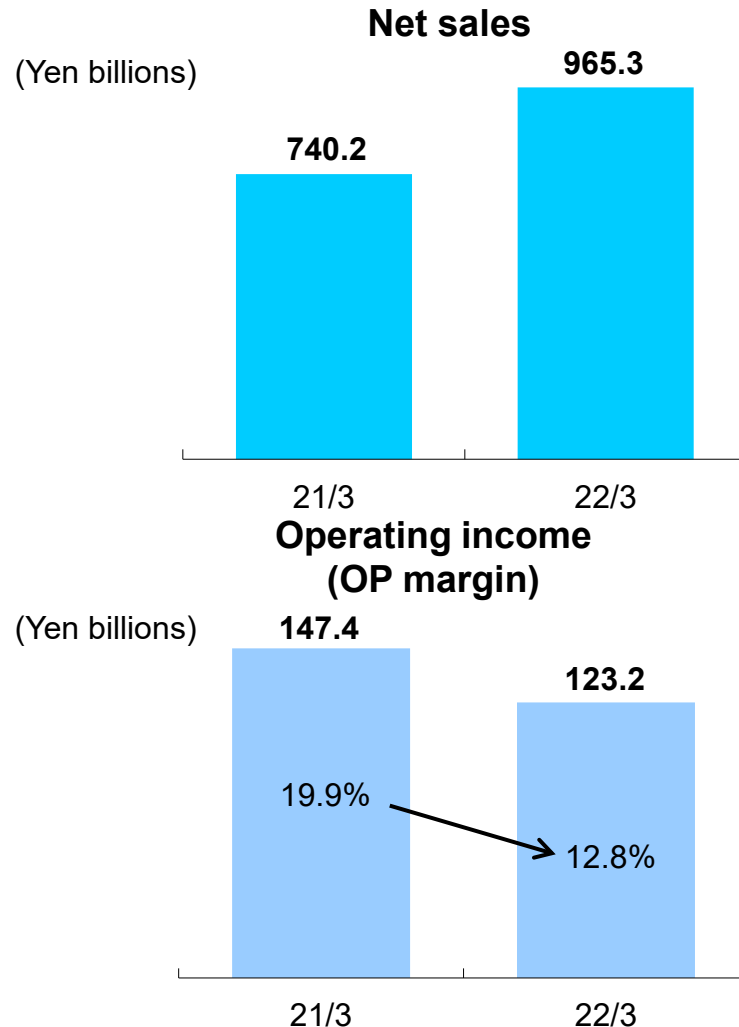
- Sales and profit of HDD heads increased year on year due to a surge in sales for nearline HDDs reflecting the recovery of investment in data centers.
- While sales of HDD Suspension Assemblies increased year on year thanks to robust sales for nearline HDDs, profit decreased year on year due to one-time costs.

- **Magnets**

- Sales increased year on year, reflecting a rise in sales to the automotive market. Improvement in earnings did not progress due to the effects of soaring material prices among other factors.

FY March 2022 results

- Energy Application Products segment



21/3: FY March 2021

Net sales 965.3 billion yen (up 30.4% year on year)
Operating income 123.2 billion yen (down 16.4% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales increased while profit decreased year on year. Profit decreased due to upfront investments for power cell products and soaring raw material prices.
- Sales volume related to mobile applications (smartphones, tablets, and notebook PCs) remained flat year on year.
- Sales of power cell products for residential energy storage systems and electric motorcycles expanded significantly.

- **Power Supplies**

- Sales and profit from power supplies for industrial equipment increased year on year.

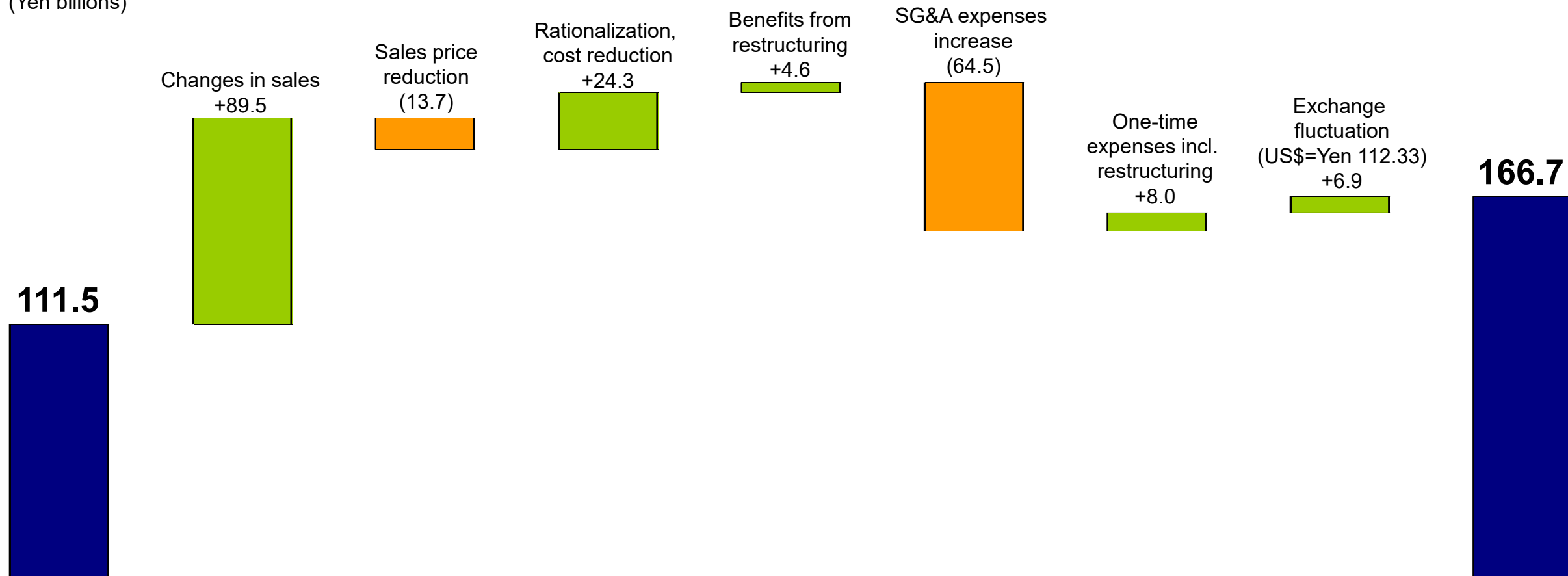
Breakdown of operating income changes

FY March 2021
111.5 billion yen

Operating income +55.1 billion yen

FY March 2022
166.7 billion yen

(Yen billions)



FY March 2022 quarterly results by segment

(Yen billions)		4Q of FY March 2021 (A)	3Q of FY March 2022 (B)	4Q of FY March 2022 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	44.3	50.8	50.4	6.1	13.8	(0.4)	-0.7
	Inductive Devices	39.0	47.0	45.7	6.8	17.4	(1.2)	-2.6
	Other Passive Components	30.6	31.8	31.0	0.4	1.4	(0.7)	-2.3
	Passive Components	113.9	129.5	127.2	13.3	11.7	(2.3)	-1.8
	Sensor Application Products	23.9	36.1	35.1	11.3	47.2	(1.0)	-2.8
	Magnetic Application Products	54.6	64.0	58.4	3.8	7.0	(5.6)	-8.7
	Energy Application Products	187.3	256.1	274.1	86.7	46.3	17.9	7.0
	Other	12.5	13.9	13.4	0.9	7.2	(0.4)	-3.1
	Total	392.2	499.7	508.3	116.1	29.6	8.6	1.7
Operating income	Passive Components	9.5	22.6	15.7	6.2	65.8	(6.9)	-30.6
	Sensor Application Products	(8.5)	3.7	(0.3)	8.2	-	(3.9)	-
	Magnetic Application Products	(4.1)	3.3	(3.5)	0.6	-	(6.8)	-
	Energy Application Products	25.0	39.0	26.5	1.5	5.9	(12.5)	-32.1
	Other	(8.3)	(0.7)	(0.9)	7.5	-	(0.2)	-
	Sub total	13.6	67.8	37.5	24.0	176.8	(30.3)	-44.7
	Corporate and eliminations	(9.5)	(8.6)	(10.1)	(0.6)	-	(1.5)	-
	Total	4.1	59.2	27.4	23.4	577.1	(31.8)	-53.7
	Operating income margin	1.0%	11.8%	5.4%	+4.4pt	-	-6.4pt	-
Ex-rate	US\$ (JPY)	105.87	113.67	116.14				
	EURO (JPY)	127.75	130.06	130.35				

Consolidated Full Year Projections for FY March 2023

Noboru Saito
President & CEO

FY March 2023 full year / dividend projections

		FY March 2022 full year results (U.S. GAAP)	FY March 2022 full year results (IFRS)	FY March 2023 full year projections (IFRS) (announced on May 11, 2022)	YoY change	
					Yen billions	%
(Yen billions)						
Net sales		1,902.1	1,902.1	2,200.0	297.9	15.7
Operating profit		166.7	166.8	185.0	18.2	10.9
Operating profit margin		8.8%	8.8%	8.4%	-0.4 pt	-
Profit before tax		234.2	172.5	190.0	17.5	10.2
Net profit		<u>183.6</u>	<u>131.3</u>	145.0	<u>13.7</u>	<u>10.4</u>
Earnings per share (JPY)		<u>484.53</u>	<u>346.44</u>	382.56	-	-
Dividends (JPY)		Interim : 100 (33.3) Year-end : 45 Annual : - (78.3) <small>*(post-stock split standard)</small>	Interim : 100 (33.3) Year-end : 45 Annual : - (78.3) <small>*(post-stock split standard)</small>	Interim : 53 Year-end : 53 Annual : 106	-	-
Ex-rate	US\$ (JPY)	112.33	112.33	120.00	-	-
	EURO (JPY)	130.53	130.53	130.00	-	-
Capital expenditure		291.4	<u>291.3</u>	300.0	<u>8.7</u>	3.0
Depreciation and amortization		168.7	177.0	200.0	23.0	13.0
Research and development		163.8	165.3	190.0	24.8	15.0

(Note) The consolidated forecasts for fiscal 2023 are calculated in accordance with IFRS. Account titles are presented in accordance with IFRS. The actual IFRS figures for fiscal 2022 used in the calculation of percentage change from the previous fiscal year are approximate estimates at this time.

Market forecast of FY March 2023

Production Trend (Unit: Mil. unit)	FY2022	FY2023 (YoY)
Automobile*	79	83 (+5%)
<i>therein</i> xEV	10.1	14.4 (+43%)
Smartphone	1,319	1,319 (±0%)
<i>therein</i> 5G Smartphone	586	663 (+13%)
HDD	250	231 (-8%)
<i>therein</i> Nearline	75	77 (+3%)
Notebook PC	258	240 (-7%)
Tablet	165	152 (-8%)

*The number of Automobile includes commercial vehicles.

Projections for FY March 2023

- Image of changes in sales

(Yen billions)

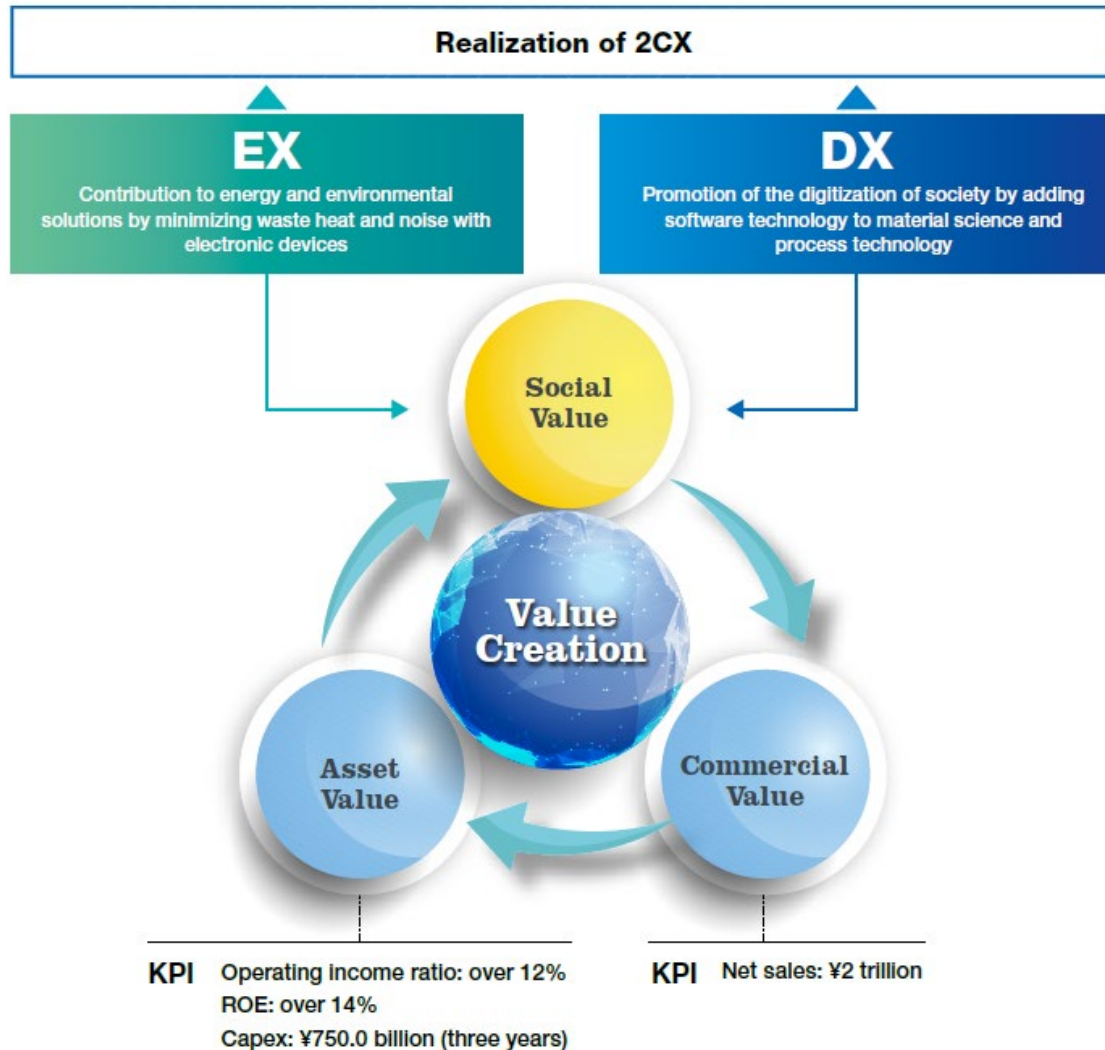
Segment	FY March 2022 full year results	FY March 2023 full year projections (YoY change)
Passive Components	505.2	+7~+10%
Sensor Application Products	130.8	+13~+16%
Magnetic Application Products	248.4	+15~+18%
Energy Application Products	965.3	+17~+20%
Other	52.4	—
Total	1,902.1	2,200.0

Forex assumptions

US\$(JPY)	112.33	120.00
EURO(JPY)	130.53	130.00

Progress of Medium-Term Plan

Medium-Term Plan "Value Creation 2023"



Management targets in medium term

	Fiscal 2021 result	Fiscal 2024 target	CAGR
Net sales	¥1,479.0 billion	¥2,000.0 billion	11%

CAGR by segment

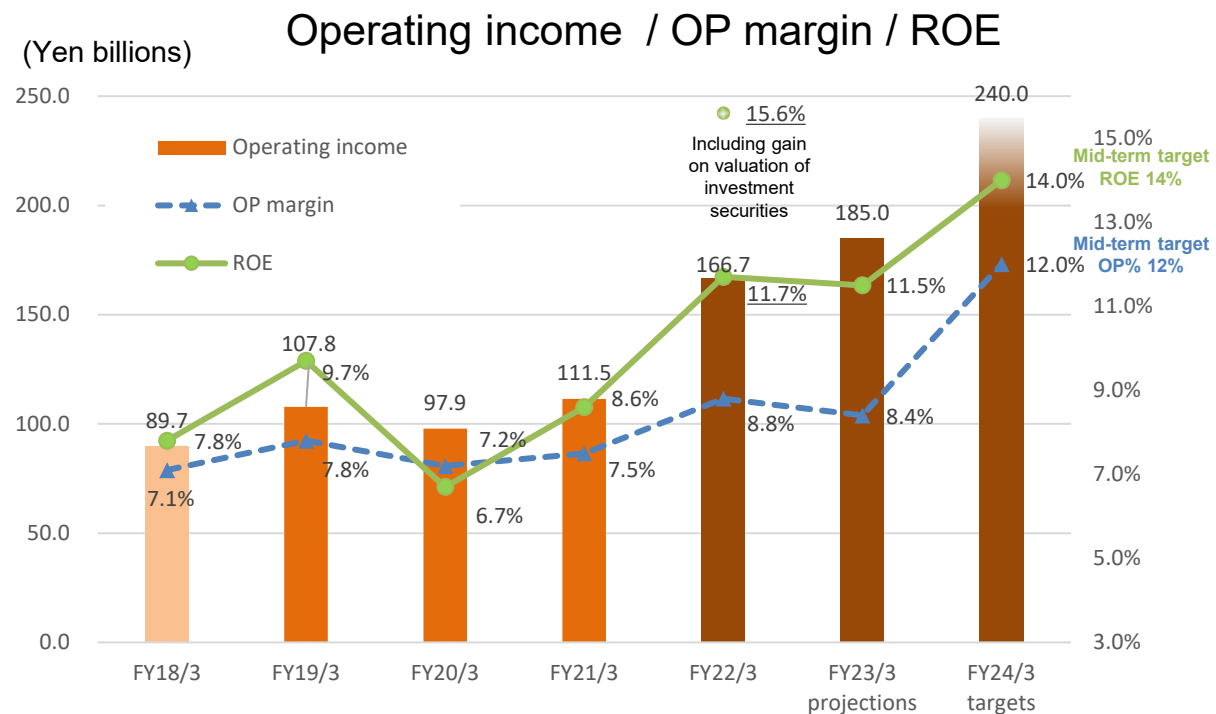
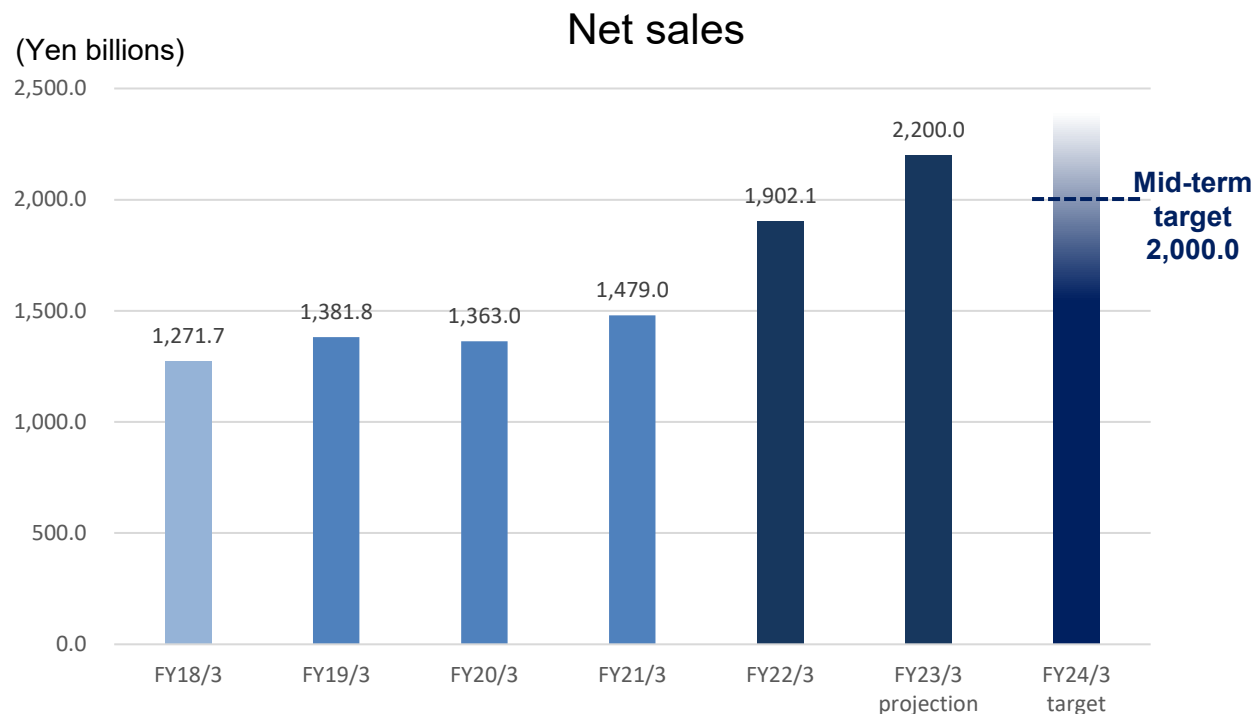
Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products
7%	25%	12%	11%

New medium-term capital allocation plan

Fiscal 2022 to fiscal 2024 three-year accumulated base (billions of yen)

Cash In	Cash Out		
Operating cash flow 900.0	Strengthened financial position	← D/E ratio 40% range	
	Shareholder returns	← Target dividend payout ratio of 30%	
	Capex 750.0	← Energy 60%	Improvement of dividends steadily and sustainably based on medium-term profit growth
		← Passive 20%	
		← Magnetic 16%	
EBITDA ratio 65%	← Other 4%	Priority allocation of investment to growth areas •Rechargeable batteries •xEV, ADAS, 5G •HDD head, suspension/applied products	

Progress of Medium-Term Plan



Progress of Growth Strategies

- △ Profitability of Passive Components improved significantly.
- △ Full-year profitability of the sensor business was achieved.
- △ Sales of power cell products expanded.
- △ Profit of the HDD head business recovered and MAMR products were launched in the market.
- △ Strategic capital allocation realignment was implemented based on portfolio management.
- △ Strategic investment was carried out in order to respond to material procurement risks.
- ▼ Impact on profit and loss and financial position due to soaring material prices and transportation costs.
- ▼ Delay in improvement in earnings of non-profitable businesses.

Progress in measures to increase social value

- E** Issued sustainability-linked bonds in December 2021.
 - 1) Reduce CO₂ emissions per unit of sales by 30% from FY2014 levels in FY2025
 - 2) Maintain “A/A-” rating in the final CDP climate change scores in CY2025
 - 3) Achieve 50% of electricity from renewable sources in FY2025
- S** Promoted Global HR Projects (succession plan, diversity, project to promote women’s advancement).
- G** Introduced Global Common Regulations. Strengthened regional headquarters functions.

Key points of future initiatives by segments

Segment	Mid-term Net sales CAGR	FY22/3 Actual	FY23/3 Forecast	Key points of future initiatives
Passive Components	7%	24%	+7~10%	<ul style="list-style-type: none"> ✓ Respond to changes in the structure of the automotive market and customer composition and expand sales and profit mainly related to EVs and ADAS fields which TDK has focused on, even amid sluggish automobile production ✓ Promote adoption in a broader range of applications, including industrial equipment ✓ Commence operations at the new MLCC plant by the end of 2024
Sensor Application Products	25%	61%	+13~16%	<ul style="list-style-type: none"> ✓ Achieve profitability during FY2022/3 and realize medium-term earnings targets ✓ Continue to promote strategy to expand customer base and applications
Magnetic Application Products	12%	24%	+15~18%	<ul style="list-style-type: none"> ✓ Embark on full-fledged mass production of MAMR, a next-generation HDD head ✓ Expand the suspension application products business ✓ Improve productivity towards boosting profitability of the magnet business
Energy Application Products	11%	30%	+17~20%	<ul style="list-style-type: none"> ✓ Realize growth with a balance between investment and profit through the JVs with CATL in the medium-sized cell market, which is the next growth market ✓ Further expand the standard power supply business

New MLCC factory construction plan

- New building with the capability of integrated production from materials to finished products
- Compact, high-performance, highly reliable products for automotive applications
- A factory designed to save energy and be environmentally friendly (reduced CO₂ emissions)

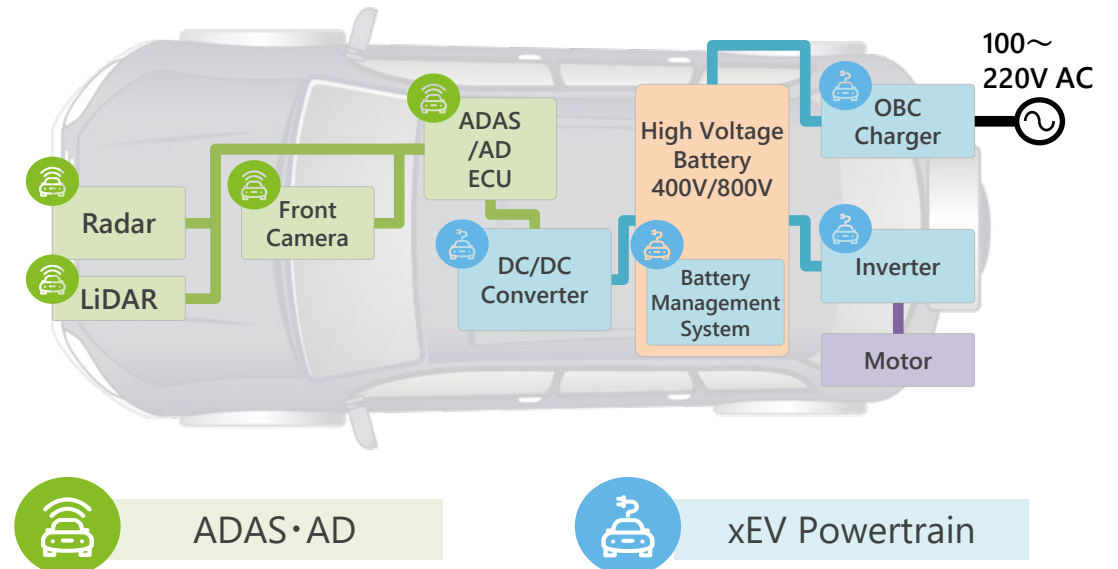
Kitakami Factory in Iwate



Outline

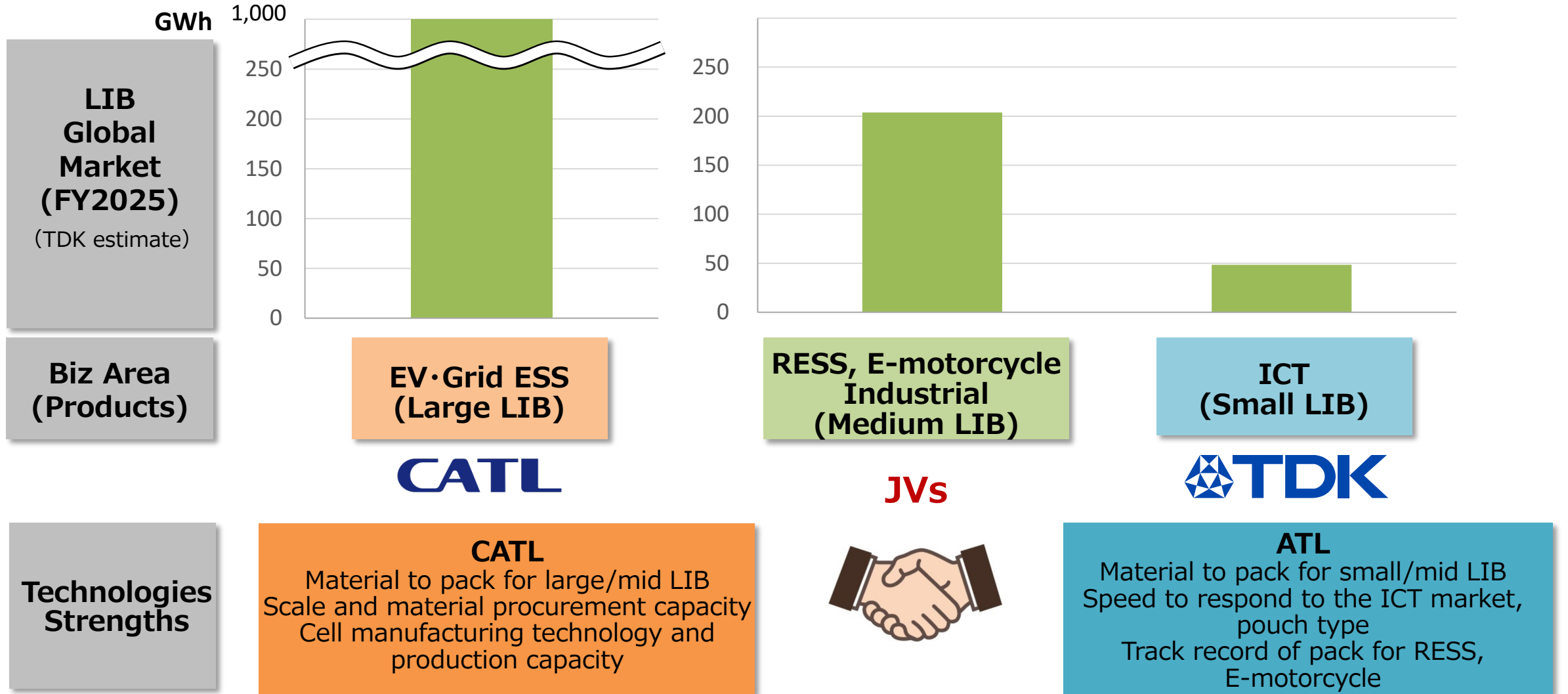
1. Construction site : 106-163, 2 Jiwari, Goto, Wagacho, Kitakami-shi, Iwate
2. Total floor area : Approx. 33,000 m²
3. Building structure : 4 stories
4. Construction start date : March 2023 (plan)
5. Completion date : June 2024 (plan)
6. Mass production start date : September 2024 (plan)

Main Applications and Uses

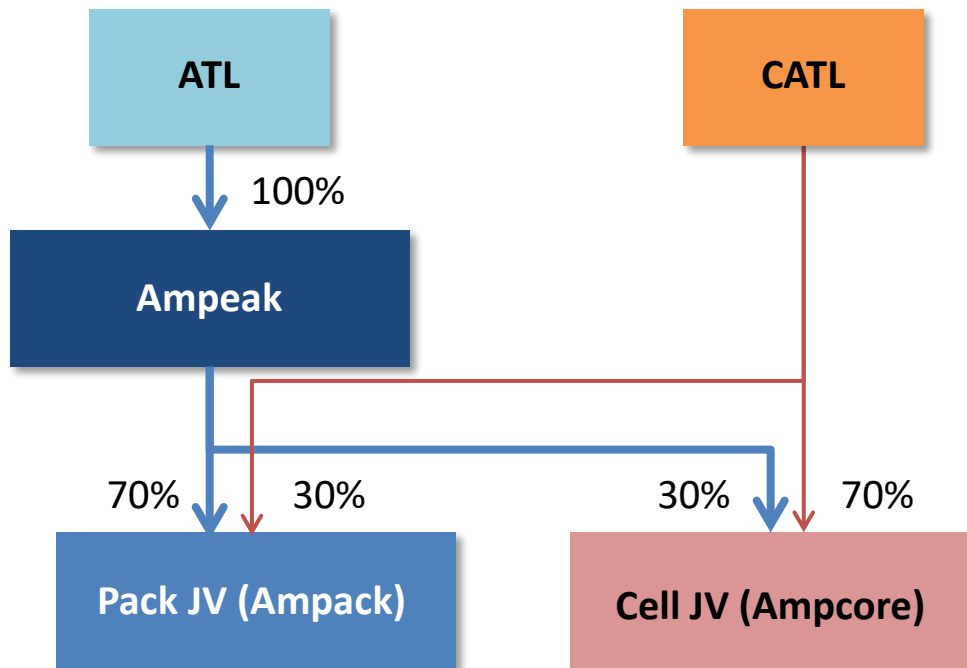


Joint Ventures with CATL in Energy Application Products Business

JVs with CATL



Composition of the holding company and JVs

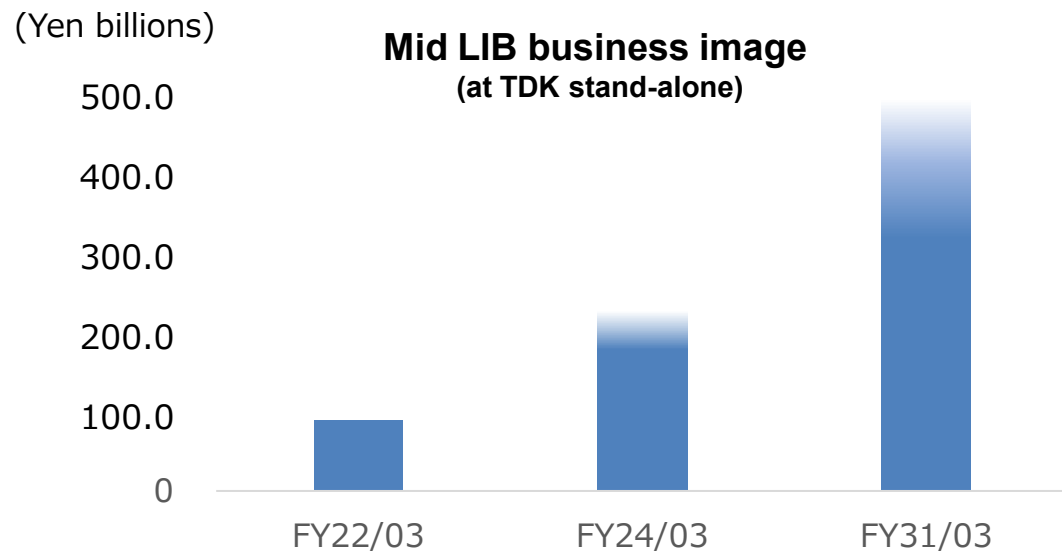
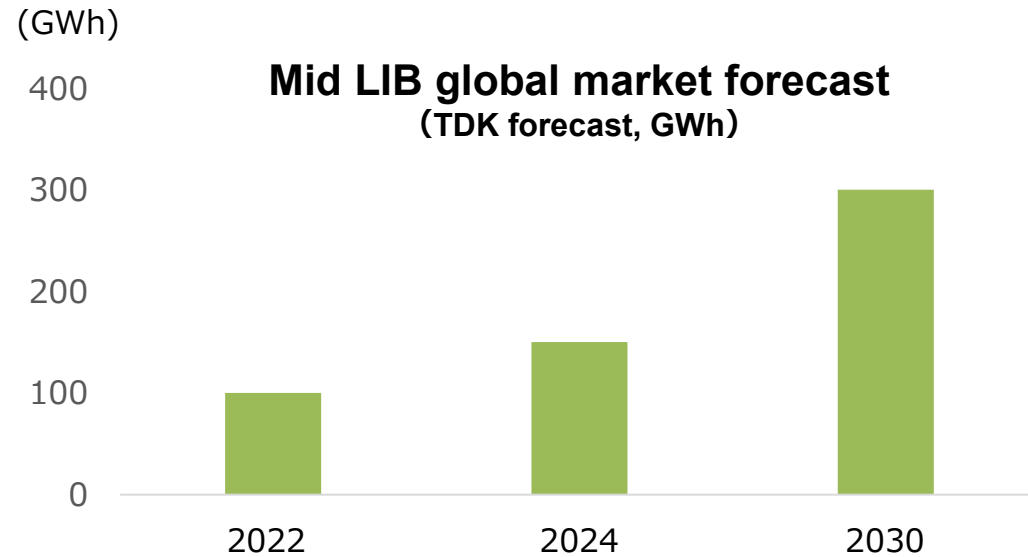


Name : Xiamen **Ampeak** Technology Limited
 Location : Xiamen, Fujian Province, China
 Capital : 2,201 million RMB
 Business : Holding company for 2 joint ventures of CATL and ATL

Name : Xiamen **Ampack** Technology Limited
 Location : Xiamen, Fujian Province, China
 Capital : 1.0 billion RMB
 Business : Development, manufacture and sale of rechargeable battery pack

Name : Xiamen **Ampcore** Technology Limited
 Location : Xiamen, Fujian Province, China
 Capital : 5.0 billion RMB
 Business : Development, manufacture and sale of rechargeable battery cell

Medium- to long-term directions



■ Synergies from JVs

- Product portfolio
- Technical resources
- Operation



- **Achieve global top share in the mid LIB market**
- **Increase competitive advantage through synergy effects of JVs**
- **Achieve an effective return on investment by sharing burden through JVs**

Supplementary Data

Financial position

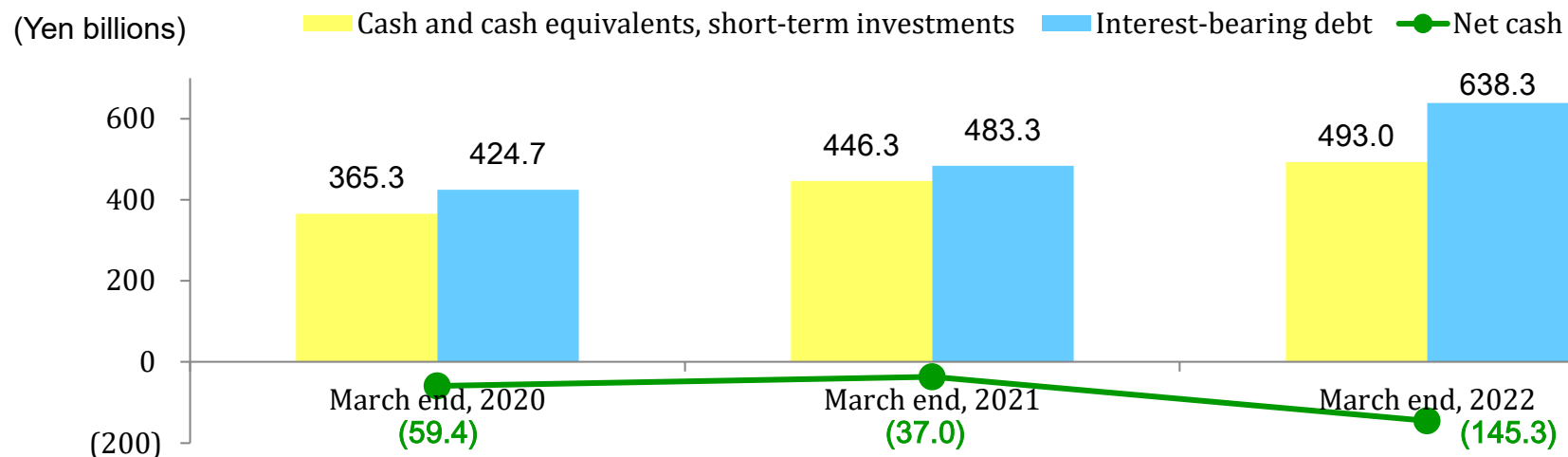
Attracting Tomorrow



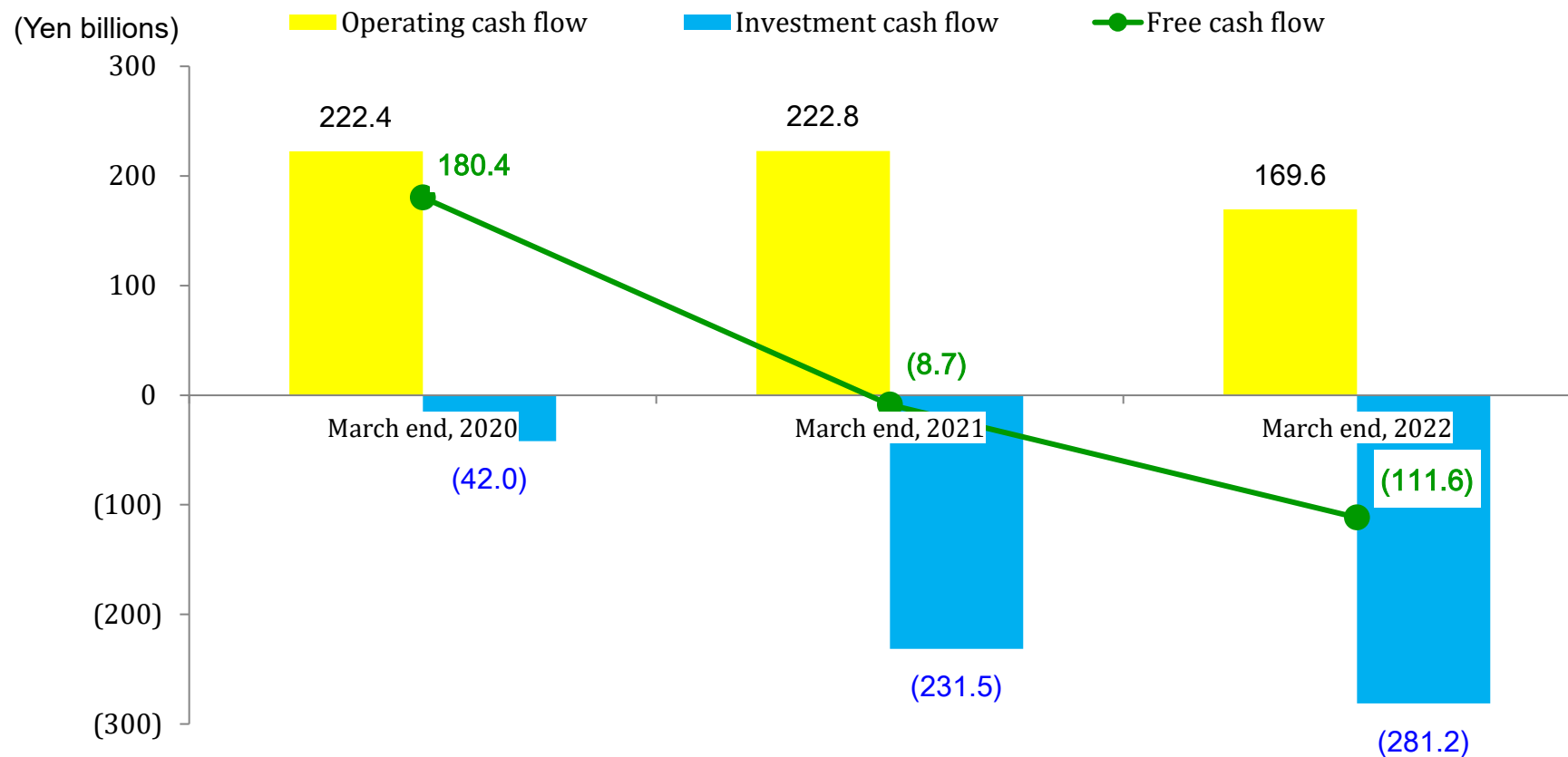
(Yen billions)	March end, 2020	March end, 2021	March end, 2022	Change 2021-2022
Total assets	1,943.4	2,401.4	3,086.9	685.5
Total liabilities	1,094.8	1,395.1	1,736.8	341.7
Stockholder's equity	844.0	1,003.5	1,346.7	343.1
(comprehensive income)	(190.1)	(82.7)	100.8	183.6
Stockholder's equity ratio	43.4%	41.8%	43.6%	+1.8 pt
Cash and cash equivalents, short-term investments, marketable securities	365.3	446.3	493.0	46.7
Interest-bearing debt (*1)	424.7	483.3	638.3	155.0
Net cash (*2)	(59.4)	(37.0)	(145.3)	(108.3)

*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



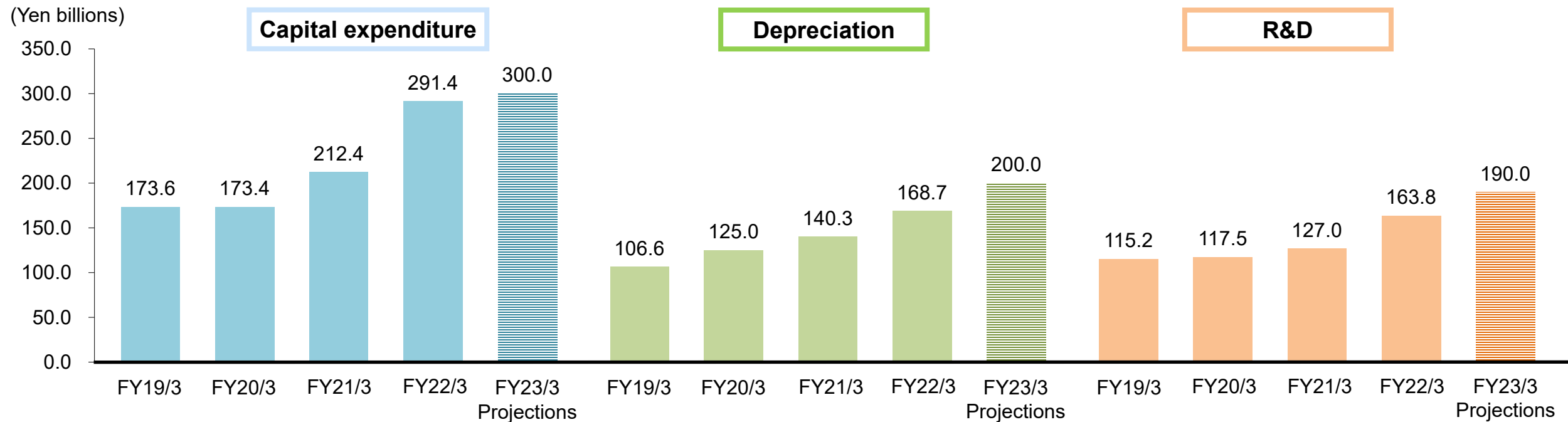
(Yen billions)	March end, 2020	March end, 2021	March end, 2022	Change 2021-2022
Capital expenditures	173.4	212.4	291.4	79.0
Depreciation and amortization	125.0	140.3	168.7	28.5

Quarterly sales and operating income by segment

		FY March 2021					FY March 2022				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	(Yen billions)										
	Capacitors	33.3	38.6	41.9	44.3	158.2	47.1	49.8	50.8	50.4	198.1
	Inductive Devices	27.4	34.6	39.0	39.0	140.0	42.0	45.2	47.0	45.7	179.9
	Other Passive Components	23.6	26.2	28.5	30.6	109.0	32.0	32.3	31.8	31.0	127.1
	Passive Components	84.4	99.4	109.5	113.9	407.1	121.2	127.3	129.5	127.2	505.2
	Sensor Application Products	14.7	19.8	23.0	23.9	81.3	26.8	32.7	36.1	35.1	130.8
	Magnetic Application Products	38.3	50.4	55.9	54.6	199.3	60.6	65.4	64.0	58.4	248.4
	Energy Application Products	156.9	200.7	195.4	187.3	740.2	199.6	235.5	256.1	274.1	965.3
Other	15.2	11.4	11.9	12.5	51.1	11.8	13.2	13.9	13.4	52.4	
Total	309.4	381.7	395.7	392.2	1,479.0	420.1	474.1	499.7	508.3	1,902.1	
Operating income	Passive Components	7.7	9.7	13.4	9.5	40.2	18.0	21.4	22.6	15.7	77.7
	Sensor Application Products	(7.3)	(5.1)	(4.1)	(8.5)	(24.9)	(2.0)	1.3	3.7	(0.3)	2.7
	Magnetic Application Products	(3.8)	1.4	4.2	(4.1)	(2.4)	2.8	2.0	3.3	(3.5)	4.6
	Energy Application Products	31.3	48.3	42.8	25.0	147.4	23.4	34.3	39.0	26.5	123.2
	Other	(1.9)	(2.8)	(3.0)	(8.3)	(16.1)	(2.9)	(1.2)	(0.7)	(0.9)	(5.6)
	Sub total	26.0	51.4	53.3	13.6	144.3	39.2	57.9	67.8	37.5	202.5
	Corporate and eliminations	(7.6)	(7.5)	(8.2)	(9.5)	(32.7)	(8.4)	(8.7)	(8.6)	(10.1)	(35.8)
Total	18.4	44.0	45.1	4.1	111.5	30.8	49.2	59.2	27.4	166.7	
Ex-rate	US\$ (JPY)	107.61	106.23	104.50	105.87	106.05	109.50	110.07	113.67	116.14	112.33
	EURO (JPY)	118.45	124.06	124.46	127.75	123.67	131.90	129.83	130.06	130.35	130.53

FY March 2023 projections and forex sensitivity

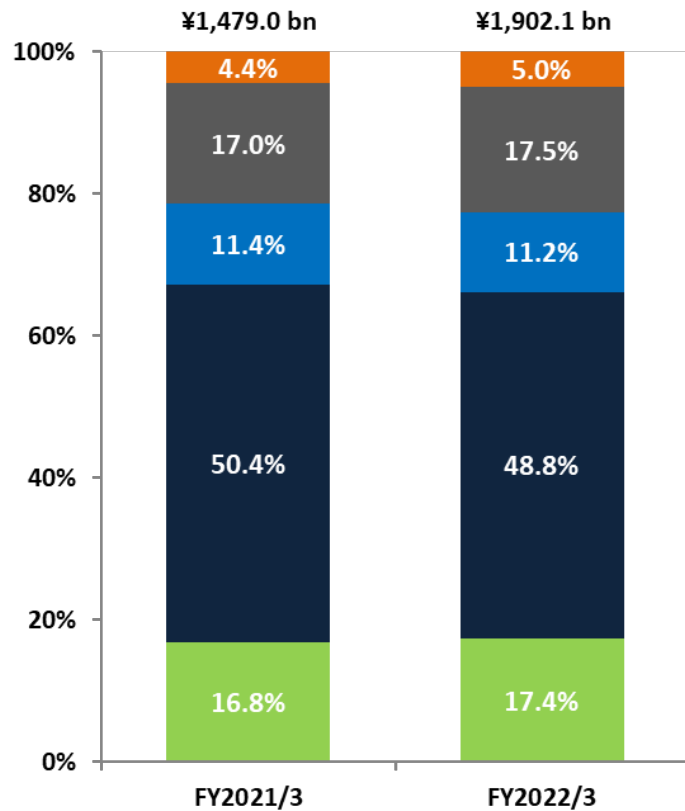
Expenses



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

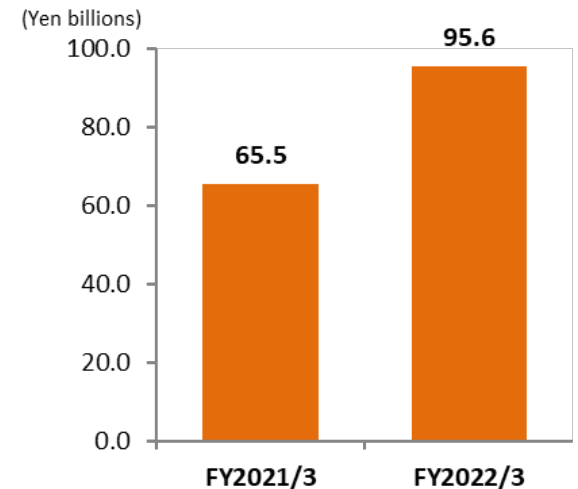
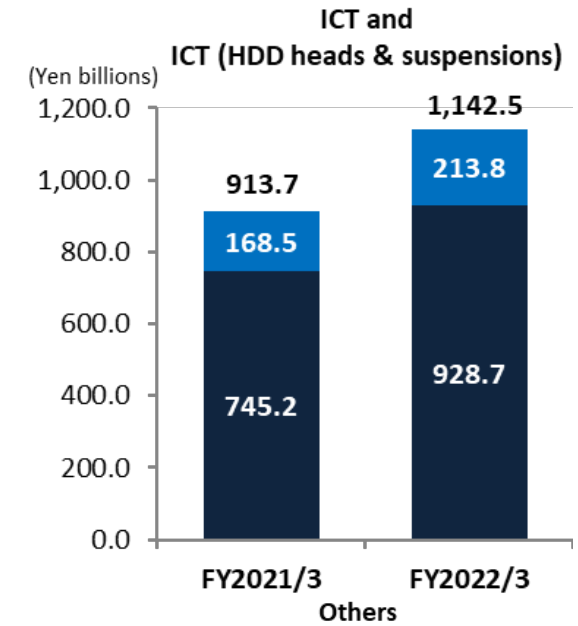
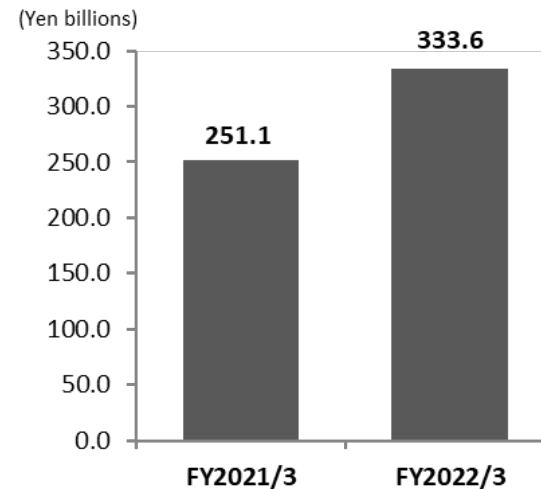
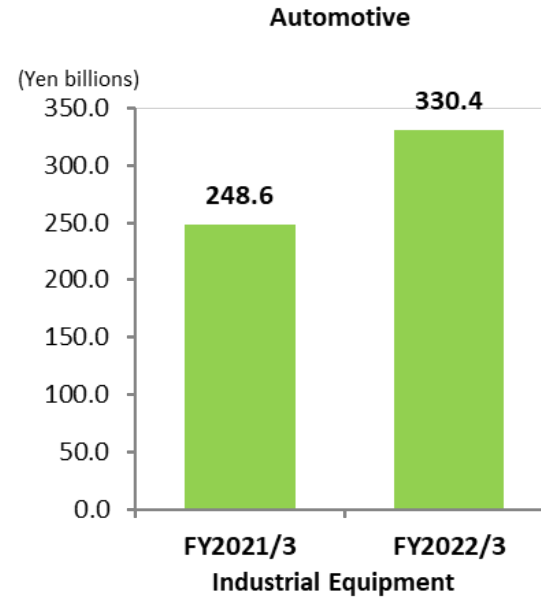
- **US\$: Sales 10.0 billion yen, Operating income 1.2 billion yen**
- **EURO : Sales 2.0 billion yen, Operating income 0.2 billion yen**

Annual sales by markets (FY March 2021 - FY March 2022)

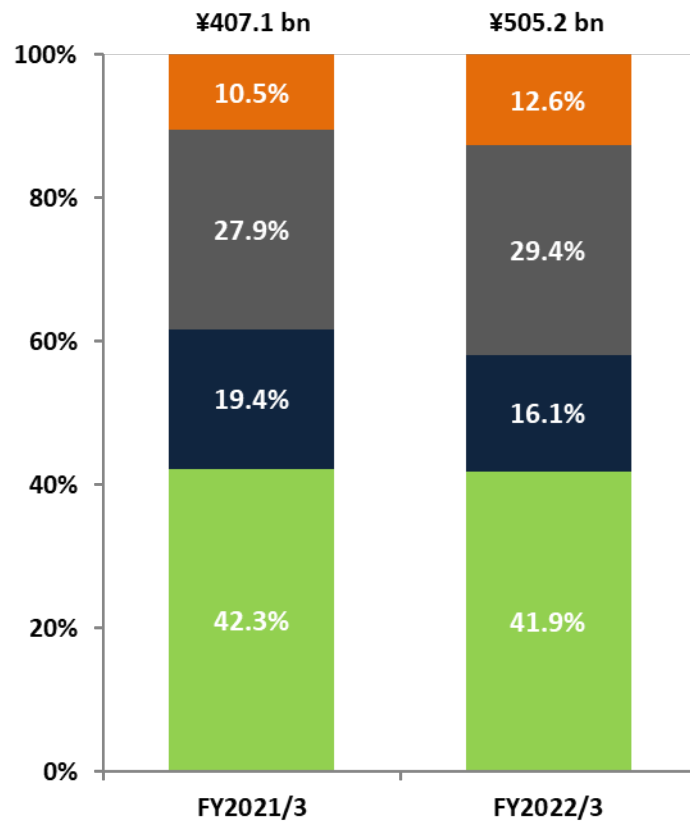


- Others
- Industrial Equipment
- ICT (HDD heads & suspensions)
- ICT
- Automotive

(Note) In accordance with the redefinition of markets in 1Q of FY2022, the prior year's sales are also reclassified to conform to the new segmentation.

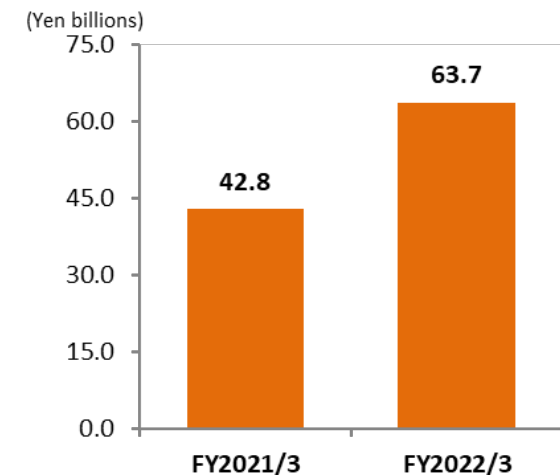
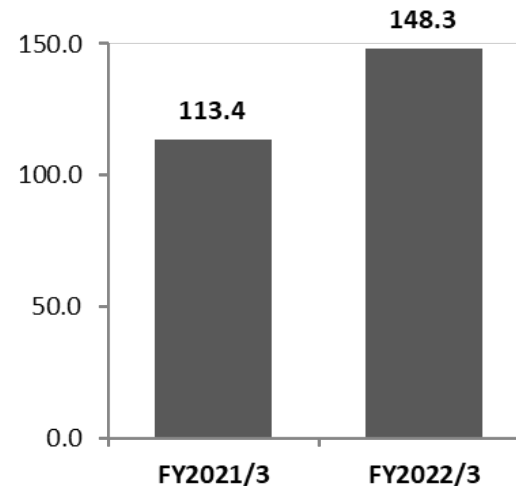
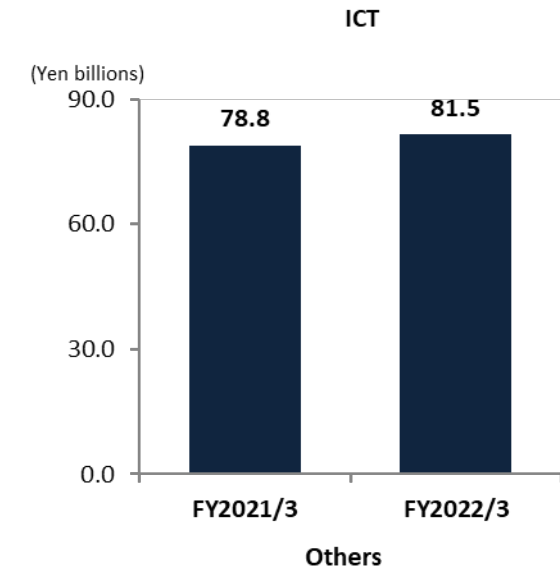
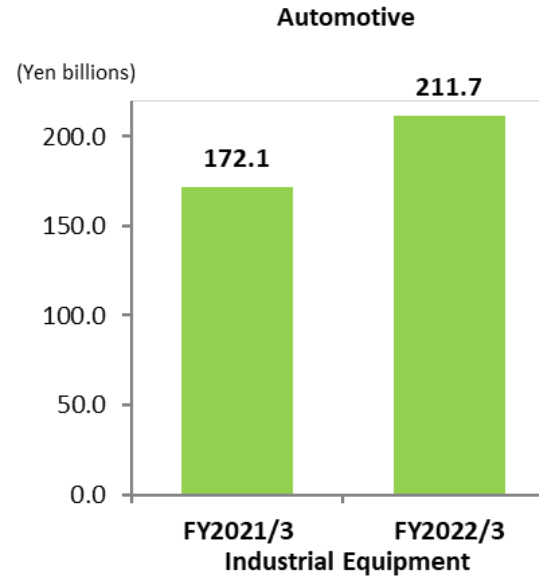


Passive Components business annual sales by markets (FY March 2021 - FY March 2022)

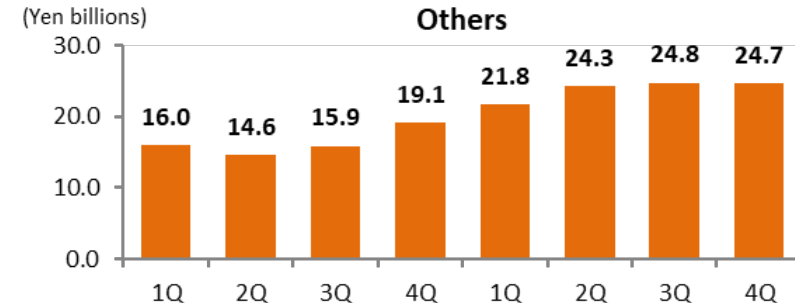
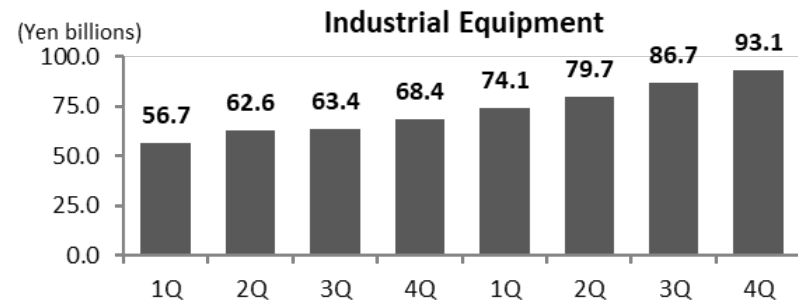
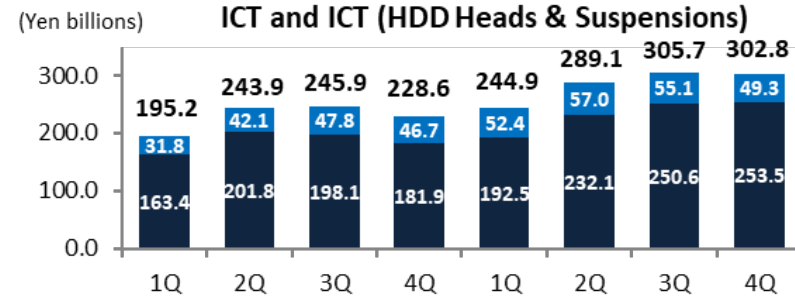
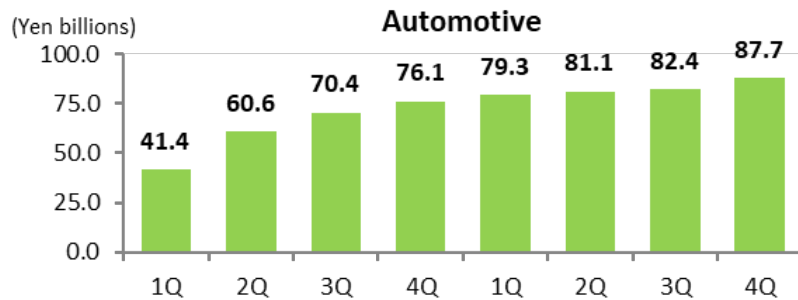
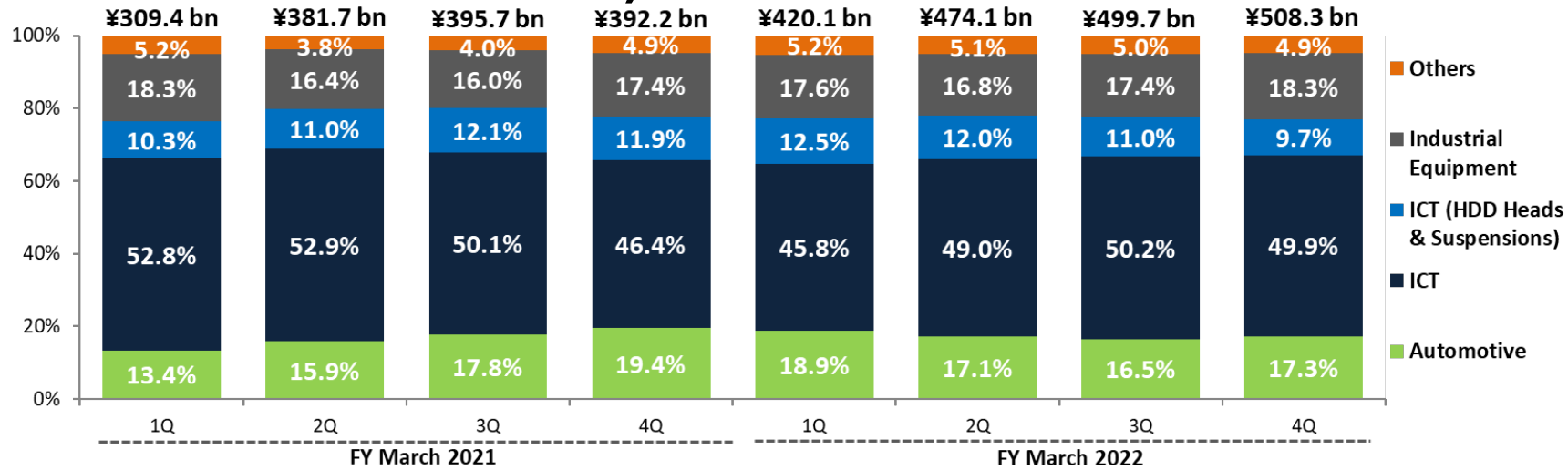


- Others
- Industrial Equipment
- ICT
- Automotive

(Note) In accordance with the redefinition of markets in 1Q of FY2022, the prior year's sales are also reclassified to conform to the new segmentation.

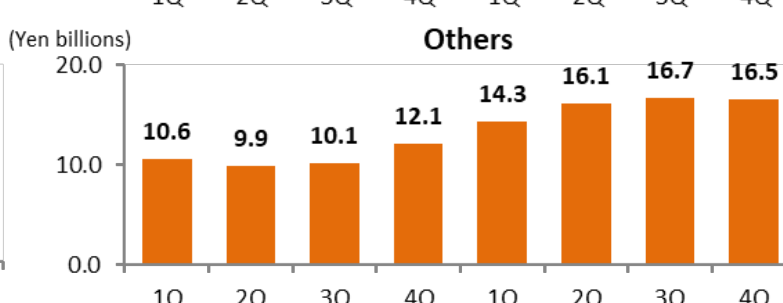
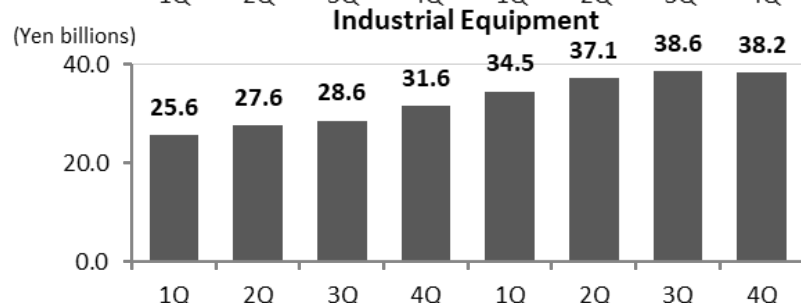
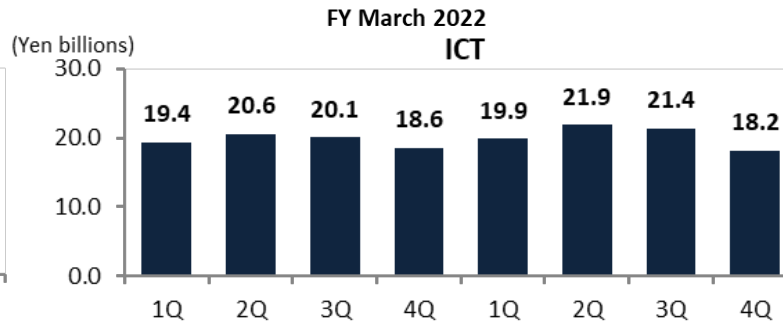
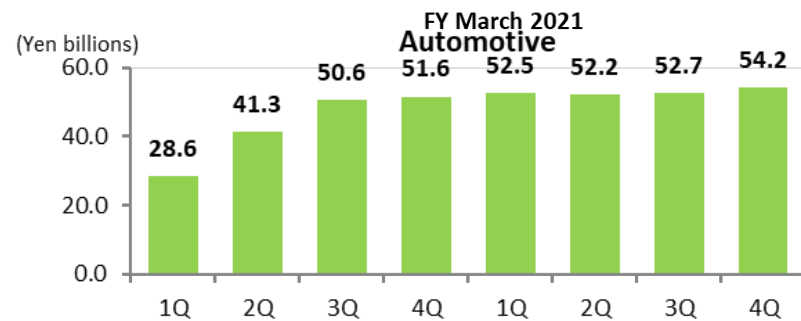
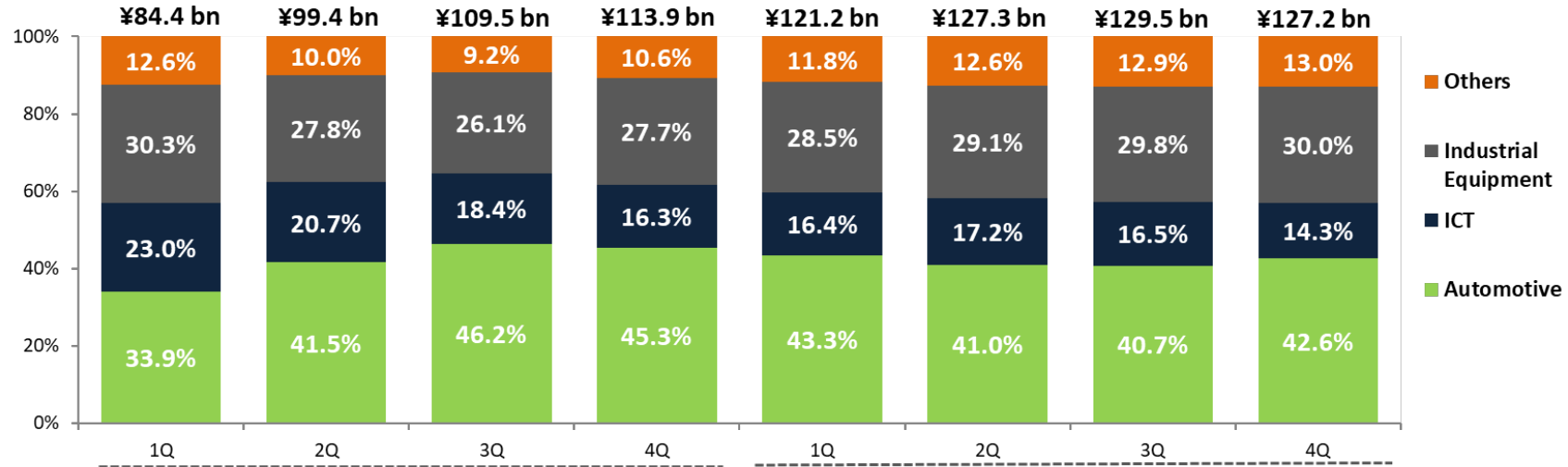


Quarterly sales by markets (FY March 2021 - FY March 2022)

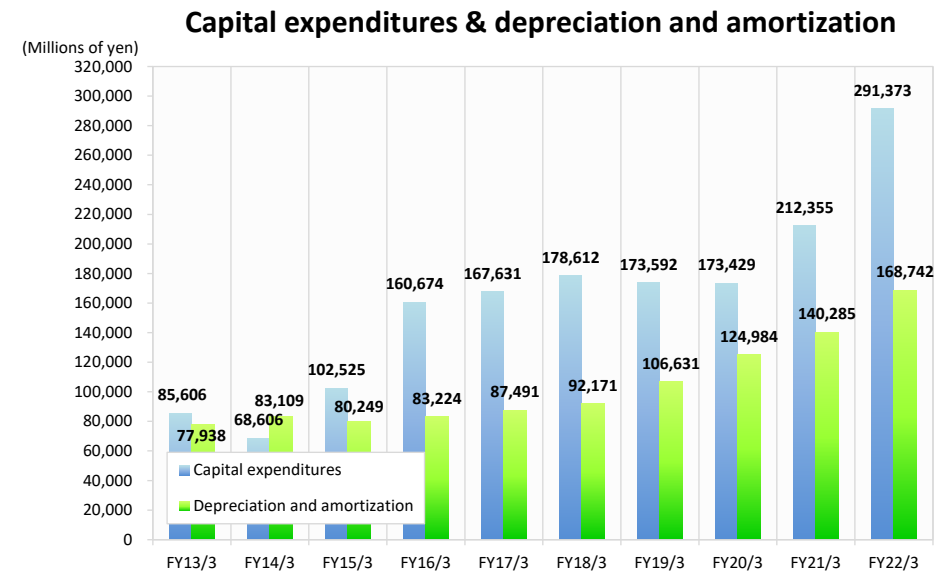
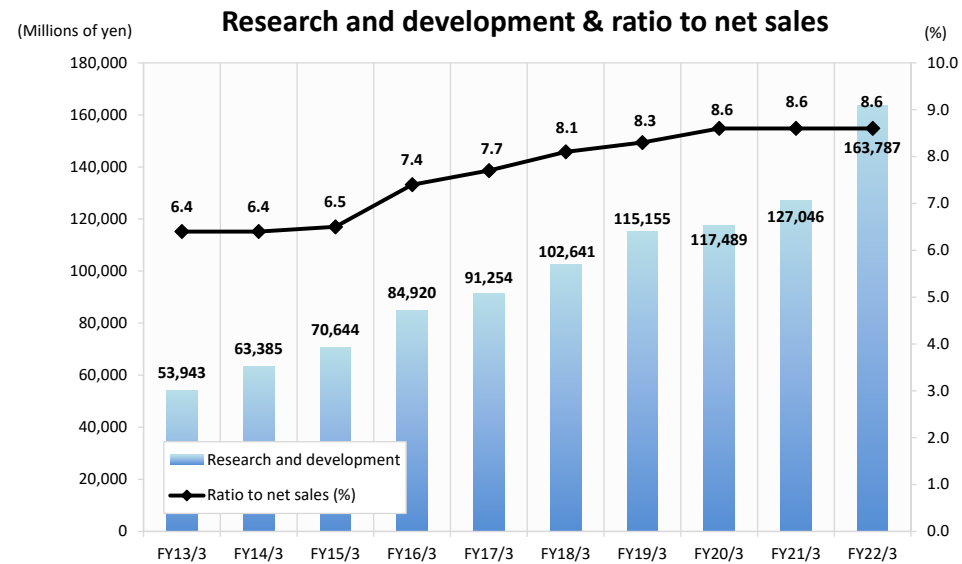
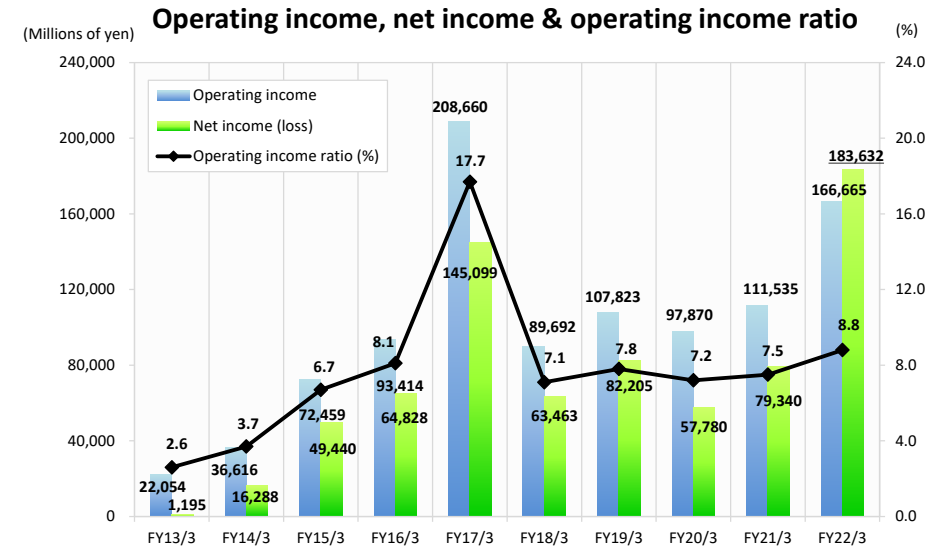
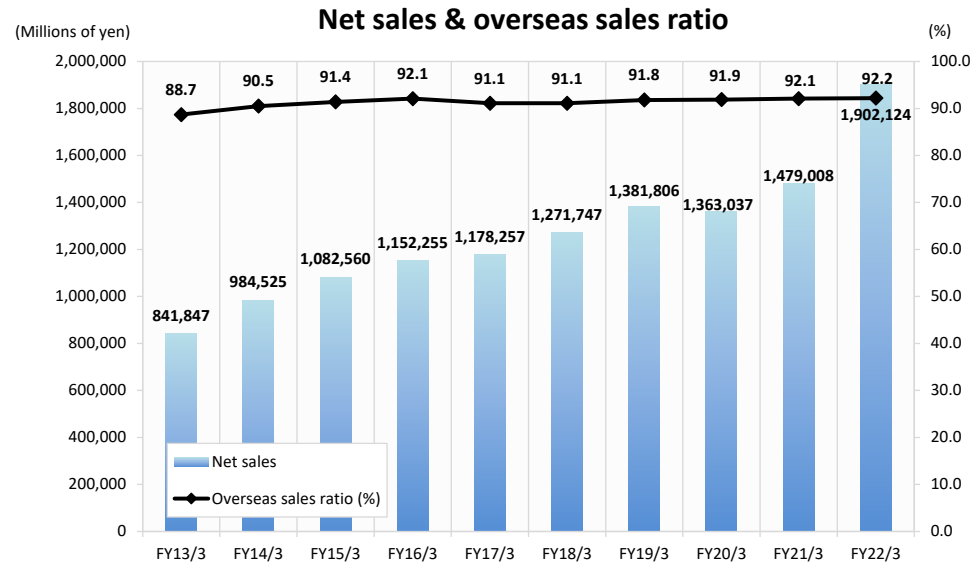


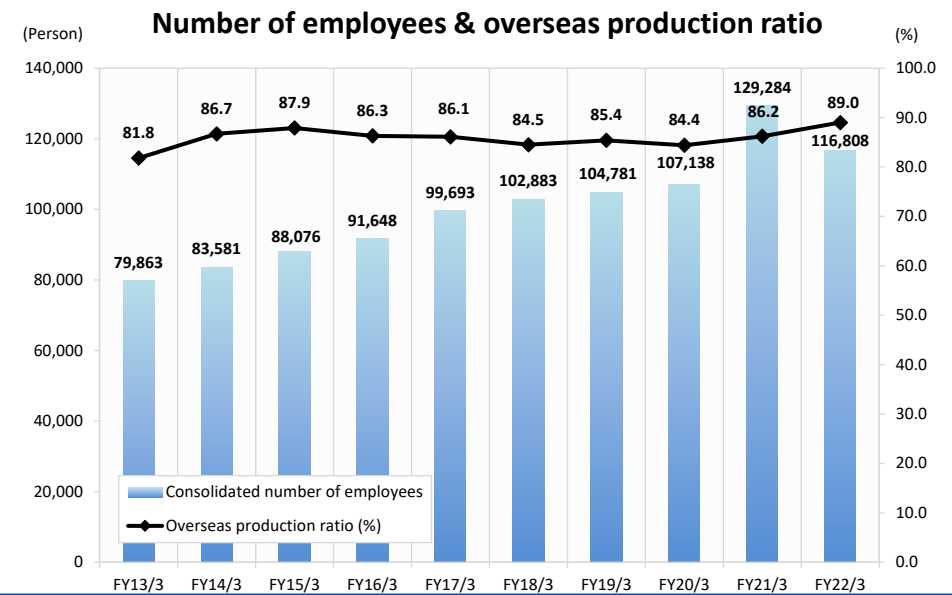
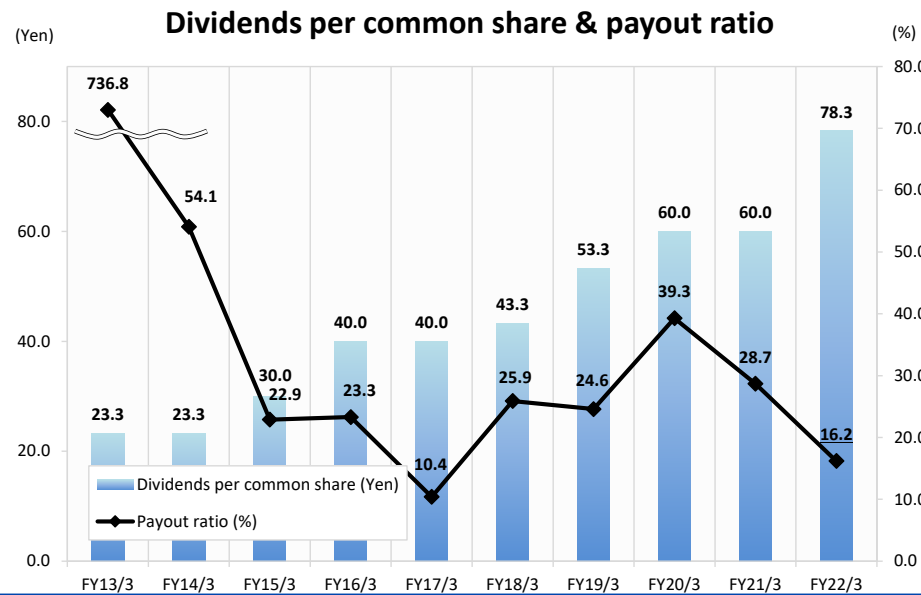
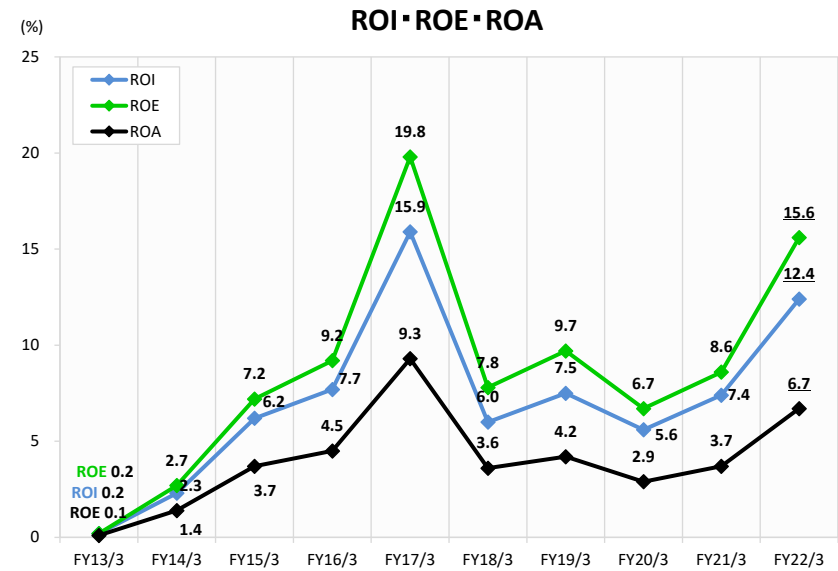
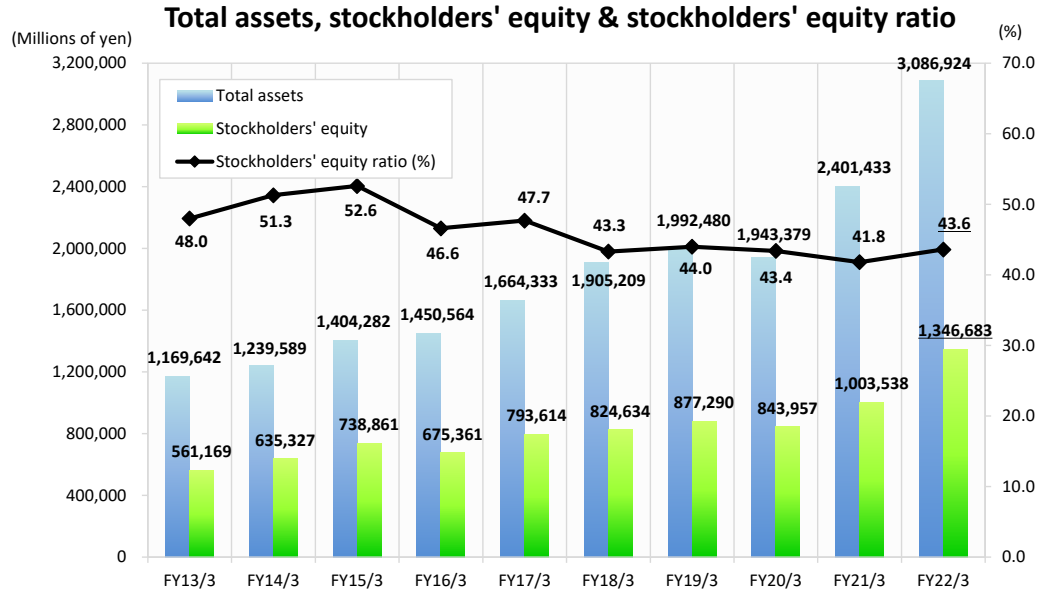
(Note) In accordance with the redefinition of markets in 1Q of FY2022, the prior year's sales are also reclassified to conform to the new segmentation.

Passive Components business quarterly sales by markets (FY March 2021 - FY March 2022)



(Note) In accordance with the redefinition of markets in 1Q of FY2022, the prior year's sales are also reclassified to conform to the new segmentation.





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Text data including Q&A of performance briefing will be uploaded on following site.
https://www.tdk.com/en/ir/ir_events/conference/2022/4q_1.html