



TDK Corporation

January 31, 2023

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IR&SR Group

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Consolidated results (IFRS) for the 3rd quarter of FY March 2023

(Millions of yen, %)

Term Account	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)		The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,393,855	100.0	1,708,965	100.0	315,110	22.6
Operating profit	141,311	10.1	188,677	11.0	47,366	33.5
Profit before tax	146,124	10.5	188,102	11.0	41,978	28.7
Net profit attributable to owners of parent	117,262	8.4	136,875	8.0	19,613	16.7
Per common share:						
- Net profit attributable to owners of parent Basic	309.41yen		361.06yen			
- Net profit attributable to owners of parent / Diluted	308.69yen		360.37yen			
Purchase of tangible and intangible assets	210,802	—	220,331	—	9,529	4.5
Depreciation and amortization	129,584	9.3	155,662	9.1	26,078	20.1
Research and development expenses	120,799	8.7	134,589	7.9	13,790	11.4
Number of employees	116,613	—	107,139	-		

(Millions of yen, %)

Term Account	3Q of FY 2022 (October 1, 2021 – December 31, 2021)		3Q of FY 2023 (October 1, 2022 – December 31, 2022)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	499,670	100.0	586,972	100.0	87,302	17.5
Operating profit	59,703	11.9	68,368	11.6	8,665	14.5
Profit before tax	61,279	12.3	68,227	11.6	6,948	11.3
Net profit attributable to owners of parent	48,396	9.7	49,924	8.5	1,528	3.2
Per common share:						
- Net profit attributable to owners of parent Basic	127.70yen		131.64yen			
- Net profit attributable to owners of parent / Diluted	127.41yen		131.42yen			
Purchase of tangible and intangible assets	76,815	—	66,175	—	(10,640)	(13.9)
Depreciation and amortization	44,011	8.8	52,500	8.9	8,489	19.3
Research and development expenses	41,583	8.3	45,039	7.7	3,456	8.3

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted net profit attributable to owners of parent per common share are calculated assuming that the share split was implemented at the beginning of the nine months ended December 31, 2021.

[Contents]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2023

- | | | |
|---|----|------|
| (1) Summary Information Regarding Consolidated Business Results | •• | P. 2 |
| (2) Summary Information Regarding Consolidated Financial Position | •• | P. 7 |
| (3) Summary Information Regarding Consolidated Projections | •• | P. 9 |

2. Other Information

- | | | |
|--|----|------|
| (1) Changes in Significant Subsidiaries | •• | P.12 |
| (2) Accounting Policy Changes, Accounting Estimate Changes and Restatements | •• | P.12 |
| (3) Fundamental Policy for Distribution of Earnings, and Fiscal 2023 Dividends | •• | P.12 |

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

- | | | |
|--|----|------|
| (1) Condensed quarterly consolidated statements of financial position | •• | P.13 |
| (2) Condensed quarterly consolidated statements of profit or loss and comprehensive income | •• | P.15 |
| (3) Condensed quarterly consolidated statements of changes in equity | •• | P.19 |
| (4) Condensed quarterly consolidated statements of cash flows | •• | P.21 |
| (5) Notes to the condensed quarterly consolidated financial statements | •• | P.23 |
| (6) Appendix to the Consolidated Financial Statements | •• | P.28 |

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2023

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2023, the period from April 1 to December 31, 2022, are as follows.

During the first nine months of fiscal 2023, continued hikes in the prices of energy and certain materials due to heightened geopolitical risks associated particularly with the protraction of Russia's invasion of Ukraine, as well as policy rate hikes in the United States and Europe, intensified a sense of stagnation in the global economy. The interest rate hikes also affected exchange rates significantly, and the yen depreciated sharply against the U.S. dollar. However, since November 2022, the trend has been reversed and the yen has been gaining strength against the U.S. dollar. In the Chinese economy, while there had been a gradual recovery trend in production and economic activities, the situation has become very unstable since the beginning of the third quarter due to the continuing turmoil caused even before the shift in China's zero-COVID policy.

Looking at the electronic market, which has a large bearing on the consolidated performance of TDK, overall production volume saw a significant decline amid concerns over the stagnation of the global economy. In the automotive market, production volume picked up moderately and increased from the previous fiscal year, despite lingering concerns about the shortage of semiconductors and other components. In addition, demand for components remained firm reflecting the increasing number of components installed per vehicle as a result of the spread of xEVs. In the Information and Communication Technology (ICT) market, demand for notebook PCs and tablets, which had been brisk amid the COVID-19 pandemic, declined considerably. Production of Hard Disk Drives (HDDs) was significantly lower than the previous fiscal year's level due to a sharp decline in demand related to data centers reflecting concerns over a possible recession, on top of a considerable decrease in demand related to personal computers. While smartphone production volume also declined sharply from the previous year's level, components demand related to some new models remained brisk.

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

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

(Millions of yen, %)

Item	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)		The 9-month-period of FY2023 (April 1, 2022 – December 31, 2022)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net Sales	1,393,855	100.0	1,708,965	100.0	315,110	22.6
Operating profit	141,311	10.1	188,677	11.0	47,366	33.5
Profit before tax	146,124	10.5	188,102	11.0	41,978	28.7
Net profit attributable to owners of parent	117,262	8.4	136,875	8.0	19,613	16.7
Per common share:						
Net profit						
attributable to owners of parent Basic	309.41yen		361.06yen			
Net profit						
attributable to owners of parent / Diluted	308.69yen		360.37yen			

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted net profit attributable to owners of parent per common share are calculated assuming that the share split was implemented at the beginning of the nine months ended December 31, 2021.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2023 were ¥136.46 and ¥140.54, respectively, as the yen depreciated 22.8% against the U.S. dollar and 7.6% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥251.4 billion and operating profit increased by approximately ¥60.9 billion.

[Sales by Product]

Item	The 9-month-period of FY 2022 (April 1, 2021 - December 31, 2021)		The 9-month-period of FY2023 (April 1, 2022 - December 31, 2022)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Capacitors	147,712	10.6	181,937	10.6	34,225	23.2
Inductive Devices	134,417	9.6	152,198	9.0	17,781	13.2
Other Passive Components	97,672	7.0	104,811	6.1	7,139	7.3
Passive Components	379,801	27.2	438,946	25.7	59,145	15.6
Sensor Application Products	95,654	6.9	130,566	7.6	34,912	36.5
Magnetic Application Products	190,009	13.6	157,287	9.2	(32,722)	(17.2)
Energy Application Products	691,260	49.6	933,845	54.7	242,585	35.1
Other	37,131	2.7	48,321	2.8	11,190	30.1
Total	1,393,855	100.0	1,708,965	100.0	315,110	22.6
Overseas Sales (Included number)	1,282,896	92.0	1,576,045	92.2	293,149	22.9

Note: In accordance with the reorganization for the first quarter 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 ¥438,946 million, up 15.6% year on year from ¥379,801 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥181,937 million, up 23.2% year on year from ¥147,712 million. Sales of Ceramic Capacitors increased mainly 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 13.2% year on year from ¥134,417 million to ¥152,198 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 7.3% year on year from ¥97,672 million to ¥104,811 million. Sales increased to the industrial equipment and the

automotive markets.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 36.5% from ¥95,654 million to ¥130,566 million. Sales increased mainly to the ICT and the automotive markets.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased by 17.2% year on year from ¥190,009 million to ¥157,287 million. Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets increased mainly 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 35.1% from ¥691,260 million to ¥933,845 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 30.1% from ¥37,131 million to ¥48,321 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:

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 22.9% year on year from ¥1,282,896 million to ¥1,576,045 million. Overseas sales accounted for 92.2% of consolidated net sales, a 0.2 point increase from 92.0% in the first nine months of fiscal 2022. Detailed information on sales by region can be found in the consolidated supplementary information on page 27.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of December 31, 2022.

Total assets	¥3,173,656 million	(4.3% increase)
Total equity attributable to owners of parent	¥1,457,750 million	(12.1% increase)
Ratio of equity attributable to owners of parent	45.9%	(3.1 point increase)

As of December 31, 2022, total assets increased by ¥132,003 million compared with March 31, 2022. Cash and cash equivalent increased by ¥35,895 million. Also, inventories, net trade receivables, and net property, plant and equipment increased by ¥41,694 million, ¥39,996 million, and ¥21,507 million respectively.

Total liabilities decreased by ¥26,914 million from March 31, 2022. Borrowings (current) increased by ¥72,931 million. On the other hand, trade payables and other financial liabilities decreased by ¥73,369 million and ¥48,178 million respectively.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥157,433 million from March 31, 2022. Mainly, retained earnings increased by ¥107,946 million.

2) Cash Flows

(Yen millions)

	FY 2022 3Q	FY 2023 3Q	Change
Net cash provided by operating activities	84,526	184,226	99,700
Net cash used in investing activities	(198,539)	(177,478)	21,061
Net cash provided by financing activities	120,034	20,792	(99,242)
Effect of exchange rate changes on cash and cash equivalents	21,413	8,355	(13,058)
Net increase in cash and cash equivalents	27,434	35,895	8,461
Cash and cash equivalents at beginning of period	380,387	439,339	58,952
Cash and cash equivalents at end of period	407,821	475,234	67,413

Operating activities provided net cash of ¥184,226 million, an increase of ¥99,700 million year on year. It mainly came from an increase in long-term advances to suppliers for FY 2022 3Q.

Investing activities used net cash of ¥177,478 million, an increase of ¥21,061 million year on year. It mainly came from a decrease in payments into time deposits.

Financing activities provided net cash of ¥20,792 million, a decrease of ¥99,242 million year on year. It mainly came from a decrease in proceeds from bonds.

(3) Summary Information Regarding Consolidated Projections

[Fiscal 2023 Consolidated Projections]

Looking at the global economy, while there have been signs of recovery from the COVID-19 pandemic, production and economic activities in China remained unstable even before the shift in its zero-COVID policy. On top of that, continued hikes in the prices of energy and certain materials due to heightened geopolitical risks associated particularly with the protraction of Russia's invasion of Ukraine, as well as policy rate hikes in the United States and Europe, intensified a sense of stagnation in the global economy. The interest rate hikes also affected exchange rates, and the yen depreciated sharply against the U.S. dollar. However, since November 2022, the trend has been reversed and the yen has been gaining strength against the U.S. dollar.

Under such circumstances, demand for electronics remained firm during the first nine months of fiscal 2023 on the back of the moderate recovery in automobile production volume and the launch of some new smartphone models, despite sluggish final demand. By market, in the automotive market, sales of Passive Components and Sensors remained strong as production volume rebounded and the number of components installed per vehicle increased as a result of the spread of xEVs. In the ICT market, sales of Rechargeable Batteries and Sensors expanded due to the launch of some new smartphone models, despite a significant year-on-year decline in demand for notebook PCs and tablets, which had been brisk amid the COVID-19 pandemic. In addition, sales of HDD Heads used in servers for data centers dropped considerably reflecting a sharp decline in demand related to data centers. In the industrial equipment market, sales of Medium Capacity Rechargeable Batteries and Passive Components expanded as demand related to renewable energy and residential energy storage systems increased due to soaring energy prices.

TDK has reviewed its projections for consolidated operating results for fiscal 2023 as described below, taking into account the fact that there have been heightened concerns over an economic downturn and that final demand has been lower than the estimate at the time of the previous projections announced in November 2022. In addition, TDK will implement measures to improve asset efficiency in light of changing demand trends and is expected to post about 20.0 billion yen as one-time expenses including restructuring costs in the fourth quarter of fiscal 2023.

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

Item	FY2023 (April 1, 2022 - March 31, 2023)	FY2023 (April 1, 2022 - March 31, 2023)	vs Previous forecast Changes		FY2022 (April 1, 2021 - March 31, 2022)	vs FY2022 Changes	
	Projection in January '23	Projection in November '22			Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Net sales	2,170,000	2,220,000	(50,000)	-2.3	1,902,124	267,876	14.1
Operating profit	185,000	200,000	(15,000)	-7.5	166,775	18,225	10.9
Profit before tax	185,000	200,000	(15,000)	-7.5	172,490	12,510	7.3
Net profit attributable to owners of parent	132,000	147,000	(15,000)	-10.2	131,298	702	0.5
Capital expenditures	300,000	300,000	-	-	291,337	8,663	3.0
Depreciation and amortization	210,000	210,000	-	-	177,031	32,969	18.6
Research and development	180,000	180,000	-	-	165,250	14,750	8.9

[Exchange Rate Forecast]

Average yen exchange rates against the U.S. dollar and the euro of ¥135 and ¥140 respectively will be assumed for fiscal 2023. Average yen exchange rates against the U.S. dollar and the euro of ¥130 and ¥137 respectively will be assumed for the fourth quarter.

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 first 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 2023 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	FY2022 Actual
Interim dividend (Conversion after the stock split)	53.00	100.00 (33.33)
Year-end dividend	(Forecast)53.00	45.00
Annual dividend (Conversion after the stock split)	(Forecast)106.00	- (78.33)

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed quarterly consolidated statements of financial position

	March 31, 2022		December 31, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Assets					
Current assets					
Cash and cash equivalents	439,339		475,234		35,895
Trade receivables	524,476		564,472		39,996
Other financial assets	66,944		44,602		(22,342)
Inventories	437,004		478,698		41,694
Income taxes receivables	4,982		2,897		(2,085)
Other current assets	60,427		57,266		(3,161)
Total current assets	1,533,172	50.4	1,623,169	51.1	89,997
Non-current assets					
Investments accounted for using the equity method	16,635		23,642		7,007
Other financial assets	123,581		143,906		20,325
Property, plant and equipment	945,042		966,549		21,507
Right-of-use assets	50,169		47,977		(2,192)
Goodwill	137,352		147,251		9,899
Intangible assets	69,030		63,881		(5,149)
Long-term advances to suppliers	121,370		112,048		(9,322)
Deferred tax assets	40,062		40,653		591
Other non-current assets	5,240		4,580		(660)
Total non-current assets	1,508,481	49.6	1,550,487	48.9	42,006
Total assets	3,041,653	100.0	3,173,656	100.0	132,003

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

	March 31, 2022		December 31, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Liabilities					
Current liabilities					
Borrowings	175,924		248,855		72,931
Lease liabilities	9,432		9,733		301
Trade payables	460,132		386,763		(73,369)
Other financial liabilities	147,272		99,094		(48,178)
Income taxes payables	29,715		45,108		15,393
Provisions	13,949		9,538		(4,411)
Other current liabilities	225,934		242,690		16,756
Total current liabilities	1,062,358	34.9	1,041,781	32.8	(20,577)
Non-current liabilities					
Bonds and borrowings	455,562		449,248		(6,314)
Lease liabilities	38,895		38,213		(682)
Other financial liabilities	4,573		3,062		(1,511)
Retirement benefit liabilities	105,089		94,023		(11,066)
Provisions	5,371		9,475		4,104
Deferred tax liabilities	57,454		65,513		8,059
Other non-current liabilities	8,596		9,669		1,073
Total non-current liabilities	675,540	22.2	669,203	21.1	(6,337)
Total liabilities	1,737,898	57.1	1,710,984	53.9	(26,914)
Equity					
Equity attributable to owners of parent					
Share capital	32,641		32,641		-
Capital surplus	-		43		43
Retained earnings	974,767		1,082,713		107,946
Other components of equity	309,607		358,665		49,058
Treasury shares	(16,698)		(16,312)		386
Total equity attributable to owners of parent	1,300,317	42.8	1,457,750	45.9	157,433
Non-controlling interests	3,438	0.1	4,922	0.2	1,484
Total equity	1,303,755	42.9	1,462,672	46.1	158,917
Total liabilities and equity	3,041,653	100.0	3,173,656	100.0	132,003

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income
[9-month-period results]**

Condensed quarterly consolidated statements of profit or loss

	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)		The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	1,393,855	100.0	1,708,965	100.0	315,110	22.6
Cost of sales	(968,352)		(1,196,374)		(228,022)	
Gross profit	425,503	30.5	512,591	30.0	87,088	20.5
Selling, general and administrative expenses	(295,337)		(337,110)		(41,773)	
Other operating income	11,657		13,439		1,782	
Other operating expenses	(512)		(243)		269	
Operating profit	141,311	10.1	188,677	11.0	47,366	33.5
Finance income	9,444		11,524		2,080	
Finance costs	(5,959)		(12,750)		(6,791)	
Share of profit of investments accounted for using equity method	1,328		651		(677)	
Profit before tax	146,124	10.5	188,102	11.0	41,978	28.7
Income tax expense	(28,456)		(50,594)		(22,138)	
Net profit for the period	117,668	8.4	137,508	8.0	19,840	16.9
Net profit attributable to:						
Owners of parent	117,262	8.4	136,875	8.0	19,613	16.7
Non-controlling interests	406	0.0	633	0.0	227	55.9
Net profit for the period	117,668	8.4	137,508	8.0	19,840	16.9

Condensed quarterly consolidated statements of Comprehensive Income

	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	117,668	137,508	19,840
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	223	1,967	1,744
Remeasurements of defined benefit plans	13	8,158	8,145
Total	236	10,125	9,889
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	70,514	47,102	(23,412)
Total	70,514	47,102	(23,412)
Total other comprehensive income, net of tax	70,750	57,227	(13,523)
Comprehensive income for the period	188,418	194,735	6,317
Comprehensive income attributable to:			
Owners of parent	187,838	194,262	6,424
Non-controlling interests	580	473	(107)
Comprehensive income for the period	188,418	194,735	6,317

[3rd quarter results]**Condensed quarterly consolidated statements of profit or loss**

	Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	499,670	100.0	586,972	100.0	87,302	17.5
Cost of sales	(342,275)		(414,624)		(72,349)	
Gross profit	157,395	31.5	172,348	29.4	14,953	9.5
Selling, general and administrative expenses	(100,786)		(110,380)		(9,594)	
Other operating income	3,365		6,504		3,139	
Other operating expenses	(271)		(104)		167	
Operating profit	59,703	11.9	68,368	11.6	8,665	14.5
Finance income	3,221		4,941		1,720	
Finance costs	(2,111)		(5,852)		(3,741)	
Share of profit of investments accounted for using equity method	466		770		304	
Profit before tax	61,279	12.3	68,227	11.6	6,948	11.3
Income tax expense	(12,554)		(18,274)		(5,720)	
Net profit for the period	48,725	9.8	49,953	8.5	1,228	2.5
Net profit attributable to:						
Owners of parent	48,396	9.7	49,924	8.5	1,528	3.2
Non-controlling interests	329	0.1	29	0.0	(300)	(91.2)
Net profit for the period	48,725	9.8	49,953	8.5	1,228	2.5

Condensed quarterly consolidated statements of comprehensive income

	Three months ended December 31, 2021	Three months ended December 31, 2022	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	48,725	49,953	1,228
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	183	339	156
Remeasurements of defined benefit plans	0	18	18
Total	183	357	174
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	46,955	(120,320)	(167,275)
Total	46,955	(120,320)	(167,275)
Total other comprehensive income, net of tax	47,138	(119,963)	(167,101)
Comprehensive income for the period	95,863	(70,010)	(165,873)
Comprehensive income attributable to:			
Owners of parent	95,421	(69,839)	(165,260)
Non-controlling interests	442	(171)	(613)
Comprehensive income for the period	95,863	(70,010)	(165,873)

(3) Condensed quarterly consolidated statements of changes in equity

Nine months ended December 31, 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)	(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	-	-	117,262	-	-	117,262	406	117,668
Other comprehensive income, net of tax	-	-	-	70,576	-	70,576	174	70,750
Total comprehensive income for the period	-	-	117,262	70,576	-	187,838	580	188,418
Transactions with owners								
Equity transactions with non-controlling interests	-	(123)	-	-	-	(123)	174	51
Dividends paid	-	-	(24,002)	-	-	(24,002)	(277)	(24,279)
Transfer from retained earnings to capital surplus	-	120	(120)	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(5)	(5)	-	(5)
Share-based payment transactions	-	-	-	-	-	-	-	-
expense recognition of share options	-	50	-	-	-	50	-	50
Exercise of share options	-	(47)	-	-	47	-	-	-
Total transactions with owners	-	0	(24,122)	-	42	(24,080)	(103)	(24,183)
Transfer from other components of equity to retained earnings	-	-	560	(560)	-	-	-	-
Balance as of December 31, 2021	32,641	0	947,320	159,476	(16,750)	1,122,687	3,235	1,125,922

Nine months ended December 31, 2022	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)	(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	-	-	136,875	-	-	136,875	633	137,508
Other comprehensive income, net of tax	-	-	-	57,387	-	57,387	(160)	57,227
Total comprehensive income for the period	-	-	136,875	57,387	-	194,262	473	194,735
Transactions with owners								
Equity transactions with non-controlling interests	-	140	-	-	-	140	1,251	1,391
Dividends paid	-	-	(37,153)	-	-	(37,153)	(380)	(37,533)
Transfer from retained earnings to capital surplus	-	105	(105)	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions	-	184	-	-	-	184	140	324
Exercise of share acquisition rights	-	(386)	-	-	386	0	-	0
Total transactions with owners	-	43	(37,258)	-	386	(36,829)	1,011	(35,818)
Transfer from other components of equity to retained earnings	-	-	8,329	(8,329)	-	-	-	-
Balance as of December 31, 2022	32,641	43	1,082,713	358,665	(16,312)	1,457,750	4,922	1,462,672

(4) Condensed quarterly consolidated statements of cash flows

	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from operating activities		
Net profit for the period	117,668	137,508
Depreciation and amortization	129,584	155,662
Impairment losses	-	509
Finance income	(9,444)	(11,524)
Finance costs	5,959	12,750
Share of profit of investments accounted for using equity method	(1,328)	(651)
Income tax expense	28,456	50,594
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(55,034)	(19,122)
Decrease (increase) in inventories	(106,972)	(29,508)
Decrease (increase) in long-term advances to suppliers	(55,762)	9,699
Increase (decrease) in trade payables	53,612	(74,355)
Net change in other assets and liabilities	(10,799)	(3,416)
Net change in other financial assets and liabilities	(4,335)	(10,975)
Other	6,007	(11,503)
Subtotal	97,612	205,668
Interest and dividends received	7,819	9,649
Interest paid	(4,210)	(6,777)
Income taxes paid	(16,695)	(24,314)
Cash flows from operating activities	84,526	184,226

	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(210,802)	(220,331)
Proceeds from sale of tangible and intangible assets	1,843	18,539
Proceeds from withdrawal of time deposits	76,048	66,955
Payments into time deposits	(58,106)	(25,025)
Proceeds from sale and redemption of securities	1,379	553
Payment for purchase of securities	(9,092)	(10,314)
Purchase of investments in associates	-	(6,754)
Other	191	(1,101)
Cash flows from investing activities	(198,539)	(177,478)
Cash flows from financing activities		
Proceeds from long-term borrowings	160,811	15
Repayment of long-term borrowings	(134,399)	(3,239)
Net increase (decrease) in short-term borrowings	25,477	67,768
Proceeds from bonds	100,000	-
Repayment of lease liabilities	(7,260)	(7,685)
Dividends paid	(23,964)	(37,164)
Other	(631)	1,097
Cash flows from financing activities	120,034	20,792
Effect of exchange rate changes on cash and cash equivalents	21,413	8,355
Net increase in cash and cash equivalents	27,434	35,895
Cash and cash equivalents at beginning of period	380,387	439,339
Cash and cash equivalents at end of period	407,821	475,234

(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 nine months ended December 31, 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 first quarter 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 nine months ended December 31, 2021 and 2022 are as follows:

Net sales

(Yen millions, %)

		The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)		The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	379,801	27.2	438,946	25.7	59,145	15.6
	Intersegment	3,140		5,973		2,833	90.2
	Total	382,941		444,919		61,978	16.2
Sensor Application Products	External customers	95,654	6.9	130,566	7.6	34,912	36.5
	Intersegment	15		52		37	246.7
	Total	95,669		130,618		34,949	36.5
Magnetic Application Products	External customers	190,009	13.6	157,287	9.2	(32,722)	(17.2)
	Intersegment	41		90		49	119.5
	Total	190,050		157,377		(32,673)	(17.2)
Energy Application Products	External customers	691,260	49.6	933,845	54.7	242,585	35.1
	Intersegment	1		1		(0)	-
	Total	691,261		933,846		242,585	35.1
Other	External customers	37,131	2.7	48,321	2.8	11,190	30.1
	Intersegment	6,373		7,132		759	11.9
	Total	43,504		55,453		11,949	27.5
Intersegment elimination		(9,570)		(13,248)		(3,678)	
Total		1,393,855	100.0	1,708,965	100.0	315,110	22.6

Segment profit (loss)

(Yen millions, %)

		The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)		The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		62,052	16.3	80,178	18.3	18,126	29.2
Sensor Application Products		896	0.9	12,694	9.7	11,798	-
Magnetic Application Products		8,730	4.6	(16,405)	(10.4)	(25,135)	-
Energy Application Products		96,705	14.0	140,659	15.1	43,954	45.5
Other		(1,292)	(3.5)	1,068	2.2	2,360	-
Subtotal		167,091	12.0	218,194	12.8	51,103	30.6
Adjustment		(25,780)		(29,517)		(3,737)	
Operating profit		141,311	10.1	188,677	11.0	47,366	33.5

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.

The reportable segment information for the three months ended December 31, 2021 and 2022 are as follows:

Net sales

(Yen millions, %)

		Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	130,020	26.0	144,645	24.6	14,625	11.2
	Intersegment	1,187		2,183		996	83.9
	Total	131,207		146,828		15,621	11.9
Sensor Application Products	External customers	36,141	7.2	45,637	7.8	9,496	26.3
	Intersegment	0		26		26	-
	Total	36,141		45,663		9,522	26.3
Magnetic Application Products	External customers	64,023	12.8	47,475	8.1	(16,548)	(25.8)
	Intersegment	21		32		11	52.4
	Total	64,044		47,507		(16,537)	(25.8)
Energy Application Products	External customers	256,145	51.3	331,423	56.5	75,278	29.4
	Intersegment	-		1		1	-
	Total	256,145		331,424		75,279	29.4
Other	External customers	13,341	2.7	17,792	3.0	4,451	33.4
	Intersegment	2,257		2,454		197	8.7
	Total	15,598		20,246		4,648	29.8
Intersegment elimination		(3,465)		(4,696)		(1,231)	
Total		499,670	100.0	586,972	100.0	87,302	17.5

Segment profit (loss)

(Yen millions, %)

		Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		22,520	17.3	26,003	18.0	3,483	15.5
Sensor Application Products		3,139	8.7	5,556	12.2	2,417	77.0
Magnetic Application Products		3,558	5.6	(13,900)	(29.3)	(17,458)	-
Energy Application Products		38,984	15.2	59,786	18.0	20,802	53.4
Other		(57)	(0.4)	879	4.9	936	-
Subtotal		68,144	13.6	78,324	13.3	10,180	14.9
Adjustment		(8,441)		(9,956)		(1,515)	
Operating profit		59,703	11.9	68,368	11.6	8,665	14.5

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 nine months ended December 31, 2021 and 2022 are as follows:

Net sales

	(Yen millions)	
	The 9-month-period of FY 2022 (April 1, 2021 – December 31, 2021)	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)
Japan	110,959	132,920
Americas	90,774	132,057
Europe	129,086	155,093
China	783,012	963,943
Asia and others	280,024	324,952
Total	1,393,855	1,708,965

The geographic segment information for the three months ended December 31, 2021 and 2022 are as follows:

Net sales

	(Yen millions)	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Japan	39,607	48,340
Americas	34,067	43,502
Europe	41,786	50,791
China	283,665	345,339
Asia and others	100,545	99,000
Total	499,670	586,972

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

(Subsequent events)

TDK Corporation and certain domestic consolidated subsidiaries will partially revise the retirement benefit plans due to phased extension of the retirement age from 60 to 65 as of April 1, 2023. An internal announcement about changes of the applicable rules and regulations in accordance with the revision have been made in January 2023. As a result, retirement benefit liabilities are expected to decrease, and the amount is currently being evaluated.

(6) Appendix to the Consolidated Financial Statements**1) Foreign exchange rates**

Term Item	Q3 of FY 2022 December 31, 2021		Q3 of FY 2023 December 31, 2022		FY 2022 March 31, 2022	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	115.02	130.51	132.70	141.47	122.39	136.70

2) Quarterly sales by product

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)		Q2 of FY 2023 (July 1, 2022 – September 30, 2022)		Q3 of FY 2023 (October 1, 2022 – December 31, 2022)	
	Amount	%	Amount	%	Amount	%
Capacitors	57,587	11.3	62,853	10.3	61,497	10.5
Inductive devices	49,335	9.7	52,796	8.6	50,067	8.5
Other passive components	34,709	6.8	37,021	6.1	33,081	5.6
Passive Components	141,631	27.8	152,670	25.0	144,645	24.6
Sensor Application Products	39,016	7.6	45,913	7.5	45,637	7.8
Magnetic Application Products	55,130	10.8	54,682	8.9	47,475	8.1
Energy Application Products	260,092	50.9	342,330	56.0	331,423	56.5
Other	14,635	2.9	15,894	2.6	17,792	3.0
Total	510,504	100.0	611,489	100.0	586,972	100.0

Note: In accordance with the reorganization for the first quarter 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.