

Attracting Tomorrow



**Performance Briefing  
First Half of Fiscal Year March 2022**

**TDK Corporation**  
Corporate Communications Group  
November 1, 2021

- **Consolidated Results for First Half of FY March 2022**

Tetsuji Yamanishi, Executive Vice President

- **Consolidated Full Year Projections for FY March 2022**

Shigenao Ishiguro, President and CEO

# Consolidated Results for First Half of FY March 2022

Tetsuji Yamanishi  
Executive Vice President

Hello, I'm Tetsuji Yamanishi, Executive Vice President of TDK. Thank you for taking the time to attend TDK's performance briefing for the first half of the fiscal year ending March 2022. I will be presenting an overview of our consolidated results.

**Demand for electronic components continued to recover on the back of the gradual waning of the COVID-19 pandemic and normalization of social and economic activities. Both net sales and operating income achieved new record highs as demand related to digital transformation (DX) and energy transformation (EX) remained strong.**

- **Net sales increased 29.4% year on year. Operating income increased 28.2% year on year.**
  - **Net sales and operating income for 2Q and the first half achieved new record highs for both a quarterly and a half-yearly basis.\***
- Although automobile production is affected by the shortage 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. Sales of Passive Components and Sensors increased.
  - As for 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 brisk. In addition, investment in data centers remained strong and demand for servers increased. Sales of Rechargeable Batteries, Sensors, and HDD Heads increased.
  - Sales of Power Supplies for industrial equipment and Passive Components increased as capital expenditures remained at a high level.

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

First, let's take a look at the key points concerning the earnings for the first half. Since the beginning of the second quarter of the previous fiscal year, social and economic activities around the world have gradually resumed, and following the progress of COVID-19 vaccine rollout, social and economic activities started to be normalized mainly in developed countries. As production activities continued to rebound, demand for electronic components remained on a recovery trend. Demand related to digital transformation (DX) and energy transformation (EX), in particular, remained strong. As a result, net sales and operating income increased by 29.4% and 28.2%, respectively, on a year-on-year basis, posting record highs for the second quarter and the first half.

In the automotive market, production did not recover to the level prior to the outbreak of COVID-19, due to the effects of a shortage in the supply of semiconductors and other components. However, sales to the automotive market remained brisk on the back of an increase in the number of components installed per vehicle reflecting the acceleration of the electrification of automobiles, such as xEV. As a result, sales of Passive Components and Sensors increased.

As for sales to the ICT market, the production of smartphones remained flat from the previous fiscal year, falling behind the initial forecast due to the shortage in supply of semiconductors and other components and the negative effects of the resurgence of COVID-19 in some Asian countries. As a result, while sales for smartphone applications were below the initial forecast, demand for PCs and tablets remained robust. In addition, demand for servers increased as investment in data centers remained brisk. Consequently, sales of Rechargeable Batteries, Sensors, and HDD Heads increased.

In the industrial equipment market, corporate capital expenditures remained at a high level as production activities recovered. As a result, sales of Power Supplies for industrial equipment and Passive Components increased.

## Consolidated results for first half of FY March 2022

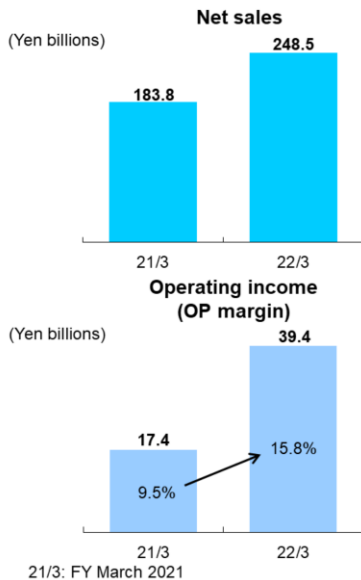
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(Yen billions)	FY March 2021 Results through 2Q (2020.4.1-2020.9.30)	FY March 2022 Results through 2Q (2021.4.1-2021.9.30)	Change	
			Yen billions	%
Net sales	691.1	<b>894.2</b>	203.1	29.4
Operating income	62.4	<b>80.0</b>	17.6	28.2
Operating income margin	9.0%	<b>9.0%</b>	-	-
Income before income taxes	63.2	<b>84.5</b>	21.3	33.7
Net income	42.2	<b>68.2</b>	26.0	61.6
Earning per share (JPY)	111.42	<b>180.03</b>	-	-
Ex-rate	US\$ (JPY)	106.92	<b>109.79</b>	Depreciated by 2.7%
	EURO (JPY)	121.27	<b>130.86</b>	Depreciated by 7.9%
Ex-rate impact to net sales & operating income	Net sales : Increased by about 45.4 billion Yen Operating income : Decreased by about 1.8 billion Yen			

Next, I would like to present an overview of our results. There was an increase of about 45.4 billion yen in net sales and a decrease of about 1.8 billion yen in operating income due to exchange rate fluctuations against the U.S. dollar and other currencies. Including this impact, net sales were 894.2 billion yen, an increase of 203.1 billion yen, or 29.4%, year on year. Operating income was 80.0 billion yen, up 17.6 billion yen, or 28.2%, year on year. Income before income taxes was 84.5 billion yen, and net income was 68.2 billion yen, setting record highs for all items. Earnings per share were 180.03 yen.

With regard to exchange rate sensitivity, we maintain our estimate that a change of 1 yen against the U.S. dollar will affect annual operating income by about 1.2 billion yen, while a 1-yen change against the euro will have an impact of about 0.2 billion yen.

# First half results - Passive Components segment



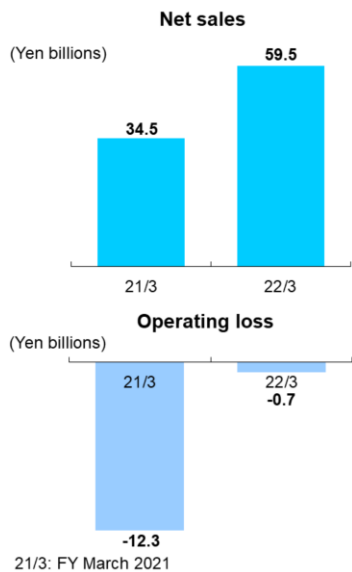
**Net sales 248.5 billion yen (up 35.2% year on year)**  
**Operating income 39.4 billion yen (up 126.4% year on year)**

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

Now, I would like to explain our business segment performance for the first half.

Net sales in the Passive Components segment were 248.5 billion yen, an increase of 35.2% year on year. Demand from the automotive market has remained strong and demand from the industrial equipment market has also been brisk, particularly for renewable energy and production equipment. In addition, as for demand from the ICT market, demand related to base stations, which had surged during the previous fiscal year, declined, but smartphone-related demand remained robust. As a result, sales increased in all markets and businesses. Operating income increased 2.3 times year on year to 39.4 billion yen, and the operating margin was 15.8%, indicating a significant improvement in profitability.

By business, both sales and operating income increased year on year in all businesses except for the High-Frequency Components business. In particular, improvement in the profitability of Capacitors and Inductive Devices contributed to the expansion of earnings for Passive Components as a whole. In the High-Frequency Components business, however, operating income decreased slightly year on year due to upfront investments in new product development, among other factors.



**Net sales 59.5 billion yen (up 72.5% year on year)**  
**Operating loss -0.7 billion yen (down —% year on year)**

● **Sensors**

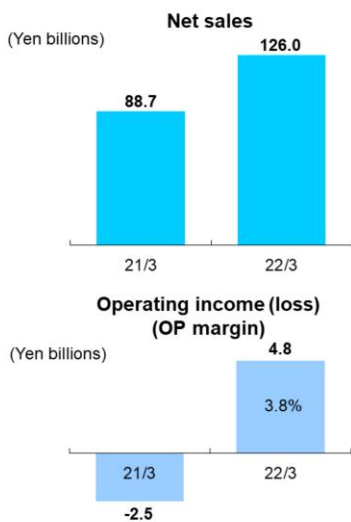
- Sales surged year on year, and operating loss declined significantly. The segment achieved profitability in 2Q.
- Sales of Temperature and Pressure Sensors increased to the automotive market and for home appliances. Earnings also improved.
- In Magnetic Sensors, sales of Hall Sensors increased to the automotive market, and sales of TMR Sensors remained at a level significantly above that of the previous fiscal year, thanks to their increased adoption by the ICT market.
- In MEMS Sensors, sales of Motion Sensors and Microphones increased mainly to the ICT market, owing to the expansion of the customer base and applications. Earnings also improved significantly.

In the Sensor Application Products segment, net sales for the second quarter of the current fiscal year further surged from the first quarter when TDK posted record quarterly sales. As a result, net sales for the first half increased 72.5% year on year to 59.5 billion yen.

During the second quarter, the segment achieved profitability on a quarterly basis, on the back of increased sales and positive changes in the product mix. As the profit level improved significantly, the segment was a step closer to achieving profitability even on a cumulative basis for the first half.

As demand for Temperature and Pressure Sensors from the automotive market and for home appliances remained firm, both sales and profit increased year on year. Sales of Hall Sensors to the automotive market surged, with earnings also improving greatly.

Sales and profit from TMR Sensors rose substantially, driven by their increased adoption by the ICT market. In MEMS Sensors, sales of Motion Sensors and MEMS Microphones surged, reflecting steady growth on the back of the expansion of the customer base and applications. As a result, earnings also improved and operating loss diminished significantly, resulting in enhanced profitability.



**Net Sales 126.0 billion yen (up 42.0% year on year)**  
**Operating income 4.8 billion yen (up —% year on year)**

- **HDD Heads and HDD Suspension Assemblies**

- Sales and profits increased year on year. One-time expenses were recorded in 2Q.
- Due to growing demand for servers for data centers, sales of nearline HDD Heads increased significantly. Earnings also expanded.

- **Magnets**

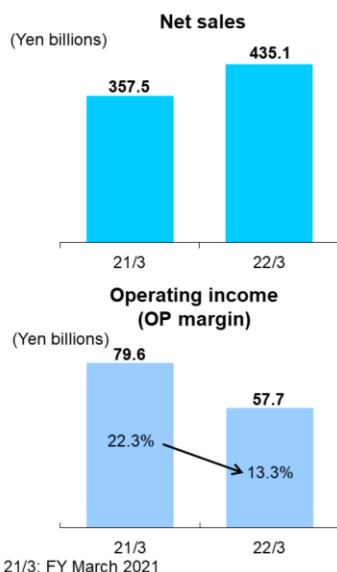
- Sales increased and operating loss decreased year on year.
- Sales increased to the automotive market.

21/3: FY March 2021

In the Magnetic Application Products segment, net sales increased 42% year on year to 126.0 billion yen, with operating income returning to profitability after posting a loss in the previous fiscal year.

As for HDD Heads, demand for servers has increased in line with the recovery of investment in data centers. Sales of Nearline HDD Heads increased 2.5 times year on year and increased about 18% compared to the sales volume projection for the first half of the current fiscal year. In the absence of the effect of a significant decline in sales volume due to the plant closures (as a result of lockdowns) of a major customer in the first quarter of the previous fiscal year, both sales and profit increased substantially. HDD Suspension Assemblies also saw a significant increase in sales and expansion of profit due to a rise driven by robust sales of Nearline HDDs for the data centers of a major customer. However, an operating loss was recorded for the first half, due to a one-time expense of about 4.0 billion yen concerning an antitrust matter during the second quarter. In Magnets, sales increased as sales to the automotive market remained robust, and operating loss shrank from the previous fiscal year.





**Net Sales 435.1 billion yen (up 21.7% year on year)**  
**Operating income 57.7 billion yen (down 27.5% year on year)**

- **Energy Devices (Rechargeable Batteries)**
  - Sales increased and profit decreased year on year. Profit decreased due to upfront investments for power cell products and soaring raw material prices.
  - Profitability, including royalties, has improved, as a decline in profitability during 1Q due to the effects of higher raw material costs was more than offset by higher profit in 2Q.
  - Sales of products for mobile applications (smartphones, tablets, notebook PCs) and mini cell products for small size equipment remained strong.
  - Sales of power cell products for electric motorcycles and residential energy storage systems expanded.
- **Power Supplies**
  - Due to growing demand for capital expenditures, sales and profit of Power Supplies for industrial equipment increased year on year.

21/3: FY March 2021

In the Energy Application Products segment, net sales increased 21.7% year on year to 435.1 billion yen, while operating income decreased 27.5% year on year to 57.7 billion yen.

In Rechargeable Batteries, sales for smartphone applications remained virtually flat as smartphone production was about the same level as in the previous fiscal year, when excluding the effects of exchange rate fluctuations and an increase in sales as a result of cost pass-through measures to cope with the soaring raw material prices. Sales for tablet and notebook PC applications remained strong. Sales of power cell products for electric motorcycles and residential energy storage systems also expanded steadily. As a result, sales of Rechargeable Batteries on the whole increased year on year. On the other hand, operating income decreased year on year, due to the effect of a decline in profit for the first quarter owing to raw material price hikes as well as expenses related to upfront investments for power cell products and the recording of about 5.0 billion yen in royalty fees during the second quarter. However, in the second quarter, the impact of higher raw material costs was absorbed through the cost pass-through measures and cost improvement efforts were accelerated, which resulted in a significant improvement in profitability, albeit with royalty fees, from the first quarter.

In Power Supplies, both sales and profit increased year on year thanks to the robust demand from the industrial equipment market, including that for semiconductor manufacturing equipment.

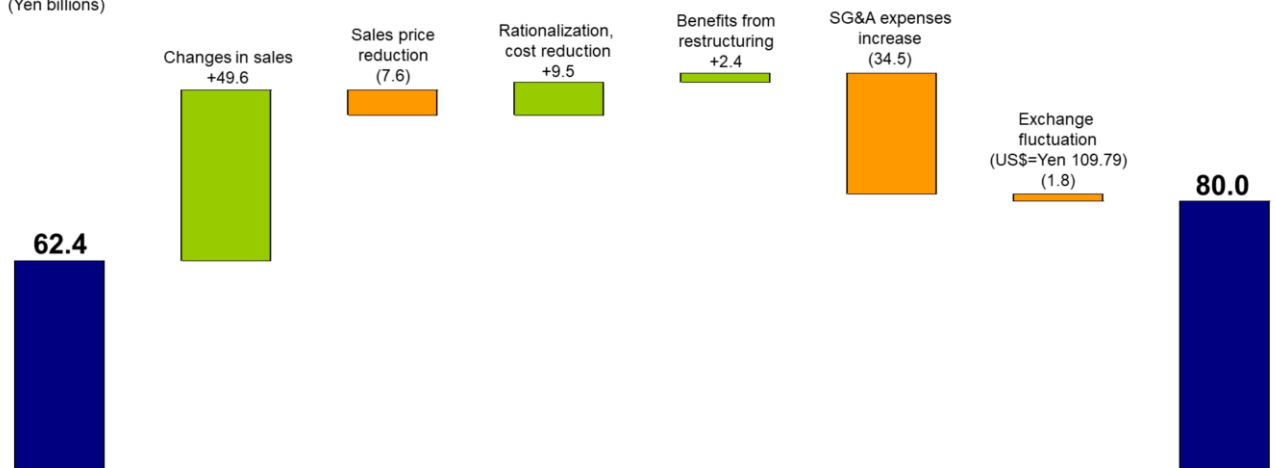
## Breakdown of operating income changes

First half of  
FY March 2021  
62.4 billion yen

**Operating income +17.6 billion yen**

First half of  
FY March 2022  
80.0 billion yen

(Yen billions)



Next is the breakdown of the change in operating income. Let's take a look at the main factors behind the 17.6 billion yen increase in operating income. First, there was an increase in profit of 49.6 billion yen due to a significant increase in earnings reflecting increased sales of Passive Components, a considerable decline in the loss of Sensors, and a recovery in profit of HDD Heads, despite the negative effect of soaring material prices. While reductions in sales prices had a negative impact of about 7.6 billion yen, there was an increase in profit of 11.9 billion yen as a result of rationalization and cost reduction as well as the benefits from restructuring during the fourth quarter of the previous fiscal year. In addition, SG&A expenses increased by 34.5 billion yen, owing to an increase in SG&A expenses related to Rechargeable Batteries, an increase in development expenses in line with accelerated power cell development, an increase in global logistics costs due to COVID-19, as well as the recording of about 5.0 billion yen in royalty fees concerning Rechargeable Batteries and a one-time expense of about 4.0 billion yen concerning an antitrust matter. Exchange rate fluctuations had a negative impact of 1.8 billion yen due to the appreciation of the yuan, despite the weaker yen against the U.S. dollar. As a result, the overall increase in operating income came to 17.6 billion yen.

As it was determined that royalty fees related to Rechargeable Batteries recorded during the second quarter will be recognized as development expenses, development expenses under SG&A expenses for the current fiscal year will increase by about 15.0 billion yen year on year. However, the amount has been included in the initial projection as additional expenses, and there will be no impact on TDK's consolidated results.

## Consolidated results for 2Q of FY March 2022

(Yen billions)	FY March 2021 2Q results	FY March 2022 2Q results	Change	
			Yen billions	%
Net sales	381.7	<b>474.1</b>	92.4	24.2
Operating income	44.0	<b>49.2</b>	5.2	11.9
Operating income margin	11.5%	<b>10.4%</b>	-1.1 pt	-
Income before income taxes	42.5	<b>52.2</b>	9.8	23.0
Net income	29.0	<b>41.6</b>	12.5	43.2
Earning per share (JPY)	76.61	<b>109.66</b>	-	-
Ex-rate	US\$ (JPY)	106.23	<b>110.07</b>	Depreciated by 3.6%
	EURO (JPY)	124.06	<b>129.83</b>	Depreciated by 4.7%
Ex-rate impact to net sales & operating income	Net sales : Increased by about 24.0 billion Yen Operating income : Decreased by about 0.1 billion Yen			

Next, let's look at the consolidated results for the second quarter of the fiscal year ending March 2022.

In the second quarter of the fiscal year ending March 2022, net sales rose 24.2% year on year to 474.1 billion yen, operating income increased 11.9% year on year to 49.2 billion yen, income before income taxes was 52.2 billion yen, and net income was 41.6 billion yen, setting new record highs for all items on a quarterly basis.

# Quarterly results by segment

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(Yen billions)		2Q of FY March 2021 (A)	1Q of FY March 2022 (B)	2Q of FY March 2022 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	38.6	47.1	<b>49.8</b>	11.2	29.1	2.7	5.7
	Inductive Devices	34.6	42.0	<b>45.2</b>	10.6	30.6	3.2	7.6
	Other Passive Components	26.2	32.0	<b>32.3</b>	6.1	23.2	0.3	0.9
	<b>Passive Components</b>	<b>99.4</b>	<b>121.2</b>	<b>127.3</b>	<b>27.9</b>	<b>28.1</b>	<b>6.2</b>	<b>5.1</b>
	Sensor Application Products	19.8	26.8	<b>32.7</b>	12.9	65.2	5.9	21.8
	Magnetic Application Products	50.4	60.6	<b>65.4</b>	14.9	29.6	4.7	7.8
	Energy Application Products	200.7	199.6	<b>235.5</b>	34.9	17.4	35.9	18.0
	Other	11.4	11.8	<b>13.2</b>	1.8	15.9	1.4	11.7
	<b>Total</b>	<b>381.7</b>	<b>420.1</b>	<b>474.1</b>	<b>92.4</b>	<b>24.2</b>	<b>54.1</b>	<b>12.9</b>
Operating income	Passive Components	9.7	18.0	<b>21.4</b>	11.7	121.2	3.3	18.5
	Sensor Application Products	(5.1)	(2.0)	<b>1.3</b>	6.4	-	3.4	-
	Magnetic Application Products	1.4	2.8	<b>2.0</b>	0.7	50.9	(0.7)	-26.2
	Energy Application Products	48.3	23.4	<b>34.3</b>	(14.0)	-29.0	10.9	46.8
	Other	(2.8)	(2.9)	<b>(1.2)</b>	1.7	-	1.7	-
	Sub total	51.4	39.2	<b>57.9</b>	6.4	12.5	18.7	47.6
	Corporate and eliminations	(7.5)	(8.4)	<b>(8.7)</b>	(1.2)	-	(0.3)	-
	<b>Total</b>	<b>44.0</b>	<b>30.8</b>	<b>49.2</b>	<b>5.2</b>	<b>11.9</b>	<b>18.4</b>	<b>59.6</b>
	Operating income margin	11.5%	7.3%	<b>10.4%</b>	-1.1pt	-	+3.1pt	-
Ex-rate	US\$ (JPY)	106.23	109.50	<b>110.07</b>				
	EURO (JPY)	124.06	131.90	<b>129.83</b>				

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Now, I will explain some of the factors behind the changes in segment net sales and operating income from the first quarter to the second quarter of the fiscal year ending March 2022.

First, in the Passive Components segment, net sales increased by 6.2 billion yen, or 5.1%, from the first quarter, and operating income rose by 3.3 billion yen, or 18.5%, from the first quarter. Sale to the automotive market remained virtually unchanged, while those to the ICT market, industrial equipment market, and distributors increased. Both sales and operating income increased in all businesses excluding High-Frequency Components. As for High-Frequency Components, sales remained flat, while operating income decreased slightly due to upfront investments for new product development.

In the Sensor Application Products segment, net sales increased by 5.9 billion yen, or 21.8%, from the first quarter, and operating income rose by 3.4 billion yen from the first quarter, achieving profitability for the first time on a quarterly basis. Sales of Temperature and Pressure Sensors and Hall Sensors rose on the back of strong demand from the automotive market. Sales volume of TMR Sensors significantly increased for smartphone applications thanks to their increased adoption by major customers for their new products. In MEMS Sensors, sales of Motion Sensors and Microphones grew steadily. As for operating income, earnings from TMR Sensors grew substantially and the profitability of Motion Sensors increased due to an improved customer and product mix, which contributed considerably to overall profitability.

In the Magnetic Application Products segment, net sales increased by 4.7 billion yen, or 7.8%, from the first quarter, while operating income increased by 3.2 billion yen from the first quarter, excluding a one-time expense recorded in the second quarter of 4.0 billion yen. Sales of HDD Heads increased from the first quarter, due mainly to an about 11% increase in the sales volume of Nearline HDD Heads, and HDD assembly sales remaining virtually flat. Sales of HDD Suspension Assemblies increased slightly overall from the first quarter, due to an increase in sales for application in Nearline HDDs, despite a decline in sales of Suspension Application Products for smartphones. Sales of Magnets increased slightly from the first quarter, reflecting brisk demand from the automotive market. As for operating income, while earnings from HDD Heads and HDD Suspension Assemblies significantly improved in line with the increase in sales volume, operating loss for Magnets shrank.

In the Energy Application Products segment, net sales increased by 35.9 billion yen, or 18.0%, from the first quarter, while operating income decreased by 10.9 billion yen, or 46.8% from the first quarter. Sales of Rechargeable Batteries increased from the first quarter, due to an increase in sales for smartphone applications in line with a rise in smartphone production, as well as an increase in sales of power cell products, even when excluding the effects of exchange rate fluctuations and an increase in sales as a result of cost pass-through measures to cope with the rise in material costs. Meanwhile, sales of Power Supplies decreased from the first quarter, as shipments stagnated due to the effect of shortage of semiconductors for industrial equipment. As for operating income, earnings from Rechargeable Batteries rebounded significantly, despite the recording of 5.0 billion in license fees, as the lingering effect of the hike in raw material prices in the first quarter was mostly absorbed and cost improvement efforts were accelerated during the second quarter.

That concludes my presentation. Thank you very much for your attention.

# Consolidated Full Year Projections for FY March 2022

Shigenao Ishiguro  
President and CEO

Hello, I'm Shigenao Ishiguro, President and CEO of TDK. I will be presenting our consolidated full-year projections for the fiscal year ending March 2022.

# Key points concerning revisions to FY March 2022 full year projections

## ● Market forecast (changes from initial forecasts)

- The global economic growth rate is expected to deteriorate slightly overall, as economic growth will likely slow in the U.S. and China, despite the improvement trend in the eurozone.
- Automobile production is forecast to remain at a similar level as the previous fiscal year, falling behind the initial projection, due to the shortage in supply of semiconductors and other components.
- Smartphone production is predicted to be slightly lower than the previous fiscal year's level, falling behind the initial projection due to the shortage in supply of semiconductors and other components and the negative effects of the resurgence of COVID-19.
- Production of HDDs, notebook PCs and tablets is anticipated to remain firm, exceeding the initial projection.

## ● Upward revision to full year projections (sales and income)

- Sales and income of full year projections were upgraded in light of operating results for the first half and the recent stronger booking momentum. While the forecast for automobile and smartphone production has been revised downward, orders and sales are anticipated to exceed the initial projection, on the back of an increase in the number of components installed per vehicle and the movement to secure stock of components.

## ● Revisions to interim dividend and year-end dividend projection

- In line with the revision of the full-year projections, the interim dividend and year-end dividend forecast have been increased by ¥5 per share and ¥12 per share, respectively, with a plan to pay out an annual dividend of ¥208 per share (conversion prior to the stock split).

First, let me talk about the key points behind the full-year projections.

First of all, automobile production has been stalled due to the shortage in supply of semiconductors and other components, regardless of ultimate customer demand. Therefore, we are afraid that automobile production for the current fiscal year will be at the same level as that of the previous year. We project that global demand for smartphones will fall slightly below our initial forecast, due to the aforementioned shortage in components supply, as well as the effect of the resurgence of COVID-19 in India and Southeast Asia, where the markets were expected to expand.

As for HDDs, we expect that demand related to data centers will remain robust. In addition, demand for notebook PCs and tablets is anticipated to exceed the initial forecast on a full-year basis.

Amid the situation where automobile and smartphone production has been sluggish, demand for electronic components is forecast to remain brisk for the foreseeable future on the back of increasing demand for xEVs and vehicles with advanced driving systems, expansion of markets that utilize electronic components such as industrial equipment and medical devices, and a gradual increase in demand related to 5G telecommunications facilities and devices, although demand has stalled slightly at the moment.

In consideration of this market environment and the status of efforts by each business to promote their expansion measures so far, we have decided to revise upward our full-year projections for both sales and income.

In line with this, we have also revised upward our interim dividend and year-end dividend forecast. Consequently, the interim dividend will increase by 5 yen per share to 100 yen per share, while the year-end dividend forecast will increase by 12 yen per share to 108 yen per share, with a plan to pay out an annual dividend of 208 yen, based on the conversion prior to the stock split.

## Projections for 3Q of FY March 2022 - Image of changes in sales

(Yen billions)

Segment	2Q of FY March 2022	3Q projections (QoQ change)
Passive Components	127.3	-1%~-4%
Sensor Application Products	32.7	-2%~-5%
Magnetic Application Products	65.4	-3%~-6%
Energy Application Products	235.5	+3%~+6%
Other	13.2	—
<b>Total</b>	<b>474.1</b>	<b>±0%</b>

Forex assumptions

US\$(JPY)	110.07	109.00
EURO(JPY)	129.83	128.00

Now, I would like to discuss our projection regarding changes in net sales for the third quarter by segment. While there are changes for each segment, we anticipate that overall sales for the third quarter will be at the same level as the second quarter.

In the Passive Components segment, demand is expected to remain stable. As for the assumptions for the projections, while sales are forecast to decline slightly from the second quarter given seasonality among other factors, I think that sales will remain virtually flat through the third quarter. As for the market inventory level, we recognize that pipeline inventory has increased compared to before. However, looking at the flow of products at VMI warehouse and others, we believe that it is not an “excessive” level.

In Sensor Application Products segment, sales are predicted to decrease by 2-5% from the second quarter, as the segment is more likely to be affected by seasonality and the circumstances of individual customers.

In the Magnetic Application Products segment, no significant decline in sales is anticipated thanks to robust demand related to data centers, albeit with slight fluctuation elements.

In the Energy Application Products segment, sales are expected to increase slightly from the second quarter, on the assumption that sales of Rechargeable Batteries to the smartphone market in China will rebound marginally compared with the second quarter of the current fiscal year. Demand for Power Supplies is forecast to remain at a high level.



## FY March 2022 full year / dividend projections

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	FY March 2021 full year results	FY March 2022 full year projections (announced on Jul. 28, 2021)	FY March 2022 full year projections (announced on Nov. 1, 2021)	YoY change	
				Yen billions	%
(Yen billions)					
Net sales	1,479.0	1,600.0	<b>1,800.0</b>	321.0	21.7
Operating income	111.5	150.0	<b>157.0</b>	45.5	40.8
Operating income margin	7.5%	9.4%	<b>8.7%</b>	+1.2 pt	-
Income before income taxes	121.9	150.0	<b>162.0</b>	40.1	32.9
Net income	79.3	100.0	<b>110.0</b>	30.7	38.6
Earning per share (JPY)	628.08	791.61	<b>290.25</b>	-	-
Dividends (JPY)	Interim : 90 Year-end : 90 Annual : 180	Interim : 95 Year-end : 96 (32) Annual : 191 *(Post-stock split standard)	<b>Interim : 100 Year-end : 108 (36) Annual : 208 *(Post-stock split standard)</b>	-	-
Ex-rate	US\$ (JPY)	106.05	105.00	<b>109.00</b>	-
	EURO (JPY)	123.67	124.00	<b>128.00</b>	-
Capital expenditure	212.4	300.0	<b>300.0</b>	87.6	41.3
Depreciation and amortization	140.3	160.0	<b>160.0</b>	19.7	14.1
Research and development	127.0	140.0	<b>160.0</b>	33.0	25.9

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Finally, I would like to discuss our consolidated full-year projections for the fiscal year ending March 2022.

We have revised upward our projections for net sales to 1,800.0 billion yen, operating income to 157.0 billion yen, income before income taxes to 162.0 billion yen, and net income to 110.0 billion yen. Compared with the full-year results of the previous fiscal year, net sales, operating income, and net income are forecast to increase by 21.7%, 40.8%, and 38.6%, respectively.

The exchange rate assumptions are set at 109 yen against the U.S. dollar and 128 yen against the euro. The aforementioned upward revisions to net sales have reflected an increase in sales on a yen-equivalent basis from the initial forecast based on the assumption of a lower yen, as well as an increase in sales reflecting the hike in selling prices in line with the soaring raw material prices.

Meanwhile, research and development expenses have been increased by 20.0 billion yen, but, as Mr. Yamanishi explained earlier, this reflects the recognition of royalty fees related to Rechargeable Batteries, and there will be no impact on TDK's consolidated results.

That concludes my presentation. Thank you very much for your attention.



## 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, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but 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. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion yen. Because original values, which are managed in units of a million yen, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.



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