

Attracting Tomorrow



**Performance Briefing
First Half of Fiscal Year March 2023**

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

Consolidated Results for First Half of FY March 2023

Tetsuji Yamanishi
Executive Vice President

Despite a drop in demand mainly in the ICT market, due partly to geopolitical risks and economic slowdown concerns, both net sales and operating profit reached record highs on the back of EX-related demand, among other factors.*

- **Net sales increased 25.5% year on year. Operating profit increased 47.4% year on year.**
- **Sharp depreciation of the yen significantly affected earnings.**
 - Automobile production remained on a moderate recovery trend, despite the negative impact of the shortage of component supply. Component demand remained brisk thanks to the spread of xEVs and ADAS. Sales of Passive Components and Sensors contributed to earnings.
 - In the ICT market, sales of HDD Heads decreased due to a substantial decline in demand related to PCs and tablets on top of slowing demand related to data centers. Despite sluggish demand related to smartphones on the whole, sales of Rechargeable Batteries and Sensors for new models contributed to earnings.
 - Demand related to residential energy storage systems expanded due to soaring energy prices. Sales of medium-sized rechargeable batteries increased.
 - Sales of Power Supplies for industrial equipment and Passive Components for renewable energy and energy-saving equipment applications expanded.

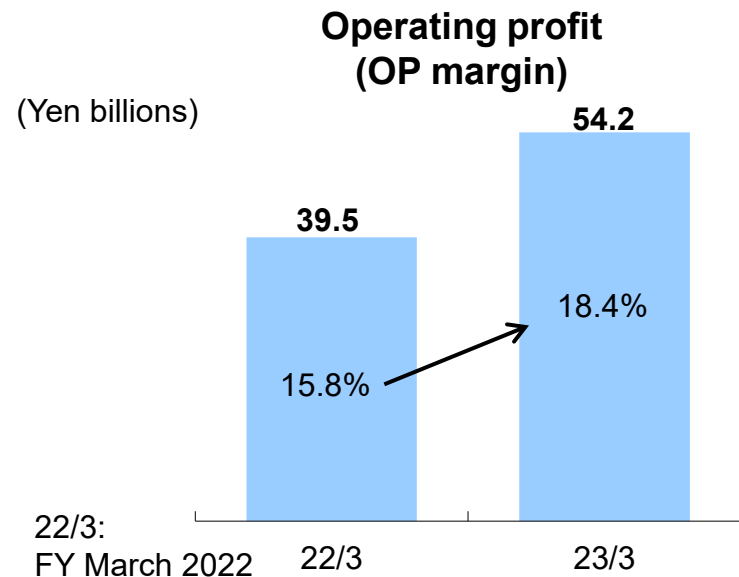
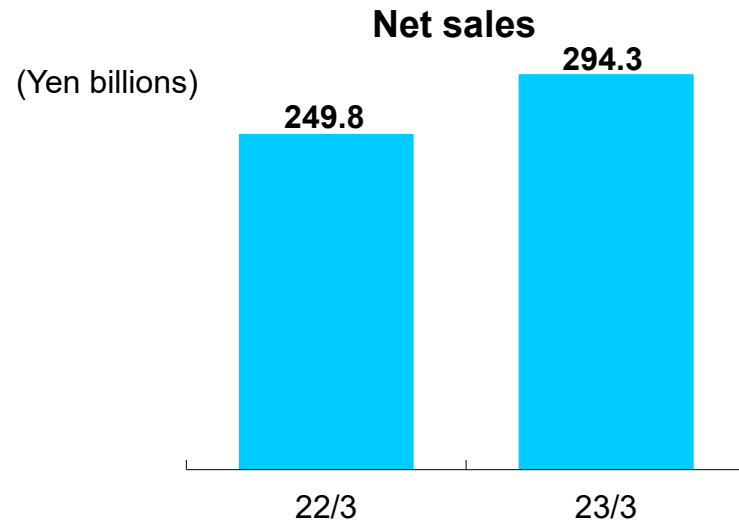
*Operating profit is compared on the basis excluding a gain on sale of business recorded in FY March 2017.

Consolidated results for first half of FY March 2023

	(Yen billions)	FY March 2022 Results through 2Q (2021.4.1-2021.9.30)	FY March 2023 Results through 2Q (2022.4.1-2022.9.30)	Change	
				Yen billions	%
Net sales		894.2	1,122.0	227.8	25.5
Operating profit		81.6	120.3	38.7	47.4
Operating profit margin		9.1%	10.7%	+1.6%	-
Profit before tax		84.8	119.9	35.0	41.3
Net profit		68.9	87.0	18.1	26.3
Earnings per share (JPY)		181.71	229.39	-	-
Ex-rate	US\$ (JPY)	109.79	133.80	Depreciated by 21.9%	
	EURO (JPY)	130.86	138.67	Depreciated by 6.0%	
Ex-rate impact to net sales & operating profit		Net sales : Increased by about 164.1 billion Yen Operating profit : Increased by about 36.9 billion Yen			

(Note) TDK has voluntarily adopted International Financial Reporting Standards (IFRS) on its consolidated financial statements in the Securities Reports from FY March 2022 in place of the U.S. GAAP. The figures for the previous fiscal year shown in this document are also presented in accordance with IFRS..

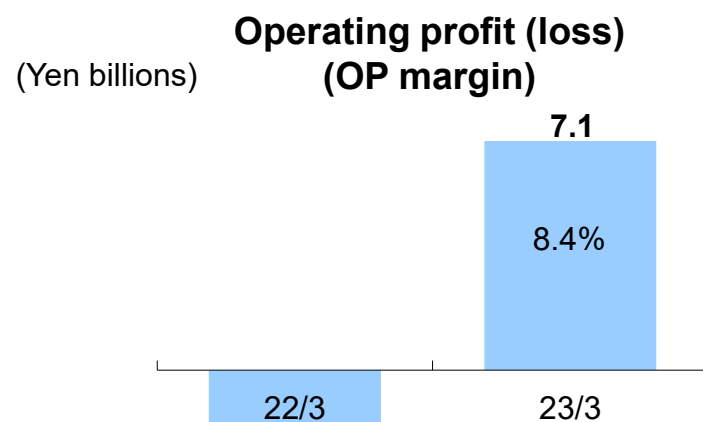
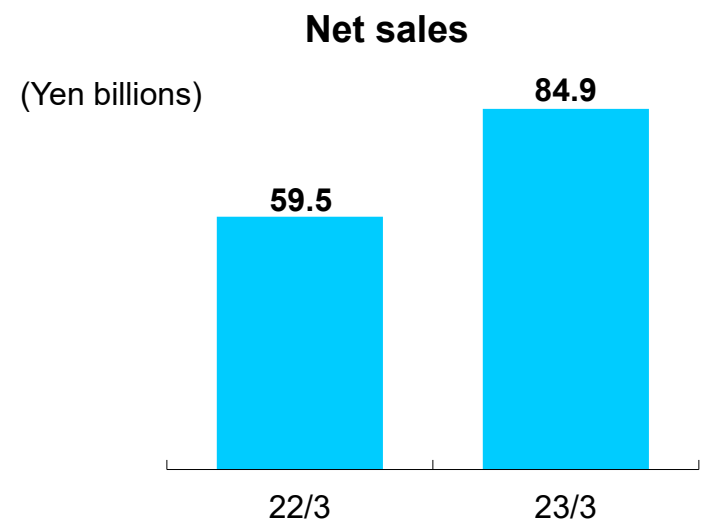
First half results - Passive Components segment



Net sales 294.3 billion yen (up 17.8% year on year)
Operating profit 54.2 billion yen (up 37.0% year on year)

- **Ceramic Capacitors**
 - Sales and profit increased year on year.
 - Sales increased to the automotive market, especially for xEVs.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
 - Sales and profit increased year on year.
 - Sales to the industrial equipment market for renewable energy applications as well as sales to the automotive market increased.
- **Inductive Devices**
 - Sales and profit increased year on year.
 - Sales increased to the automotive and the industrial equipment markets.
- **High-Frequency Components**
 - Sales increased and profit decreased year on year.
 - Sales increased to the industrial equipment and the automotive markets.
- **Piezoelectric Material Products and Circuit Protection Components**
 - Sales and profit increased year on year.
 - Sales increased mainly to the industrial equipment and the automotive markets.

First half results - Sensor Application Products segment



22/3:
FY March 2022

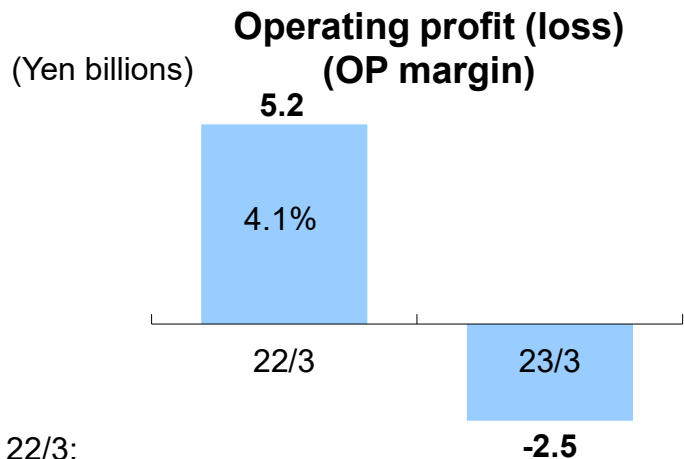
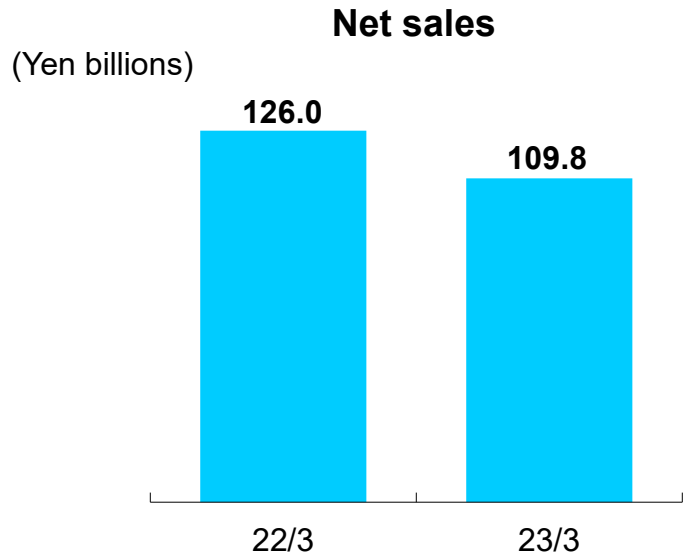
Net sales 84.9 billion yen (up 42.7% year on year)
Operating profit 7.1 billion yen (up —% year on year)

- **Sensors**

- Sales surged year on year. The segment achieved profitability.
- Sales of Temperature and Pressure Sensors increased to the automotive market.
- In Magnetic Sensors, sales of Hall Sensors increased to the automotive market as well as to the ICT market, and sales of TMR Sensors increased significantly year on year, thanks to such as their increased adoption by the ICT market.
- In MEMS Sensors, sales of Motion Sensors and Microphones increased significantly to the ICT market, etc., owing to the expansion of the customer base and applications. Earnings also improved greatly.

First half results - Magnetic Application Products segment

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22/3:
FY March 2022

Net Sales 109.8 billion yen (down 12.8% year on year)
Operating loss -2.5 billion yen (down —% year on year)

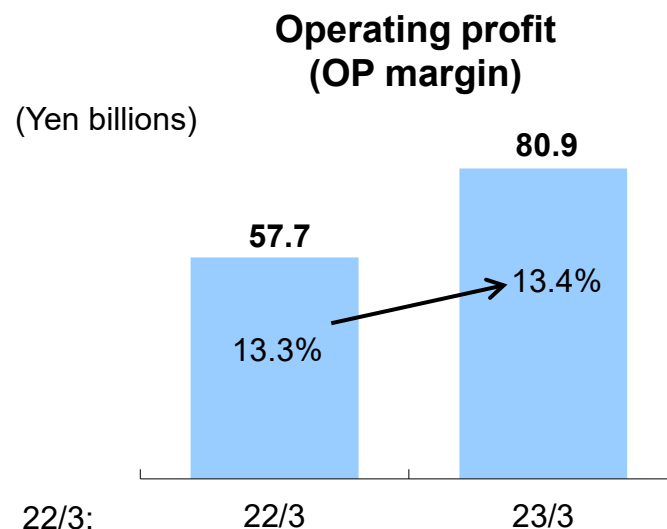
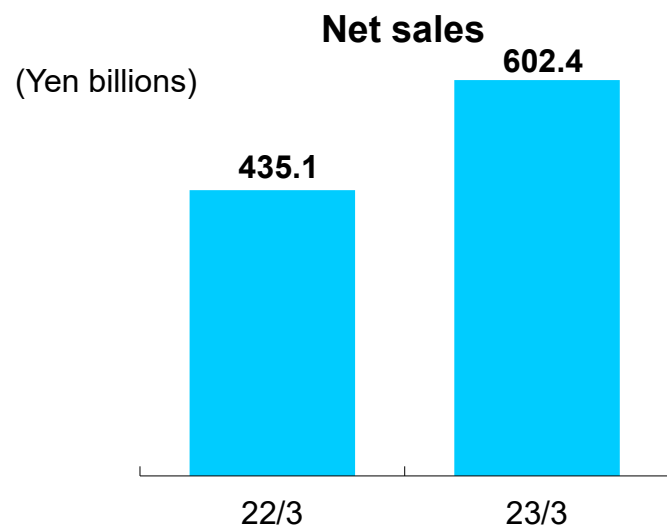
- **HDD Heads and HDD Suspension Assemblies**

- Sales and profit of HDD Heads and HDD Suspension Assemblies decreased year on year due to sluggish production volume of HDDs for PC applications and data centers.

- **Magnets**

- Operating loss increased year on year.

First half results - Energy Application Products segment



Net Sales 602.4 billion yen (up 38.5% year on year)
Operating profit 80.9 billion yen (up 40.1% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- Production volume for mobile applications (smartphones, tablets, notebook PCs) remained sluggish, while sales of small-sized rechargeable batteries for new models expanded.
- Sales of medium-sized rechargeable batteries for residential energy storage systems and other applications expanded.

- **Power Supplies**

- Sales and profit from Power Supplies for industrial equipment increased year on year due to strong corporate capital expenditures demand.

22/3:
FY March 2022

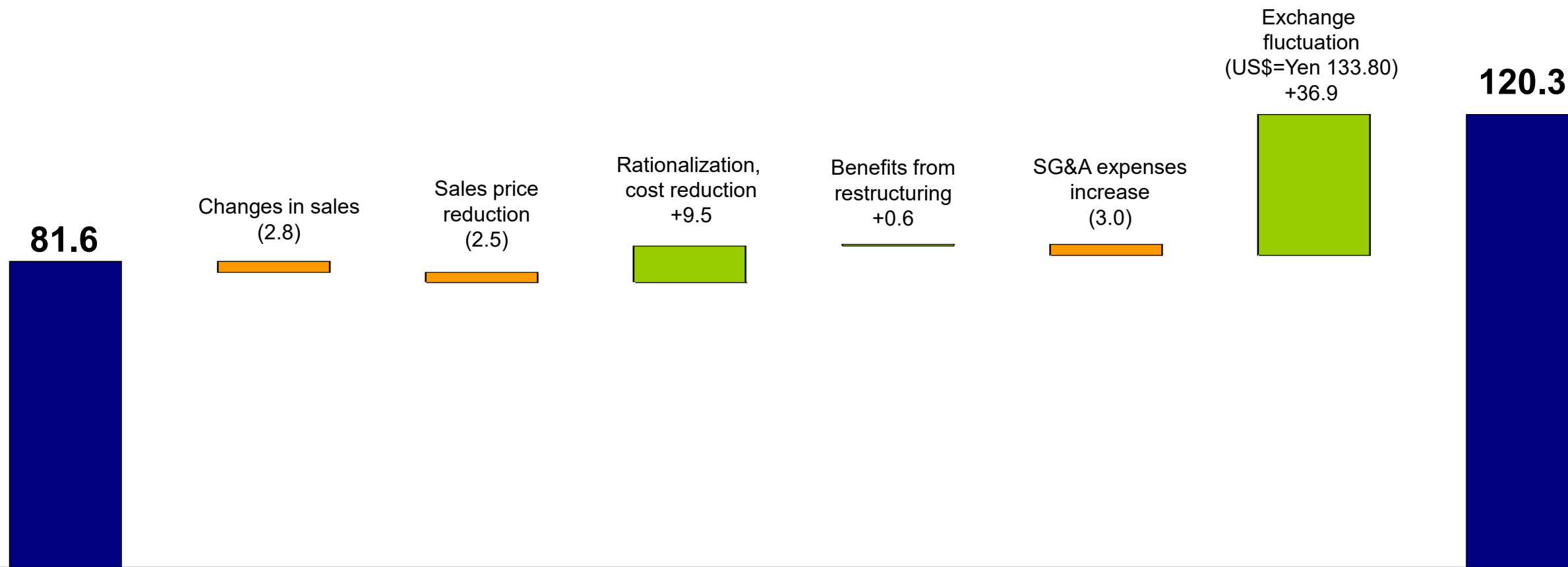
Breakdown of operating profit changes

First half of
FY March 2022
81.6 billion yen

Operating profit +38.7 billion yen

First half of
FY March 2023
120.3 billion yen

(Yen billions)



Consolidated results for 2Q of FY March 2023

(Yen billions)		FY March 2022 2Q results	FY March 2023 2Q results	Change	
				Yen billions	%
Net sales		474.1	611.5	137.4	29.0
Operating profit		50.3	75.7	25.4	50.5
Operating profit margin		10.6%	12.4%	+1.8 pt	-
Profit before tax		52.4	76.0	23.6	45.0
Net profit		41.9	55.5	13.6	32.5
Earnings per share (JPY)		110.59	146.51	-	-
Ex-rate	US\$ (JPY)	110.07	138.20	Depreciated by 25.6%	
	EURO (JPY)	129.83	139.39	Depreciated by 7.4%	
Ex-rate impact to net sales & operating profit		Net sales : Increased by about 100.4 billion Yen Operating profit : Increased by about 24.3 billion Yen			

Quarterly results by segment

(Yen billions)		2Q of FY March 2022 (A)	1Q of FY March 2023 (B)	2Q of FY March 2023 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	49.8	57.6	62.9	13.0	26.2	5.3	9.1
	Inductive Devices	45.3	49.3	52.8	7.5	16.5	3.5	7.0
	Other Passive Components	32.9	34.7	37.0	4.1	12.5	2.3	6.7
	Passive Components	128.0	141.6	152.7	24.6	19.3	11.0	7.8
	Sensor Application Products	32.7	39.0	45.9	13.2	40.5	6.9	17.7
	Magnetic Application Products	65.4	55.1	54.7	(10.7)	-16.3	(0.4)	-0.8
	Energy Application Products	235.5	260.1	342.3	106.8	45.3	82.2	31.6
	Other	12.5	14.6	15.9	3.4	26.8	1.3	8.6
	Total	474.1	510.5	611.5	137.4	29.0	101.0	19.8
Operating profit	Passive Components	21.5	24.6	29.6	8.1	37.8	5.0	20.3
	Sensor Application Products	1.0	2.8	4.4	3.4	347.3	1.6	56.7
	Magnetic Application Products	2.3	(0.7)	(1.8)	(4.1)	-	(1.1)	-
	Energy Application Products	34.3	27.3	53.5	19.2	55.9	26.2	95.7
	Other	(0.3)	0.4	(0.2)	0.1	-	(0.5)	-
	Sub total	58.7	54.4	85.5	26.8	45.5	31.1	57.2
	Corporate and eliminations	(8.5)	(9.8)	(9.8)	(1.3)	-	(0.0)	-
Total	50.3	44.6	75.7	25.4	50.5	31.1	69.7	
Operating income margin		10.6%	8.7%	12.4%	+1.8pt	-	+3.7pt	-
Ex-rate	US\$ (JPY)	110.07	129.36	138.20				
	EURO (JPY)	129.83	137.95	139.39				

Consolidated Full Year Projections for FY March 2023

Noboru Saito
President & CEO

FY March 2023 full year / dividend projections

	(Yen billions)	FY March 2022 full year results	FY March 2023 full year projections (announced on Aug. 1, 2022)	FY March 2023 full year projections (announced on Nov. 1, 2022)	YoY change	
					Yen billions	%
Net sales		1,902.1	2,200.0	2,220.0	317.9	16.7
Operating profit		166.8	185.0	200.0	33.2	19.9
Operating profit margin		8.8%	8.4%	9.0%	+0.2 pt	-
Profit before tax		172.5	190.0	200.0	27.5	15.9
Net profit		131.3	145.0	147.0	15.7	12.0
Earnings per share (JPY)		346.44	382.54	390.35	-	-
Dividends (JPY)		Interim : 100 (33.3) Year-end : 45 Annual : - (78.3) <small>*(post-stock split standard)</small>	Interim : 53 Year-end : 53 Annual : 106	Interim : 53 Year-end : 53 Annual : 106	-	-
Ex-rate	US\$ (JPY)	112.33	120.00	135.00	-	
	EURO (JPY)	130.53	130.00	137.00	-	
Capital expenditure		291.3	300.0	300.0	8.7	3.0
Depreciation and amortization		177.0	200.0	210.0	33.0	18.6
Research and development		165.3	190.0	180.0	14.8	8.9

Market forecast of FY March 2023

Production Trend (Unit: Mil. unit)	FY2022	forecast in	forecast in
		May 11	November 1
		FY2023 (YoY)	FY2023 (YoY)
Automobile*	79	83 (+5%)	84 (+6%)
<i>therein</i> xEV	10.1	14.4 (+43%)	15.4 (+52%)
Smartphone	1,319	1,319 (±0%)	1,184 (-10%)
<i>therein</i> 5G Smartphone	586	663 (+13%)	620 (+6%)
HDD	250	231 (-8%)	161 (-36%)
<i>therein</i> Nearline	75	77 (+3%)	67 (-11%)
Notebook PC	258	240 (-7%)	205 (-21%)
Tablet	165	152 (-8%)	147 (-11%)

*The number of Automobile includes commercial vehicles.

Projections for 3Q of FY March 2023

- Image of changes in sales

(Yen billions)

Segment	2Q of FY March 2023	3Q projections (QoQ change)
Passive Components	152.7	-1%~-4%
Sensor Application Products	45.9	±0%
Magnetic Application Products	54.7	-14%~-17%
Energy Application Products	342.3	±0%
Other	15.9	—
Total	611.5	-3%~±0%

Forex assumptions

US\$(JPY)	138.20	135.00
EURO(JPY)	139.39	135.00

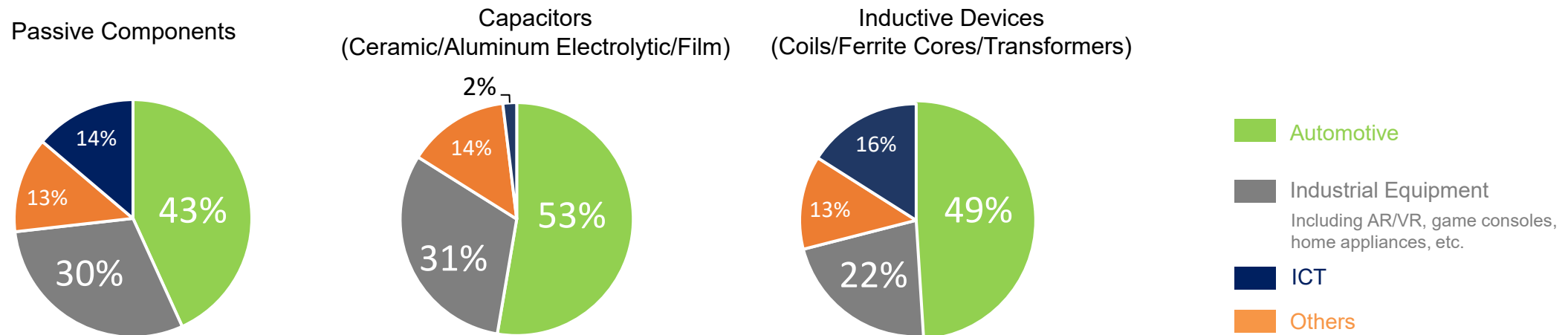
Key points of future initiatives by segments

● Passive Components

- Continue to strengthen product portfolio to incorporate demand related to automobile applications (ADAS, environment-friendly vehicles) and energy saving.
- Investment in Ceramic Capacitors for increased production, which was announced at the beginning of the fiscal year, will be implemented as scheduled.
 - High temperature guarantee, high voltage compatibility, resin electrode with safety design
- Increase production of Film Capacitors for EV and renewable energy applications.
- Increase production of EMI filters for automobile network and Inductive Devices for power supplies.

Sales Ratio by Market

(Actual results for 2Q of
FY March 2023)



Key points of future initiatives by segments

● Sensor Application Products

- Increase production of Magnetic Sensors (TMR Sensors) to the ICT market.
- Expand sales of Temperature and Pressure Sensors, and Magnetic Sensors (TMR Sensors) to the automotive market.
- Promote the expansion of customer and application bases for MEMS Sensors.

● Magnetic Application Products

- Magnetic Heads: Expand sales of MAMR Heads and continue the development of HAMR as a next-generation technology.
- Magnets: Continue to improve productivity.

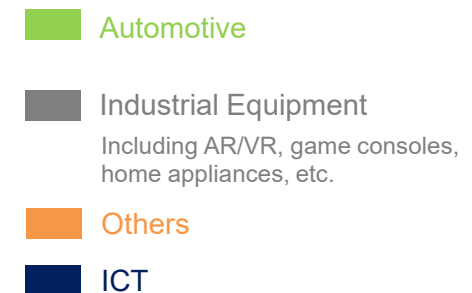
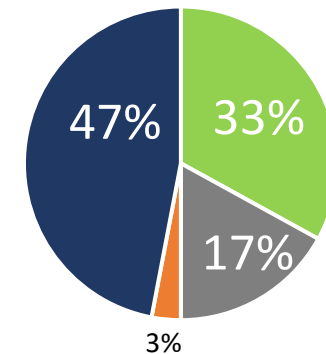
● Energy Application Products

- JVs with CATL for medium-sized rechargeable batteries market progressed as planned.
- Demand related to residential energy storage systems is expected to expand due to concerns over energy supply.
- Further expansion of the standard power supply business is anticipated.

Sales Ratio by Market

(Actual results for 2Q of FY March 2023)

Sensor Application Products
(Temperature and Pressure Sensors/
Magnetic Sensors/MEMS Sensors)



Supplementary Data

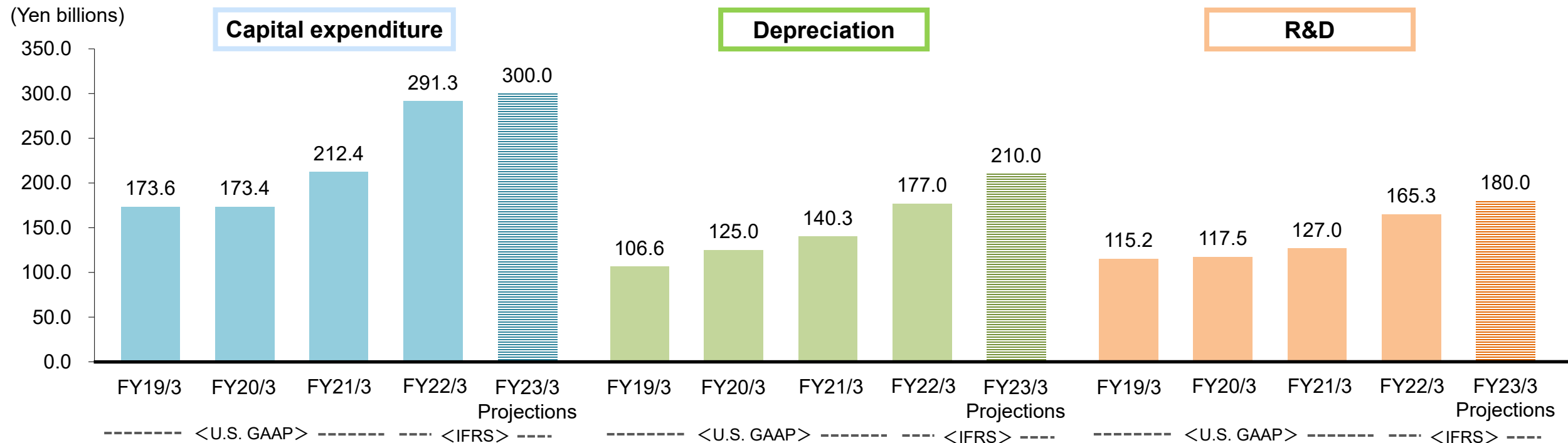
Quarterly sales and operating profit by segment

		FY March 2022					FY March 2023				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	(Yen billions)										
	Capacitors	47.1	49.8	50.8	50.4	198.1	57.6	62.9			
	Inductive Devices	42.1	45.3	47.0	45.8	180.2	49.3	52.8			
	Other Passive Components	32.5	32.9	32.2	31.8	129.4	34.7	37.0			
	Passive Components	121.8	128.0	130.0	128.0	507.8	141.6	152.7			
	Sensor Application Products	26.8	32.7	36.1	35.1	130.8	39.0	45.9			
	Magnetic Application Products	60.6	65.4	64.0	58.4	248.4	55.1	54.7			
	Energy Application Products	199.6	235.5	256.1	274.1	965.3	260.1	342.3			
Other	11.3	12.5	13.3	12.6	49.7	14.6	15.9				
Total	420.1	474.1	499.7	508.3	1,902.1	510.5	611.5				
Operating profit	Passive Components	18.1	21.5	22.5	14.8	76.8	24.6	29.6			
	Sensor Application Products	(3.2)	1.0	3.1	(1.2)	(0.3)	2.8	4.4			
	Magnetic Application Products	2.9	2.3	3.6	(4.2)	4.5	(0.7)	(1.8)			
	Energy Application Products	23.4	34.3	39.0	26.5	123.2	27.3	53.5			
	Other	(1.0)	(0.3)	(0.1)	(0.1)	(1.4)	0.4	(0.2)			
	Sub total	40.2	58.7	68.1	35.7	202.8	54.4	85.5			
	Corporate and eliminations	(8.9)	(8.5)	(8.4)	(10.3)	(36.1)	(9.8)	(9.8)			
Total	31.3	50.3	59.7	25.5	166.8	44.6	75.7				
Ex-rate	US\$ (JPY)	109.50	110.07	113.67	116.14	112.33	129.36	138.20			
	EURO (JPY)	131.90	129.83	130.06	130.35	130.53	137.95	139.39			

(Note) In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Passive Components segment and Sensor Application Products segment. Thus, the previous fiscal year's figures are also reclassified to conform to the new segmentation.

FY March 2023 projections and forex sensitivity

Expenses



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

- **US\$: Sales 10.0 billion yen, Operating profit 2.0 billion yen**
- **EURO : Sales 2.0 billion yen, Operating profit 0.6 billion yen**

Financial position

(Yen billions)	March End, 2022	June End, 2022	September End, 2022	Change
Total assets	3,041.7	3,287.7	3,389.3	101.6
Total liabilities	1,737.9	1,835.2	1,837.7	2.5
Total equity attributable to owners of parent	1,300.3	1,448.6	1,547.6	99.1
Ratio of equity attributable to owners of parent	42.8%	44.1%	45.7%	+1.6pt
Cash and cash equivalents	493.0	436.6	473.2	36.5
Interest-bearing debt (*1)	679.8	697.0	741.3	44.4
Net cash (*2)	(186.8)	(260.3)	(268.2)	(7.8)

*1: Borrowings + bonds + lease liabilities

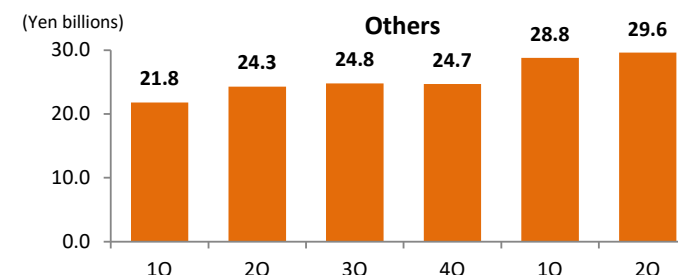
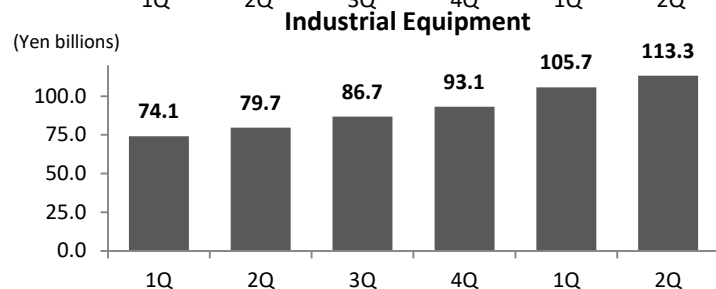
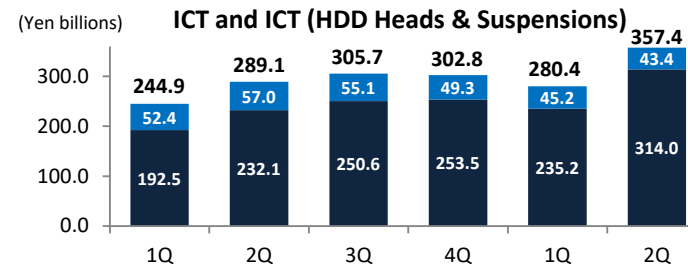
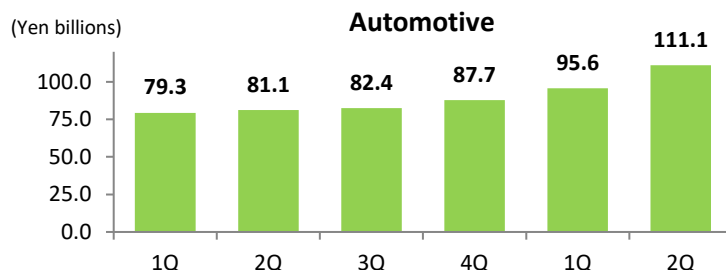
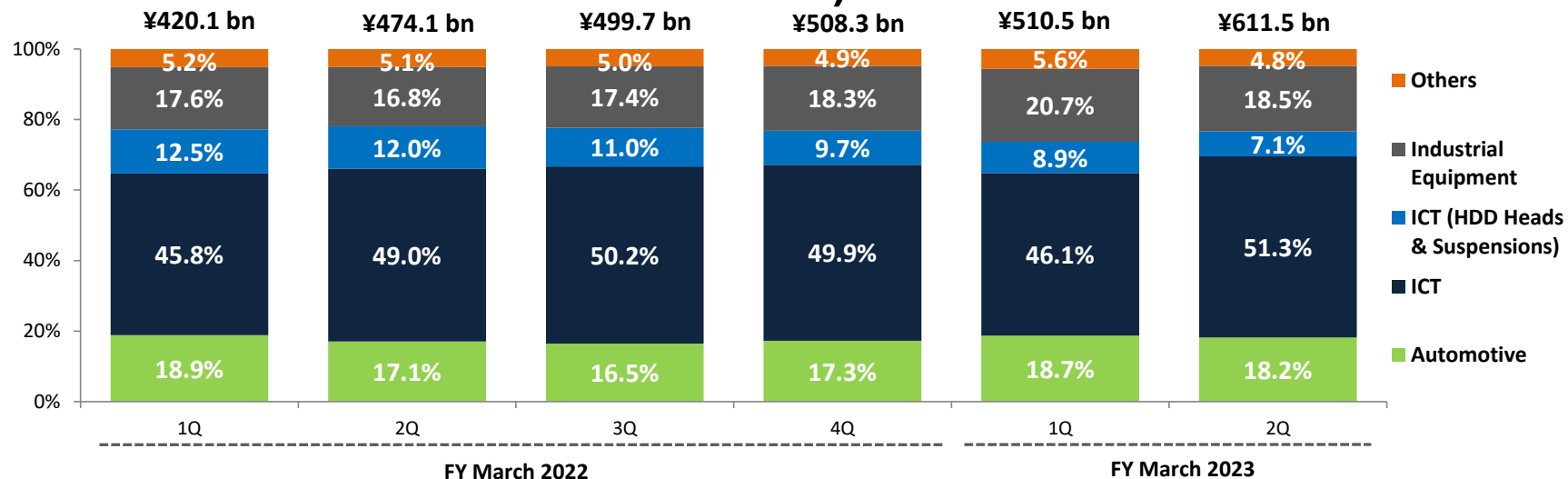
*2: Cash and cash equivalents - interest-bearing debt

Cash flows

(Yen billions)	FY March 2022 Results through 2Q	FY March 2023 Results through 2Q	YoY change
Operating cash flow	13.1	55.3	42.2
Investing cash flow	(86.2)	(112.1)	(25.9)
Free cash flow	(73.1)	(56.9)	16.2
Financing cash flow	43.0	28.2	(14.8)
Effect of exchange rate changes on cash and cash equivalents	8.1	47.1	39.0
Cash and cash equivalents	358.3	457.8	99.4

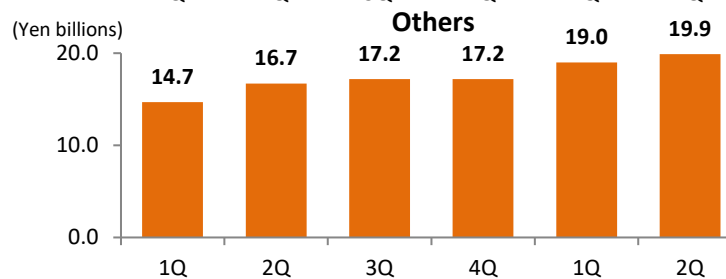
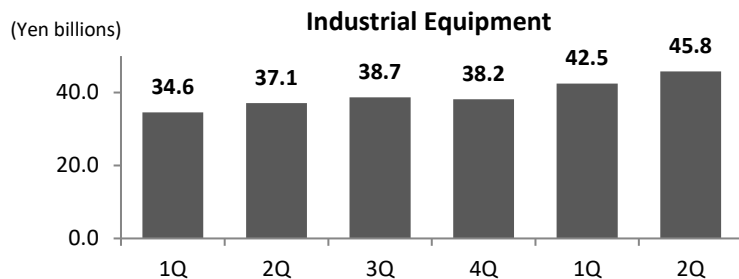
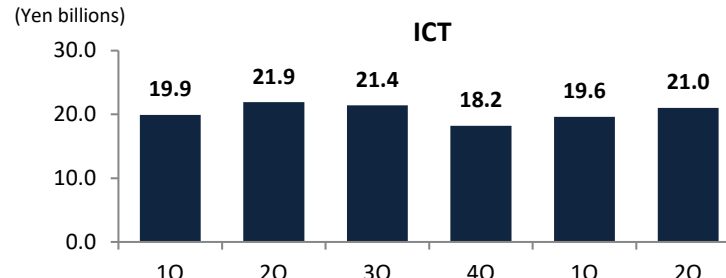
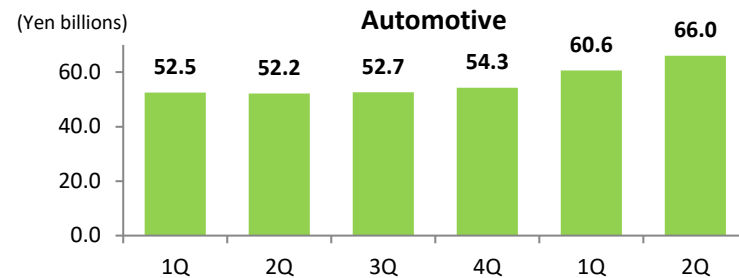
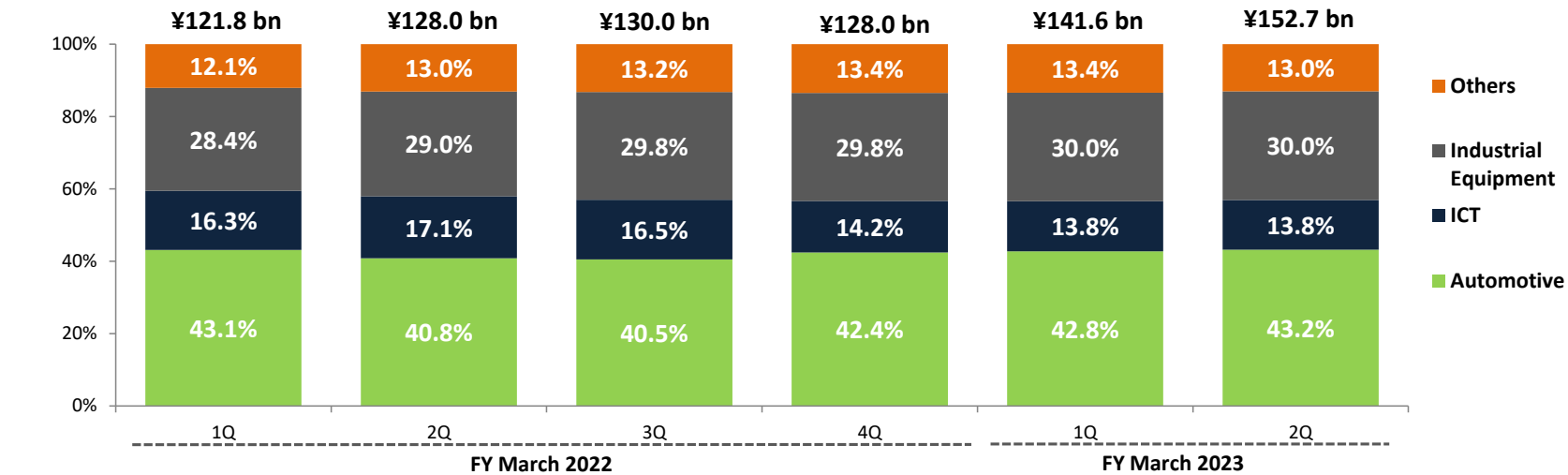
(Yen billions)	FY March 2022 Results through 2Q	FY March 2023 Results through 2Q	YoY change
Capital expenditures	134.0	154.2	20.2
Depreciation and amortization	85.6	103.2	17.6

Quarterly sales by markets (1Q of FY March 2022 – 2Q of FY March 2023)

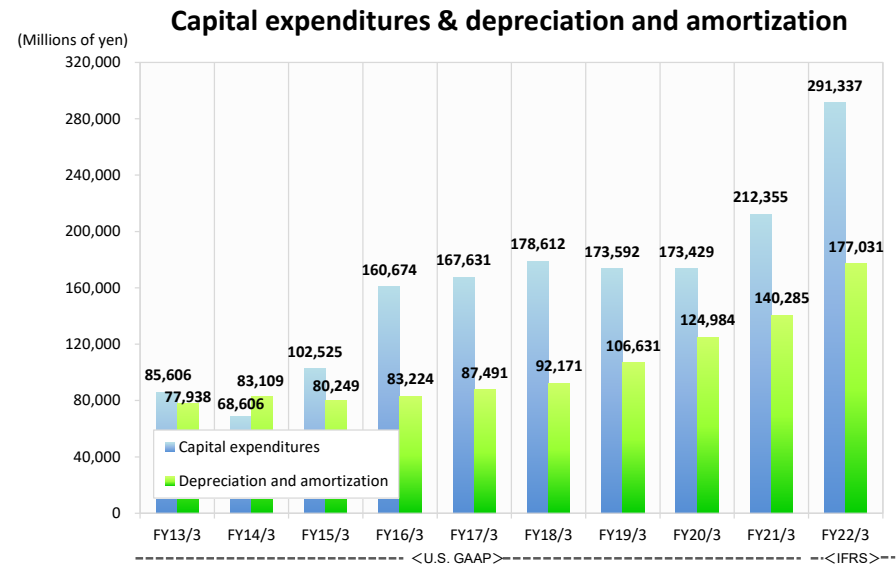
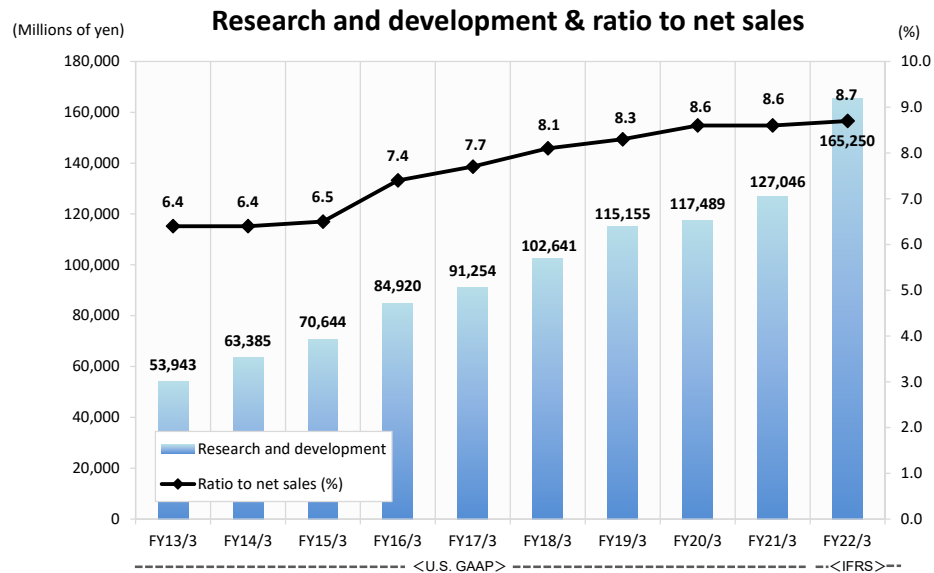
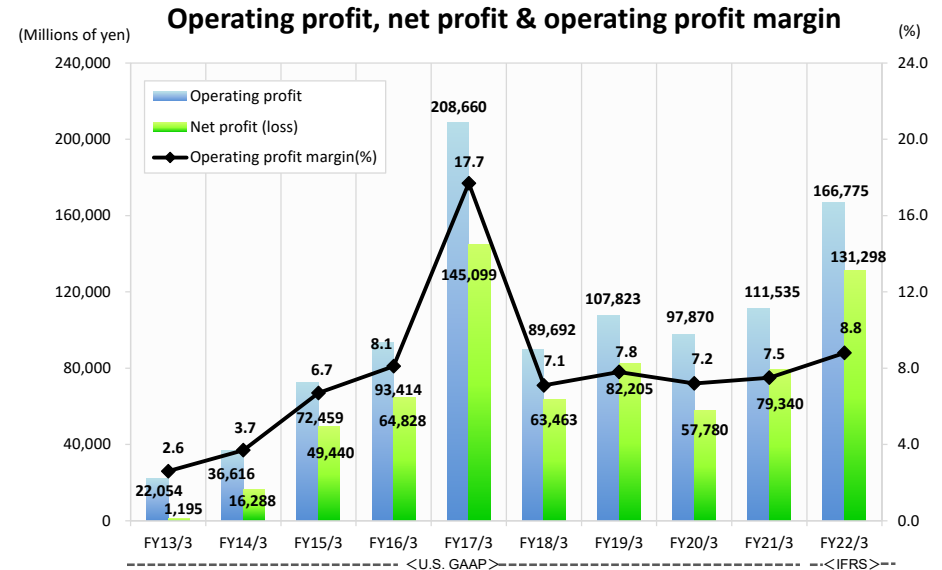
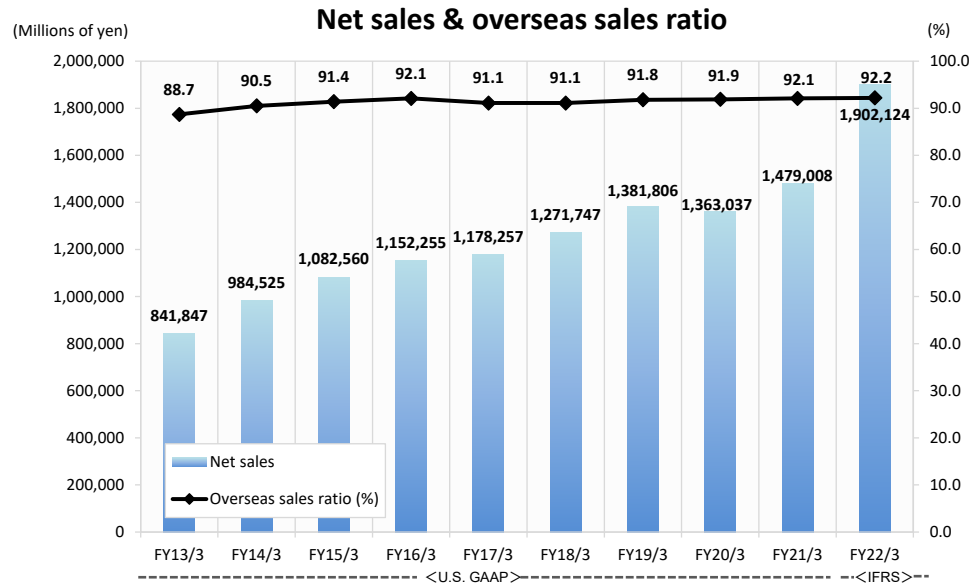


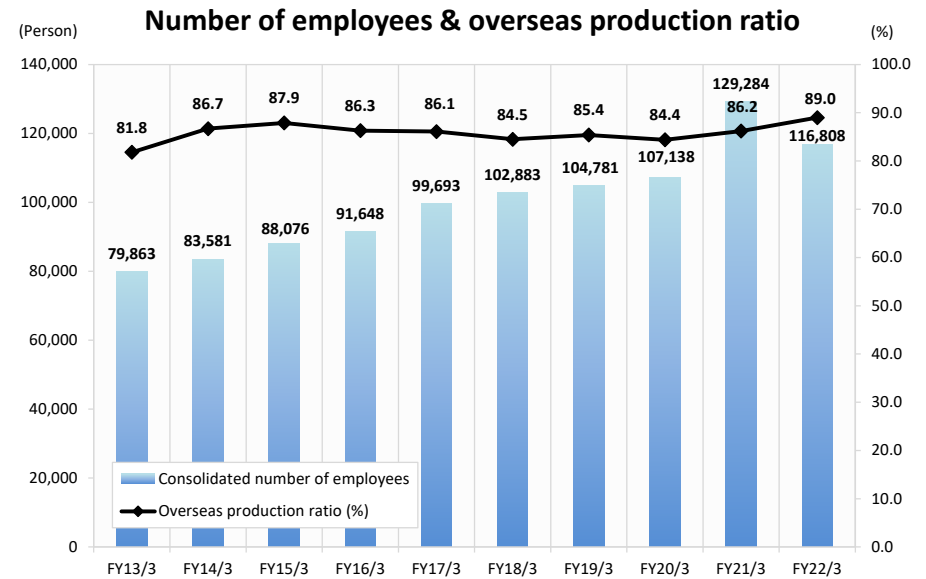
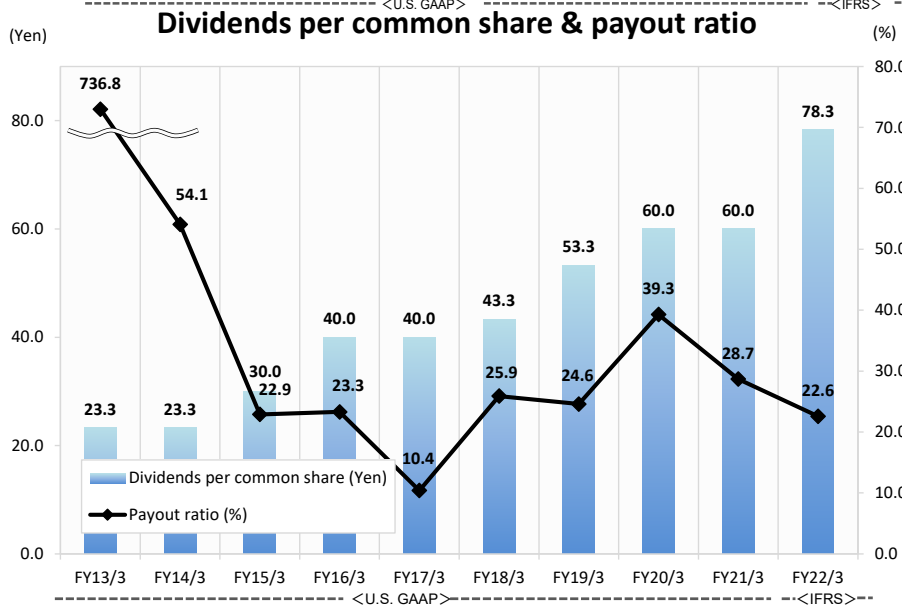
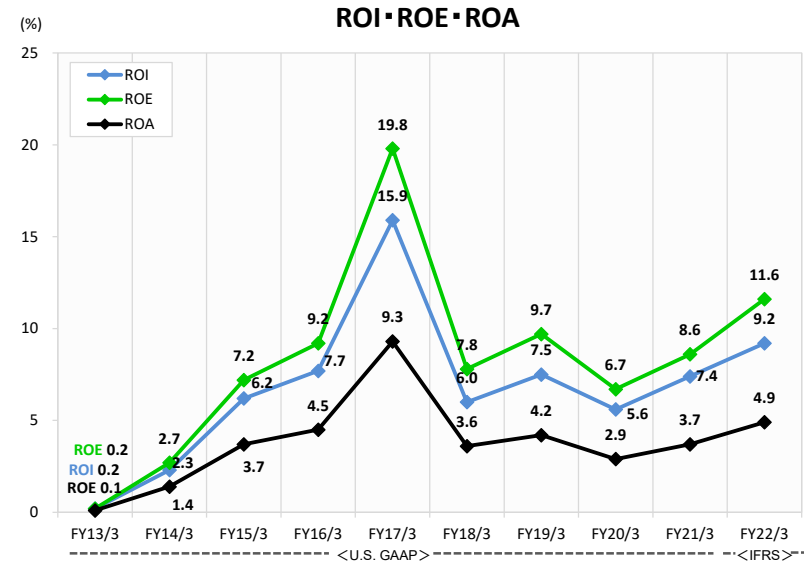
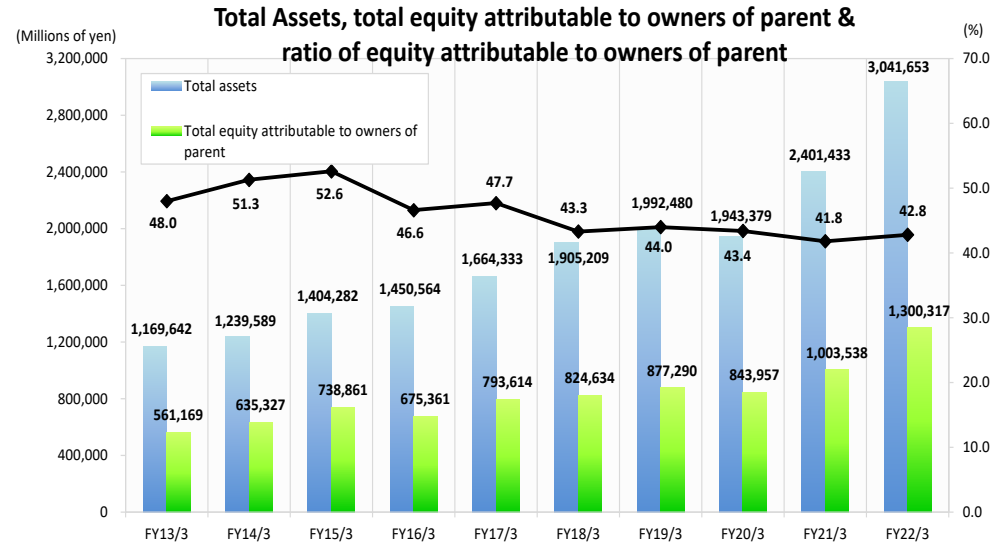
(Note) In accordance with the redefinition of markets in 1Q of FY2023, the prior year's sales are also reclassified to conform to the new segmentation.

Passive Components business quarterly sales by markets (1Q of FY March 2022 – 2Q of FY March 2023)



(Note) In accordance with the redefinition of markets in 1Q of FY2023, the prior year's sales are also reclassified to conform to the new segmentation.





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.



Text data including Q&A of performance briefing will be uploaded on following site.
https://www.tdk.com/en/ir/ir_events/conference/2023/2q_1.html