



TDK Corporation
November 1, 2023

Contact:

TDK Corporation (Tokyo)

IR&SR Group

Atsuo Omagari

+81(3)6778-1068

Consolidated results (IFRS) for the 2nd quarter of FY March 2024

(Millions of yen, %)

Term Account	1H of FY 2023 (April 1, 2022 – September 30, 2022)		1H of FY 2024 (April 1, 2023 – September 30, 2023)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,121,993	100.0	1,059,711	100.0	(62,282)	(5.6)
Operating profit	120,309	10.7	85,548	8.1	(34,761)	(28.9)
Profit before tax	119,875	10.7	80,242	7.6	(39,633)	(33.1)
Net profit attributable to owners of parent	86,951	7.7	54,188	5.1	(32,763)	(37.7)
Earnings per share:						
- Basic	229.39yen		142.86yen			
- Diluted	228.92yen		142.64yen			
Purchase of tangible and intangible assets	154,156	-	114,445	-	(39,711)	(25.8)
Depreciation and amortization	103,162	9.2	94,610	8.9	(8,552)	(8.3)
Research and development expenses	89,550	8.0	90,106	8.5	556	0.6
Number of employees	109,580	-	103,867	-		

(Millions of yen, %)

Term Account	2Q of FY 2023 (July 1, 2022 – September 30, 2022)		2Q of FY 2024 (July 1, 2023 – September 30, 2023)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	611,489	100.0	556,312	100.0	(55,177)	(9.0)
Operating profit	75,706	12.4	59,246	10.6	(16,460)	(21.7)
Profit before tax	76,003	12.4	59,230	10.6	(16,773)	(22.1)
Net profit attributable to owners of parent	55,538	9.1	39,463	7.1	(16,075)	(28.9)
Earnings per share:						
- Basic	146.51yen		104.04yen			
- Diluted	146.23yen		103.88yen			
Purchase of tangible and intangible assets	84,505	-	53,778	-	(30,727)	(36.4)
Depreciation and amortization	52,096	8.5	47,161	8.5	(4,935)	(9.5)
Research and development expenses	45,037	7.4	46,201	8.3	1,164	2.6

[Contents]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2024

- | | | |
|---|----|------|
| (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.11 |
| (2) Accounting Policy Changes, Accounting Estimate Changes and Restatements | •• | P.11 |
| (3) Fundamental Policy for Distribution of Earnings, and Fiscal 2024 Dividends | •• | P.11 |

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

- | | | |
|--|----|------|
| (1) Condensed quarterly consolidated statements of financial position | •• | P.12 |
| (2) Condensed quarterly consolidated statements of profit or loss and comprehensive income | •• | P.14 |
| (3) Condensed quarterly consolidated statements of changes in equity | •• | P.18 |
| (4) Condensed quarterly consolidated statements of cash flows | •• | P.20 |
| (5) Notes to the condensed quarterly consolidated financial statements | •• | P.22 |
| (6) Appendix to the Consolidated Financial Statements | •• | P.27 |

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2024

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2024, the period from April 1 to September 30, 2023, are as follows.

Despite signs of economic recovery appearing in some regions, the global economy remained unstable during the first half of fiscal 2024 due to regional differences in business confidence, such as sluggishness in Europe due to monetary tightening and an economic slowdown in China on the back of the real estate slump. Foreign exchange rates were also affected by these developments, and the depreciation of the yen continued, especially against the U.S. dollar and the euro.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the prolonged slump in final demand resulted in sluggish production of Information and Communications Technology (ICT) related products compared to the previous fiscal year. In the ICT market, in particular, smartphone production volume remained below the previous fiscal year's level, and demand for notebook PCs and tablets declined considerably. In addition, demand for nearline Hard Disk Drives (HDDs) for data centers dropped sharply. In the industrial equipment market, capital expenditure demand remained generally weak. In the automotive market, on the other hand, production volume of xEVs and other automobiles increased from the previous year. However, component demand turned out to be lower than TDK's initial forecast due to changes in customer demand for components.

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2024 were as follows.

TDK Corporation (6762) FY 2024 Second Quarter Financial Results (IFRS)

(Millions of yen, %)

Item	1H of FY 2023 (April 1, 2022 – September 30, 2022)		1H of FY2024 (April 1, 2023 – September 30, 2023)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net Sales	1,121,993	100.0	1,059,711	100.0	(62,282)	(5.6)
Operating profit	120,309	10.7	85,548	8.1	(34,761)	(28.9)
Profit before tax	119,875	10.7	80,242	7.6	(39,633)	(33.1)
Net profit attributable to owners of parent	86,951	7.7	54,188	5.1	(32,763)	(37.7)
Earnings per share:						
- Basic	229.39yen		142.86yen			
- Diluted	228.92yen		142.64yen			

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2024 were ¥140.83 and ¥153.30, respectively, as the yen depreciated 5.3% against the U.S. dollar and 10.6% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥35.5 billion and operating profit increased by approximately ¥13.4 billion.

[Sales by Product]

Item	1H of FY 2023 (April 1, 2022 - September 30, 2022)		1H of FY2024 (April 1, 2023 - September 30, 2023)		Change	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	Change(%)
Capacitors	122,035	10.8	125,147	11.8	3,112	2.6
Inductive Devices	102,131	9.1	96,022	9.1	(6,109)	(6.0)
Other Passive Components	71,730	6.4	65,001	6.1	(6,729)	(9.4)
Passive Components	295,896	26.3	286,170	27.0	(9,726)	(3.3)
Sensor Application Products	84,929	7.6	86,053	8.1	1,124	1.3
Magnetic Application Products	109,812	9.8	83,054	7.9	(26,758)	(24.4)
Energy Application Products	602,422	53.7	578,923	54.6	(23,499)	(3.9)
Other	28,934	2.6	25,511	2.4	(3,423)	(11.8)
Total	1,121,993	100.0	1,059,711	100.0	(62,282)	(5.6)
Overseas Sales	1,037,413	92.5	968,981	91.4	(68,432)	(6.6)

Note: In accordance with the reorganization for the first quarter ended June 30, 2023, certain products of Other are reclassified into Capacitors. 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 ¥286,170 million, down 3.3% year on year from ¥295,896 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥125,147 million, up 2.6% year on year from ¥122,035 million. Sales of Ceramic Capacitors increased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment and the automotive markets.

Sales of Inductive Devices decreased by 6.0% year on year from ¥102,131 million to ¥96,022 million. Sales increased to the automotive market while decreased to the industrial equipment and the ICT markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 9.4% year on year from ¥71,730 million to ¥65,001 million. Sales decreased mainly to the ICT market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 1.3% from ¥84,929 million to ¥86,053 million. Sales increased to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 24.4% year on year from ¥109,812 million to ¥83,054 million. Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets increased to the automotive market while decreased to the industrial equipment market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales decreased by 3.9% from ¥578,923 million to ¥602,422 million. Sales of Energy Devices increased 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 decreased by 11.8% from ¥28,934 million to ¥25,511 million. Sales of Mechatronics decreased 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 decreased by 6.6% year on year from ¥1,037,413 million to ¥968,981 million. Overseas sales accounted for 91.4% of consolidated net sales, a 1.1 percentage point decrease from 92.5% in the first half of fiscal 2023. Detailed information on sales by region can be found in the consolidated supplementary information on page 26.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated statements of financial position as of September 30, 2023.

Total assets	¥3,417,588 million	(8.6% increase)
Total equity attributable to owners of parent	¥1,631,123 million	(11.8% increase)
Ratio of equity attributable to owners of parent	47.7%	(1.4 point increase)

As of September 30, 2023, total assets increased by ¥270,561 million compared with March 31, 2023. Cash and cash equivalent increased by ¥136,211 million. Also, trade receivables and property, plant and equipment increased by ¥42,785 million, ¥40,173 million respectively.

Total liabilities increased by ¥95,534 million from March 31, 2023. Borrowings (current) decreased by ¥33,648. On the other hand, bonds and borrowings, trade payables and other current liabilities increased by ¥48,863 million, ¥31,801 million and ¥19,903 million respectively.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥172,677 million from March 31, 2023. Other components of equity increased by ¥138,345 million, mainly from exchange differences on translation of foreign operations.

2) Cash Flows

(Millions of yen)

	FY 2023 2Q	FY 2024 2Q	Change
Cash flows from operating activities	55,261	204,578	149,317
Cash flows from investing activities	(112,120)	(98,544)	13,576
Cash flows from financing activities	28,206	(17,547)	(45,753)
Effect of exchange rate changes on cash and cash equivalents	47,071	47,724	653
Net increase in cash and cash equivalents	18,418	136,211	117,793
Cash and cash equivalents at beginning of period	439,339	506,185	66,846
Cash and cash equivalents at end of period	457,757	642,396	184,639

Operating activities provided net cash of ¥204,578 million, an increase of ¥149,317 million year on year. It mainly came from a decrease in working capital.

Investing activities used net cash of ¥98,544 million, a decrease of ¥13,576 million year on year. It mainly came from a decrease in purchase of tangible and intangible assets.

Financing activities used net cash of ¥17,547 million, change by ¥45,753 million year on year. It mainly came from a change of net increase (decrease) in short-term borrowings.

(3) Summary Information Regarding Consolidated Projections**[Fiscal 2024 Consolidated Projections]**

Concerns over a slowdown of the global economy grew due to higher geopolitical risks, high interest rate policies in Europe and the United States to tackle inflation, and an economic slowdown in China on the back of the real estate slump. Under these circumstances, although production in the electronics market slowed due to weakness in final demand, TDK's performance for the first half of fiscal 2024, impacted by factors such as the depreciation of the yen, exceeded the projections held on August 2, 2023.

In terms of forward projections, production volume of smartphones and nearline HDDs for data centers are estimated to remain below the assumptions in August. Also, the automotive market is expected to pick up more moderately than the previous forecast due to component inventory adjustments at some customers. Based on these, the market environment in which we conduct business is projected to remain uncertain.

In view of the above conditions, our projections for fiscal 2024 consolidated performance, purchase of tangible and intangible assets, depreciation and amortization, and research and development expenses are unchanged from those announced on August 2, 2023, and are as shown below.

Item	FY2024 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2023 - March 31, 2024)	FY2023 (April 1, 2022 - March 31, 2023)	vs. FY2023 Changes	
	Projection in August '23	Projection in April '23	Actual		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	%
Net sales	1,970,000	2,020,000	2,180,817	(210,817)	(9.7)
Operating profit	150,000	190,000	168,827	(18,827)	(11.2)
Profit before tax	150,000	188,000	167,219	(17,219)	(10.3)
Net profit attributable to owners of parent	105,000	147,000	114,187	(9,187)	(8.0)
Purchase of tangible and intangible assets	240,000	260,000	275,709	(35,709)	(13.0)
Depreciation and amortization	180,000	185,000	206,285	(26,285)	(12.7)
Research and development expenses	170,000	180,000	179,467	(9,467)	(5.3)

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥136 and ¥148 respectively will be assumed for Fiscal 2024. Average yen exchange rates against the U.S. dollar and the euro of ¥130 and ¥142 respectively will be assumed from the third quarter onward.

Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws, and regulations.

2. Other Information

(1) Changes in Significant Subsidiaries

Nothing to report.

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

Accounting standard which TDK adopted from April 1, 2023 is as follows.

Accounting standards	Title	Summary
IAS 12	Income taxes	Accounting treatment clarification of deferred tax related to assets and liabilities arising from a single transaction.

The adoption to this standard above did not have a material impact on Condensed Quarterly Consolidated Financial Statements.

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2024 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 2024 are as follows. TDK keeps initial dividend forecast unchanged.

	FY2024	FY2023 Actual
Interim dividend	58.00	53.00
Year-end dividend	(Forecast)58.00	53.00
Annual dividend	(Forecast)116.00	106.00

(Yen)

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed quarterly consolidated statements of financial position

	March 31, 2023		September 30, 2023		Change
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	Amount (Millions of yen)
Assets					
Current assets					
Cash and cash equivalents	506,185		642,396		136,211
Trade receivables	546,381		589,166		42,785
Other financial assets	52,147		41,120		(11,027)
Inventories	443,001		436,008		(6,993)
Income taxes receivables	4,303		4,649		346
Other current assets	55,294		72,342		17,048
Total current assets	1,607,311	51.1	1,785,681	52.2	178,370
Non-current assets					
Investments accounted for using the equity method	24,706		30,500		5,794
Other financial assets	153,950		171,770		17,820
Property, plant and equipment	930,288		970,461		40,173
Right-of-use assets	54,683		61,379		6,696
Goodwill	149,516		165,832		16,316
Intangible assets	61,241		60,217		(1,024)
Long-term advances to suppliers	110,925		110,020		(905)
Deferred tax assets	44,189		51,250		7,061
Other non-current assets	10,218		10,478		260
Total non-current assets	1,539,716	48.9	1,631,907	47.8	92,191
Total assets	3,147,027	100.0	3,417,588	100.0	270,561

TDK Corporation (6762) FY 2024 Second Quarter Financial Results (IFRS)

	March 31, 2023		September 30, 2023		Change
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	Amount (Millions of yen)
Liabilities					
Current liabilities					
Borrowings	248,510		214,862		(33,648)
Lease liabilities	10,298		11,303		1,005
Trade payables	351,439		383,240		31,801
Other financial liabilities	92,673		83,840		(8,833)
Income taxes payables	30,285		39,566		9,281
Provisions	13,079		13,508		429
Other current liabilities	258,027		277,930		19,903
Total current liabilities	1,004,311	31.9	1,024,249	30.0	19,938
Non-current liabilities					
Bonds and borrowings	448,656		497,519		48,863
Lease liabilities	44,694		50,184		5,490
Other financial liabilities	3,849		6,132		2,283
Retirement benefit liabilities	92,313		93,763		1,450
Provisions	9,697		9,837		140
Deferred tax liabilities	70,386		86,725		16,339
Other non-current liabilities	10,254		11,285		1,031
Total non-current liabilities	679,849	21.6	755,445	22.1	75,596
Total liabilities	1,684,160	53.5	1,779,694	52.1	95,534
Equity					
Equity attributable to owners of parent					
Share capital	32,641		32,641		-
Capital surplus	45		-		(45)
Retained earnings	1,054,738		1,089,032		34,294
Other components of equity	387,281		525,626		138,345
Treasury shares	(16,259)		(16,176)		83
Total equity attributable to owners of parent	1,458,446	46.3	1,631,123	47.7	172,677
Non-controlling interests	4,421	0.2	6,771	0.2	2,350
Total equity	1,462,867	46.5	1,637,894	47.9	175,027
Total liabilities and equity	3,147,027	100.0	3,417,588	100.0	270,561

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income
[1st half results]**

Condensed quarterly consolidated statements of profit or loss

	1H of FY 2023 (April 1, 2022 – September 30, 2022)		1H of FY2024 (April 1, 2023 – September 30, 2023)		Change	
	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	%
Net sales	1,121,993	100.0	1,059,711	100.0	(62,282)	(5.6)
Cost of sales	(781,750)		(765,756)		15,994	
Gross profit	340,243	30.3	293,955	27.7	(46,288)	(13.6)
Selling, general and administrative expenses	(226,730)		(217,778)		8,952	
Other operating income	6,935		9,427		2,492	
Other operating expenses	(139)		(56)		83	
Operating profit	120,309	10.7	85,548	8.1	(34,761)	(28.9)
Finance income	6,809		14,393		7,584	
Finance costs	(7,124)		(19,605)		(12,481)	
Share of profit (loss) of investments accounted for using equity method	(119)		(94)		25	
Profit before tax	119,875	10.7	80,242	7.6	(39,633)	(33.1)
Income tax expense	(32,320)		(24,841)		7,479	
Net profit for the period	87,555	7.8	55,401	5.2	(32,154)	(36.7)
Net profit attributable to:						
Owners of parent	86,951	7.7	54,188	5.1	(32,763)	(37.7)
Non-controlling interests	604	0.1	1,213	0.1	609	100.8
Net profit for the period	87,555	7.8	55,401	5.2	(32,154)	(36.7)

Condensed quarterly consolidated statements of Comprehensive Income

	1H of FY 2023 (April 1, 2022 – September 30, 2022)	1H of FY2024 (April 1, 2023 – September 30, 2023)	Change
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Net profit for the period	87,555	55,401	(32,154)
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	1,628	(123)	(1,751)
Remeasurements of defined benefit plans	8,115	156	(7,959)
Share of other comprehensive income of investments accounted for using the equity method	25	43	18
Total	9,768	76	(9,692)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	167,422	138,487	(28,935)
Total	167,422	138,487	(28,935)
Total other comprehensive income, net of tax	177,190	138,563	(38,627)
Comprehensive income for the period	264,745	193,964	(70,781)
Comprehensive income attributable to:			
Owners of parent	264,101	192,743	(71,358)
Non-controlling interests	644	1,221	577
Comprehensive income for the period	264,745	193,964	(70,781)

[2nd quarter results]

Condensed quarterly consolidated statements of profit or loss

	Three months ended September 30, 2022		Three months ended September 30, 2023		Change	
	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	%
Net sales	611,489	100.0	556,312	100.0	(55,177)	(9.0)
Cost of sales	(423,308)		(389,363)		33,945	
Gross profit	188,181	30.8	166,949	30.0	(21,232)	(11.3)
Selling, general and administrative expenses	(117,040)		(112,235)		4,805	
Other operating income	4,611		4,533		(78)	
Other operating expenses	(46)		(1)		45	
Operating profit	75,706	12.4	59,246	10.6	(16,460)	(21.7)
Finance income	3,846		7,873		4,027	
Finance costs	(3,244)		(7,899)		(4,655)	
Share of profit (loss) of investments accounted for using equity method	(305)		10		315	
Profit before tax	76,003	12.4	59,230	10.6	(16,773)	(22.1)
Income tax expense	(20,208)		(19,087)		1,121	
Net profit for the period	55,795	9.1	40,143	7.2	(15,652)	(28.1)
Net profit attributable to:						
Owners of parent	55,538	9.1	39,463	7.1	(16,075)	(28.9)
Non-controlling interests	257	0.0	680	0.1	423	164.6
Net profit for the period	55,795	9.1	40,143	7.2	(15,652)	(28.1)

Condensed quarterly consolidated statements of comprehensive income

	Three months ended September 30, 2022	Three months ended September 30, 2023	Change
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Net profit for the period	55,795	40,143	(15,652)
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	1,823	(1,438)	(3,261)
Remeasurements of defined benefit plans	3,684	156	(3,528)
Share of other comprehensive income of investments accounted for using the equity method	7	(2)	(9)
Total	5,514	(1,284)	(6,798)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	37,777	45,743	7,966
Total	37,777	45,743	7,966
Total other comprehensive income, net of tax	43,291	44,459	1,168
Comprehensive income for the period	99,086	84,602	(14,484)
Comprehensive income attributable to:			
Owners of parent	98,872	83,757	(15,115)
Non-controlling interests	214	845	631
Comprehensive income for the period	99,086	84,602	(14,484)

(3) Condensed quarterly consolidated statements of changes in equity

Six months ended September 30, 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		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
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	-	-	86,951	-	-	86,951	604	87,555
Other comprehensive income, net of tax	-	-	-	177,150	-	177,150	40	177,190
Total comprehensive income for the period	-	-	86,951	177,150	-	264,101	644	264,745
Transactions with owners								
Equity transactions with non-controlling interests	-	140	-	-	-	140	(140)	(0)
Dividends paid	-	-	(17,056)	-	-	(17,056)	(115)	(17,171)
Transfer from retained earnings to capital surplus	-	105	(105)	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions	-	125	-	-	-	125	140	265
Exercise of share options	-	(370)	-	-	370	0	-	0
Total transactions with owners	-	-	(17,161)	-	370	(16,791)	(115)	(16,906)
Transfer from other components of equity to retained earnings	-	-	8,140	(8,140)	-	-	-	-
Balance as of September 30, 2022	32,641	-	1,052,697	478,617	(16,328)	1,547,627	3,967	1,551,594

TDK Corporation (6762) FY 2024 Second Quarter Financial Results (IFRS)

Six months ended September 30, 2023	Equity attributable to owners of parent						Non- controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Balance as of April 1, 2023	32,641	45	1,054,738	387,281	(16,259)	1,458,446	4,421	1,462,867
Comprehensive income for the period								
Net profit for the period	-	-	54,188	-	-	54,188	1,213	55,401
Other comprehensive income, net of tax	-	-	-	138,555	-	138,555	8	138,563
Total comprehensive income for the period	-	-	54,188	138,555	-	192,743	1,221	193,964
Transactions with owners								
Equity transactions with non-controlling interests	-	(41)	-	-	-	(41)	1,168	1,127
Dividends paid	-	-	(20,102)	-	-	(20,102)	(96)	(20,198)
Transfer from retained earnings to capital surplus	-	2	(2)	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(1)	(1)	-	(1)
Disposal of treasury shares	-	-	-	-	1	1	-	1
Share-based payment transactions	-	77	-	-	-	77	57	134
Exercise of share acquisition rights	-	(39)	-	-	39	0	-	0
Delivery of share under restricted stock unit	-	(44)	-	-	44	-	-	-
Total transactions with owners	-	(45)	(20,104)	-	83	(20,066)	1,129	(18,937)
Transfer from other components of equity to retained earnings	-	-	210	(210)	-	-	-	-
Balance as of September 30, 2023	32,641	-	1,089,032	525,626	(16,176)	1,631,123	6,771	1,637,894

(4) Condensed quarterly consolidated statements of cash flows

	1H of FY 2023 (April 1, 2022 – September 30, 2022)	1H of FY2024 (April 1, 2023 – September 30, 2023)
	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities		
Net profit for the period	87,555	55,401
Depreciation and amortization	103,162	94,610
Impairment losses (reversal of impairment losses)	509	(510)
Finance income	(6,809)	(14,393)
Finance costs	7,124	19,605
Share of profit of investments accounted for using equity method	119	94
Income tax expense	32,320	24,841
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(42,773)	(3,239)
Decrease (increase) in inventories	(43,090)	36,679
Decrease (increase) in long-term advances to suppliers	6,510	6,514
Increase (decrease) in trade payables	(33,420)	16,950
Net change in other assets and liabilities	(14,887)	(28,601)
Net change in other financial assets and liabilities	(8,735)	24,758
Other	(15,836)	(21,310)
Subtotal	71,749	211,399
Interest and dividends received	5,190	10,622
Interest paid	(4,495)	(4,442)
Income taxes paid	(17,183)	(13,001)
Cash flows from operating activities	55,261	204,578

	1H of FY 2023 (April 1, 2022 – September 30, 2022)	1H of FY2024 (April 1, 2023 – September 30, 2023)
	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(154,156)	(114,445)
Proceeds from sale of tangible and intangible assets	15,584	18,041
Proceeds from withdrawal of time deposits	54,776	25,455
Payments into time deposits	(15,720)	(18,292)
Proceeds from sale and redemption of securities	6	1,266
Payment for purchase of securities	(7,206)	(6,012)
Purchase of investments in associates	(4,361)	(4,627)
Other	(1,043)	70
Cash flows from investing activities	(112,120)	(98,544)
Cash flows from financing activities		
Proceeds from long-term borrowings	4	80,017
Repayment of long-term borrowings	(1,684)	(3,175)
Net increase (decrease) in short-term borrowings	52,106	(89,288)
Proceeds from issuance of bonds	-	20,000
Net increase (decrease) in commercial papers	-	(5)
Repayment of lease liabilities	(5,146)	(5,944)
Dividends paid	(17,046)	(20,096)
Other	(28)	944
Cash flows from financing activities	28,206	(17,547)
Effect of exchange rate changes on cash and cash equivalents	47,071	47,724
Net increase in cash and cash equivalents	18,418	136,211
Cash and cash equivalents at beginning of period	439,339	506,185
Cash and cash equivalents at end of period	457,757	642,396

(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, 2023.

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.

(Material accounting policies)

The material 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, 2023, except for the newly adopted accounting standards below.

Accounting standard which TDK adopted from April 1, 2023 is as follows.

Accounting standards	Title	Summary
IAS 12	Income taxes	Accounting treatment clarification of deferred tax related to assets and liabilities arising from a single transaction.

The adoption to this standard above did not have a material impact on Condensed Quarterly Consolidated Financial Statements.

The income tax expense for the six months ended September 30, 2023 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, 2023, certain products of Other are reclassified into Passive Components 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 six months ended September 30, 2022 and 2023 are as follows:

Net sales

(Millions of yen, %)

		1H of FY 2023 (April 1, 2022 – September 30, 2022)		1H of FY2024 (April 1, 2023 – September 30, 2023)		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	295,896	26.3	286,170	27.0	(9,726)	(3.3)
	Intersegment	3,790		3,785		(5)	(0.1)
	Total	299,686		289,955		(9,731)	(3.2)
Sensor Application Products	External customers	84,929	7.6	86,053	8.1	1,124	1.3
	Intersegment	26		680		654	-
	Total	84,955		86,733		1,778	2.1
Magnetic Application Products	External customers	109,812	9.8	83,054	7.9	(26,758)	(24.4)
	Intersegment	58		32		(26)	(44.8)
	Total	109,870		83,086		(26,784)	(24.4)
Energy Application Products	External customers	602,422	53.7	578,923	54.6	(23,499)	(3.9)
	Intersegment	0		8		8	-
	Total	602,422		578,931		(23,491)	(3.9)
Other	External customers	28,934	2.6	25,511	2.4	(3,423)	(11.8)
	Intersegment	2,616		3,317		701	26.8
	Total	31,550		28,828		(2,722)	(8.6)
Intersegment elimination		(6,490)		(7,822)		(1,332)	
Total		1,121,993	100.0	1,059,711	100.0	(62,282)	(5.6)

Segment profit (loss)

(Millions of yen, %)

		1H of FY 2023 (April 1, 2022 – September 30, 2022)		1H of FY2024 (April 1, 2023 – September 30, 2023)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		53,874	18.2	31,665	11.1	(22,209)	(41.2)
Sensor Application Products		7,138	8.4	5,025	5.8	(2,113)	(29.6)
Magnetic Application Products		(2,505)	(2.3)	(19,034)	(22.9)	(16,529)	-
Energy Application Products		80,873	13.4	89,670	15.5	8,797	10.9
Other		490	1.7	(521)	(2.0)	(1,011)	-
Subtotal		139,870	12.5	106,805	10.1	(33,065)	(23.6)
Adjustment		(19,561)		(21,257)		(1,696)	
Operating profit		120,309	10.7	85,548	8.1	(34,761)	(28.9)

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 September 30, 2022 and 2023 are as follows:

Net sales

(Millions of yen, %)

		Three months ended September 30, 2022		Three months ended September 30, 2023		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	153,528	25.1	145,431	26.1	(8,097)	(5.3)
	Intersegment	2,241		1,784		(457)	(20.4)
	Total	155,769		147,215		(8,554)	(5.5)
Sensor Application Products	External customers	45,913	7.5	47,266	8.5	1,353	2.9
	Intersegment	14		250		236	-
	Total	45,927		47,516		1,589	3.5
Magnetic Application Products	External customers	54,682	8.9	44,837	8.1	(9,845)	(18.0)
	Intersegment	36		0		(36)	(100.0)
	Total	54,718		44,837		(9,881)	(18.1)
Energy Application Products	External customers	342,330	56.0	303,990	54.6	(38,340)	(11.2)
	Intersegment	0		8		8	-
	Total	342,330		303,998		(38,332)	(11.2)
Other	External customers	15,036	2.5	14,788	2.7	(248)	(1.6)
	Intersegment	1,307		1,840		533	40.8
	Total	16,343		16,628		285	1.7
Intersegment elimination		(3,598)		(3,882)		(284)	
Total		611,489	100.0	556,312	100.0	(55,177)	(9.0)

Segment profit (loss)

(Millions of yen, %)

		Three months ended September 30, 2022		Three months ended September 30, 2023		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		29,390	19.1	17,539	12.1	(11,851)	(40.3)
Sensor Application Products		4,357	9.5	4,378	9.3	21	0.5
Magnetic Application Products		(1,788)	(3.3)	(9,381)	(20.9)	(7,593)	-
Energy Application Products		53,525	15.6	57,483	18.9	3,958	7.4
Other		12	0.0	663	4.5	651	-
Subtotal		85,496	14.0	70,682	12.7	(14,814)	(17.3)
Adjustment		(9,790)		(11,436)		(1,646)	
Operating profit		75,706	12.4	59,246	10.6	(16,460)	(21.7)

Segment profit represents a segment's sales less its cost of sales, selling, general and administrative

expenses and other operating profit 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 six months ended September 30, 2022 and 2023 are as follows:

Net sales

	1H of FY 2023 (April 1, 2022 – September 30, 2022)	(Millions of yen) 1H of FY2024 (April 1, 2023 – September 30, 2023)
Japan	84,580	90,730
Americas	88,555	78,640
Europe	104,302	106,225
China	618,604	572,195
Asia and others	225,952	211,921
Total	1,121,993	1,059,711

The geographic segment information for the three months ended September 30, 2022 and 2023 are as follows:

Net sales

	Three months ended September 30, 2022	(Millions of yen) Three months ended September 30, 2023
Japan	44,117	44,891
Americas	43,454	38,685
Europe	52,215	51,819
China	352,171	302,706
Asia and others	119,532	118,211
Total	611,489	556,312

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

(Significant subsequent events)

There are no items to report.

(6) Appendix to the Consolidated Financial Statements

1) Foreign exchange rates

Term Item	Q2 of FY 2023 September 30, 2022		Q2 of FY 2024 September 30, 2023		FY 2023 March 31, 2023	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	144.81	142.32	149.58	158.00	133.53	145.72

2) Quarterly sales by product

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)		Q4 of FY 2023 (January 1, 2023 – March 31, 2023)	
	Amount	%	Amount	%	Amount	%	Amount	%
Capacitors	58,324	11.4	63,711	10.4	62,146	10.6	58,332	12.4
Inductive devices	49,335	9.7	52,796	8.6	50,067	8.5	46,283	9.8
Other passive components	34,709	6.8	37,021	6.1	33,081	5.6	32,954	7.0
Passive Components	142,368	27.9	153,528	25.1	145,294	24.7	137,569	29.2
Sensor Application Products	39,016	7.6	45,913	7.5	45,637	7.8	38,977	8.2
Magnetic Application Products	55,130	10.8	54,682	8.9	47,475	8.1	43,286	9.2
Energy Application Products	260,092	50.9	342,330	56.0	331,423	56.5	239,510	50.8
Other	13,898	2.8	15,036	2.5	17,143	2.9	12,510	2.6
Total	510,504	100.0	611,489	100.0	586,972	100.0	471,852	100.0

(Millions of yen, %)

Term Product category	Q1 of FY 2024 (April 1, 2023 – June 30, 2023)		Q2 of FY 2024 (July 1, 2023 – September 30, 2023)	
	Amount	%	Amount	%
Capacitors	62,520	12.4	62,627	11.3
Inductive devices	46,748	9.3	49,274	8.8
Other passive components	31,471	6.3	33,530	6.0
Passive Components	140,739	28.0	145,431	26.1
Sensor Application Products	38,787	7.7	47,266	8.5
Magnetic Application Products	38,217	7.6	44,837	8.1
Energy Application Products	274,933	54.6	303,990	54.6
Other	10,723	2.1	14,788	2.7
Total	503,399	100.0	556,312	100.0

Note: In accordance with the reorganization for the first quarter ended June 30, 2023, certain products of Other are reclassified into Capacitors. Thus, the prior year's figures are also reclassified to conform to the new segmentation.