

Fiscal 2023 Results Highlights

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Fiscal 2023 key points

- Amid sluggish demand in the ICT market, both net sales and operating profit reached new record highs on the back of automobile- and industrial equipment-related demand*.

Net sales (JPY bn)

2,180.8

[Up 14.7% YoY]

Operating profit (JPY bn)

168.8

[Up 1.2% YoY]

- While production of smartphones, PCs, and tablets was significantly below the initial forecast, sales of rechargeable batteries and sensors for new models expanded.
- Sales of HDD heads and HDD suspension assemblies decreased due to a rapid decline in the HDD market.
- Component demand remained brisk on the back of the increasing number of components installed per vehicle as a result of the spread of xEVs and ADAS. Sales of passive components and sensors increased.
- Sales of medium capacity rechargeable batteries and power supplies for industrial equipment increased as demand related to renewable energy and energy-saving equipment.
- Restructuring costs were recorded for 3Q and 4Q as a result of the deteriorating operating environment.

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

Fiscal 2023 results

- Net sales and Operating profit increased year on year.
- One-time expenses: -47.7 bn JPY in restructuring costs, +12.0 bn JPY in related retirement benefits

	(JPY bn)	FY2022	FY2023	Change	
				JPY bn	%
Net sales		1,902.1	2,180.8	+278.7	+14.7%
Operating profit		166.8	168.8	+2.1	+1.2%
Operating profit margin		8.8%	7.7%	(1.1)pts	-
Profit before tax		172.5	167.2	(5.3)	(3.1)%
Net profit		131.3	114.2	(17.1)	(13.0)%
Earnings per share (JPY)		346.44	301.19	-	-
USD (JPY)		112.33	135.46	20.6% JPY depreciation	
EUR (JPY)		130.53	140.89	7.9% JPY depreciation	

Ex-rate impact to net sales, operating profit (OP) (JPY bn)

Net sales	Approx. +292.2
OP	Approx. +68.9

Forex sensitivity (impact by one JPY change)

USD (JPY bn)

Net sales	11.0
OP	2.0

EUR (JPY bn)

Net sales	3.0
OP	0.6

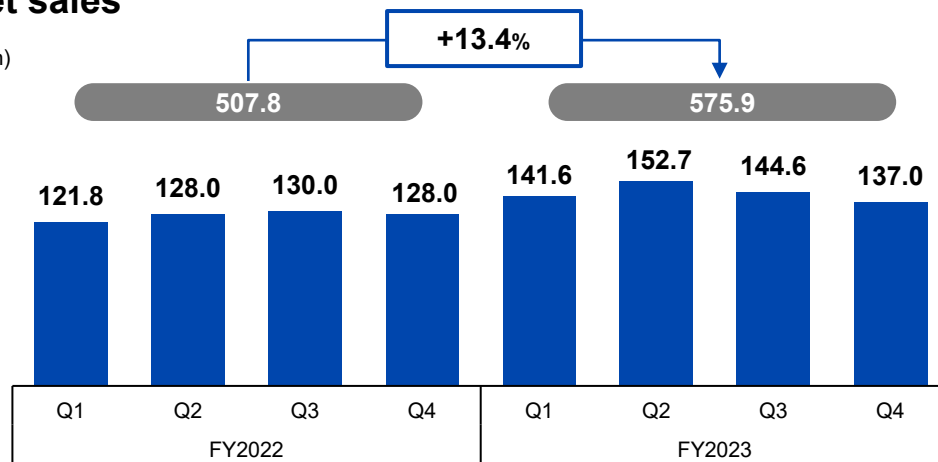
(Note) TDK has voluntarily adopted International Financial Reporting Standards (IFRS) on its consolidated financial statements in the Securities Reports from fiscal 2022 in place of the U.S. GAAP. The figures for the previous fiscal year shown in this document are also presented in accordance with IFRS.

Passive Components segment

- Both net sales and profit significantly increased year on year as sales to the automotive market remained brisk, especially those related to xEVs.

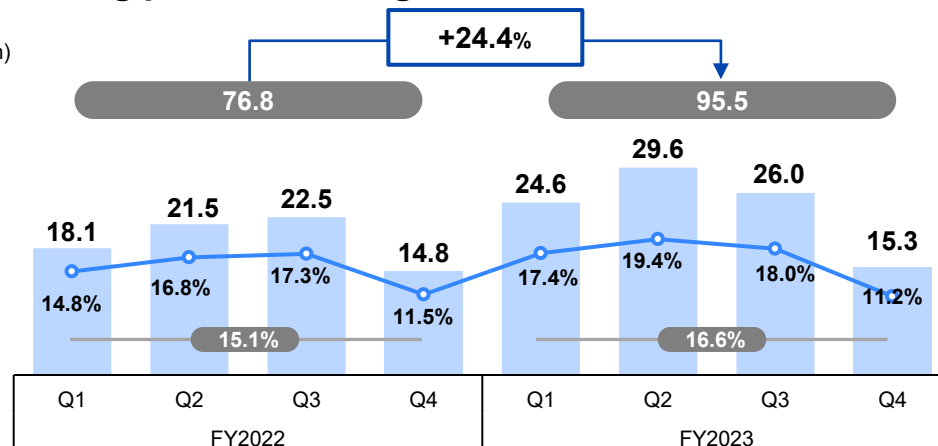
Net sales

(JPY bn)



Operating profit, OP margin

(JPY bn)



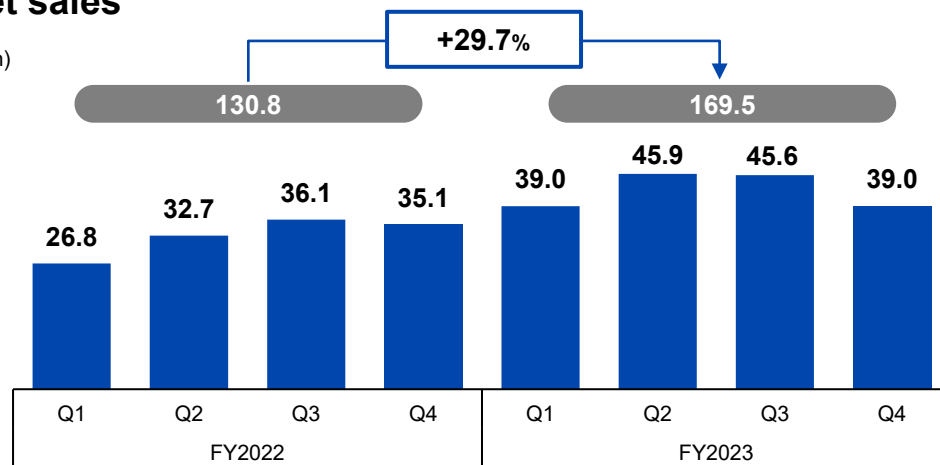
Ceramic capacitors	<ul style="list-style-type: none"> Sales and profit increased year on year. Sales increased to the automotive market and distributors.
Aluminum electrolytic capacitors and film capacitors	<ul style="list-style-type: none"> Sales and profit increased year on year. Sales increased to the industrial equipment and the automotive markets.
Inductive devices	<ul style="list-style-type: none"> Sales and profit increased year on year. Sales increased to the automotive and the industrial equipment markets.
High-frequency components	<ul style="list-style-type: none"> Sales and profit decreased year on year. Sales decreased to the ICT market.
Piezoelectric material products and circuit protection components	<ul style="list-style-type: none"> Sales increased while profit decreased year on year. Sales increased to the automotive and the industrial equipment markets.

Sensor Application Products segment

- Sales and profit increased year on year due to brisk sales mainly to the ICT market and a significant improvement in profitability.

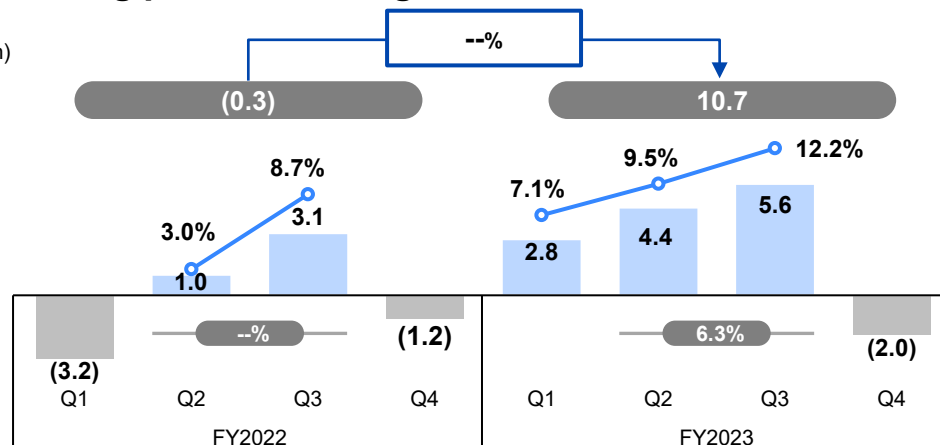
Net sales

(JPY bn)



Operating profit, OP margin

(JPY bn)



Temperature and pressure sensors

- Sales increased to the automotive market and for home appliances.
- profit decreased due to the recording of restructuring costs.

Magnetic sensors

- Sales and profit increased year on year.
- Sales of Hall sensors to the automobile market expanded.
- Sales of TMR sensors to the ICT market increased considerably.

MEMS sensors

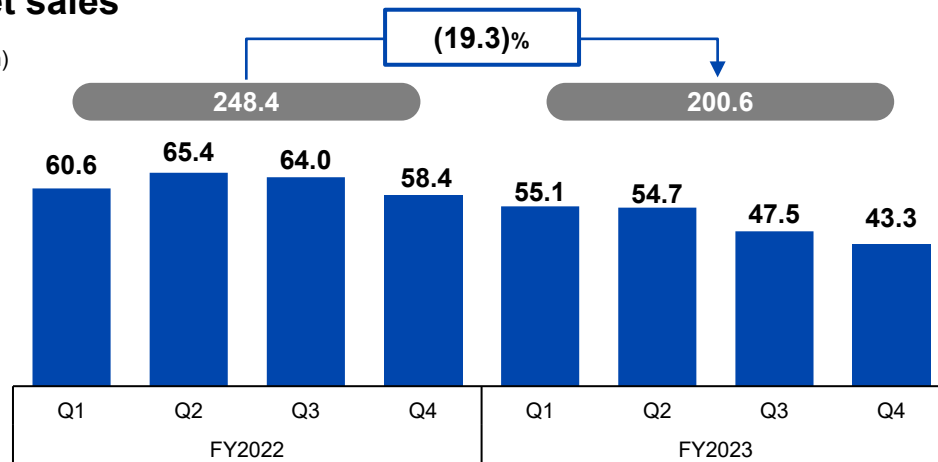
- Profit improved significantly as sales for game machine, wearable and automobile applications expanded, despite a decline in sales for smartphone applications.

Magnetic Application Products segment

- Sales and profit decreased significantly on a year-on-year basis due to the impact of the rapid deterioration in the HDD market and the recording of restructuring costs.

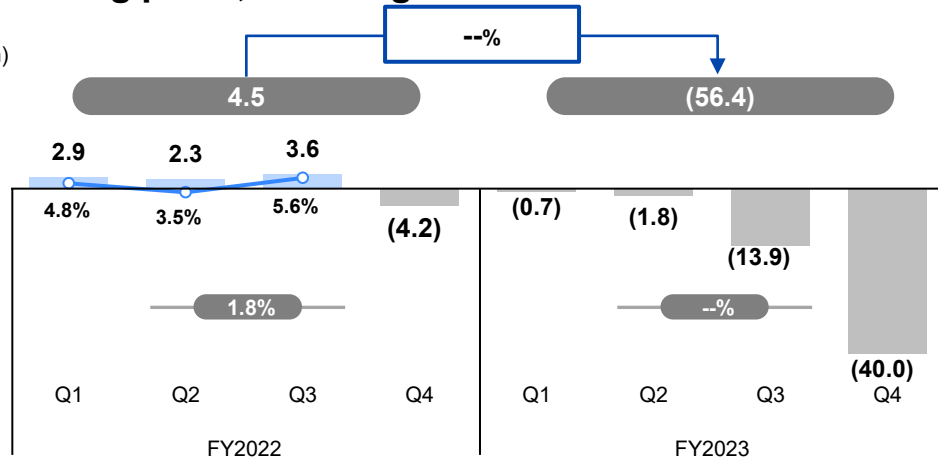
Net sales

(JPY bn)



Operating profit, OP margin

(JPY bn)



HDD heads and HDD suspension assemblies

- Sales and profit decreased significantly on a year-on-year basis as a result of a rapid decline in HDD demand.

Magnets

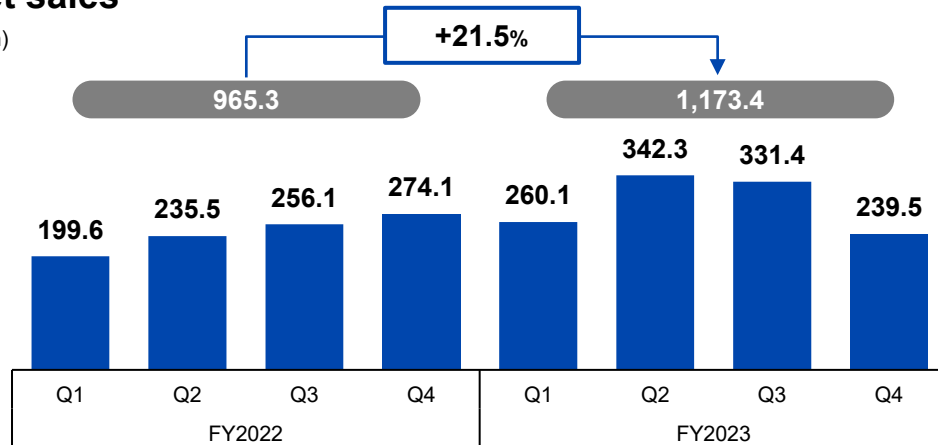
- Sales increased year on year, reflecting a rise in sales to the automotive market.
- Slower productivity improvement resulted in lag in profitability enhancement.

Energy Application Products segment

- In Energy Devices, soaring material prices and the deteriorating demand environment were countered by cost pass-through measures and rationalization measures.
- Segment sales and profit increased year on year as the market related to power supplies for industrial equipment remained robust.

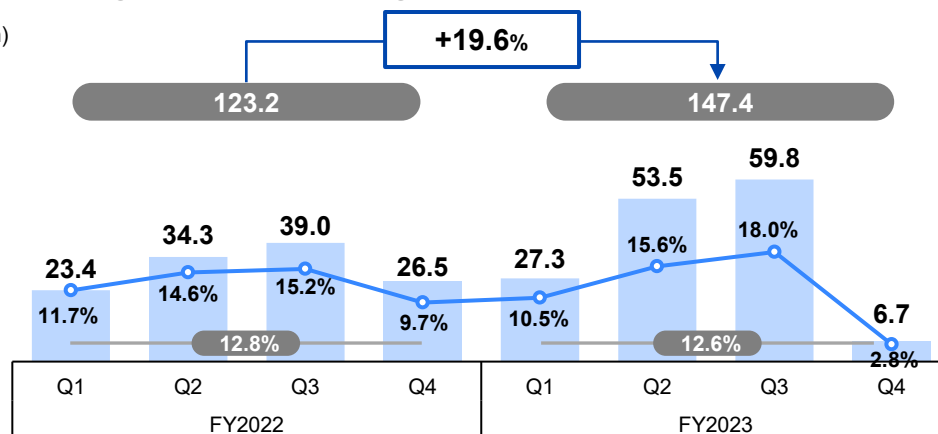
Net sales

(JPY bn)



Operating profit, OP margin

(JPY bn)



Energy devices (Rechargeable batteries)

- Sales and profit increased year on year.
- Profit increased year on year on the back of cost reduction and other measures, despite a decline in sales volume related to mobile devices.
- Sales of medium capacity rechargeable batteries for residential energy storage systems and other applications expanded significantly.

Power supplies

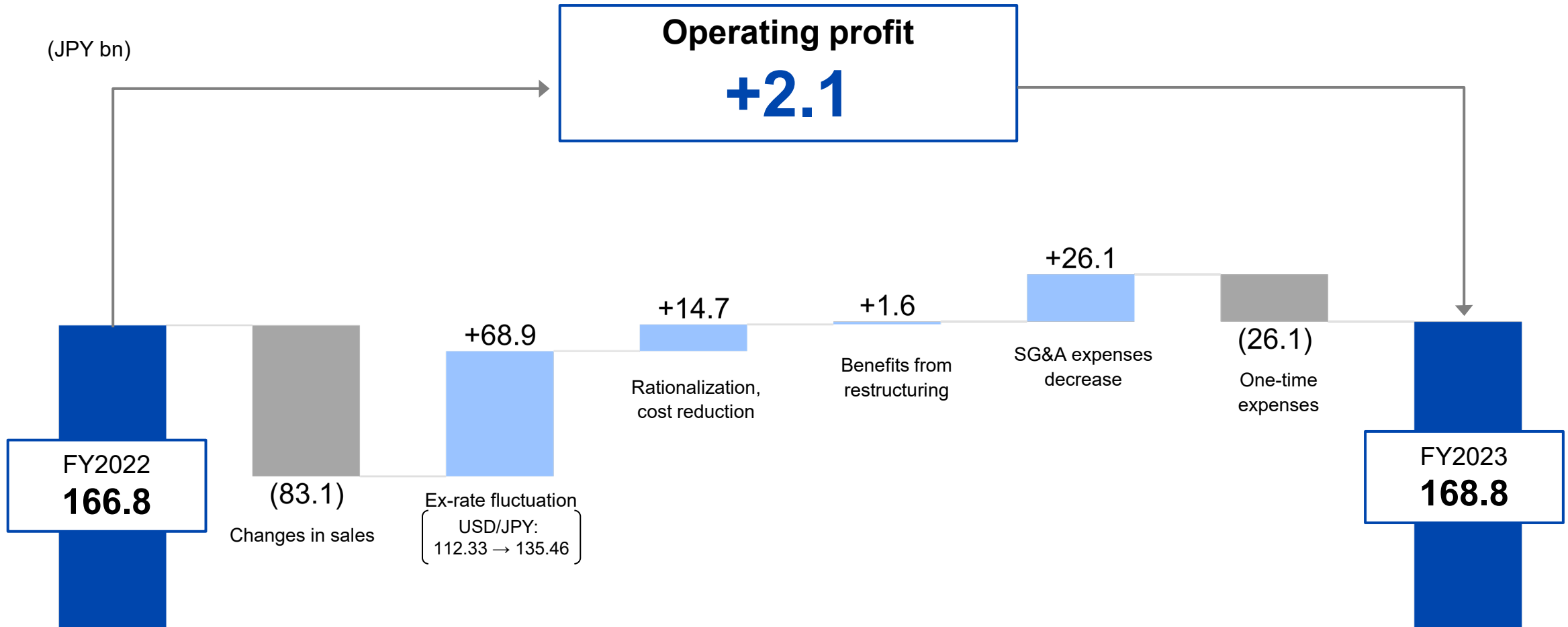
- Sales and profit of power supplies for industrial equipment significantly increased year on year.
- Profit decreased significantly due to the recording of one-time expenses related to EV power supplies.

Quarterly results by segment

		FY2022	FY2023		YoY (C)-(A)		QoQ (C)-(B)	
(JPY bn)		Q4(A)	Q3(B)	Q4(C)	JPY bn	%	JPY bn	%
Net sales	Capacitors	50.4	61.5	57.8	+7.3	+14.5%	(3.7)	(6.1)%
	Inductive Devices	45.8	50.1	46.3	+0.5	+1.0%	(3.8)	(7.6)%
	Other Passive Components	31.8	33.1	33.0	+1.2	+3.7%	(0.1)	(0.4)%
	Passive Components	128.0	144.6	137.0	+9.0	+7.0%	(7.7)	(5.3)%
	Sensor Application Products	35.1	45.6	39.0	+3.9	+11.0%	(6.7)	(14.6)%
	Magnetic Application Products	58.4	47.5	43.3	(15.2)	(25.9)%	(4.2)	(8.8)%
	Energy Application Products	274.1	331.4	239.5	(34.6)	(12.6)%	(91.9)	(27.7)%
	Other	12.6	17.8	13.1	+0.5	+3.8%	(4.7)	(26.5)%
	Total	508.3	587.0	471.9	(36.4)	(7.2)%	(115.1)	(19.6)%
Operating profit	Passive Components	14.8	26.0	15.3	+0.6	+4.0%	(10.7)	(41.0)%
	Sensor Application Products	(1.2)	5.6	(2.0)	(0.8)	-	(7.5)	-
	Magnetic Application Products	(4.2)	(13.9)	(40.0)	(35.8)	-	(26.1)	-
	Energy Application Products	26.5	59.8	6.7	(19.8)	(74.6)%	(53.1)	(88.7)%
	Other	(0.1)	0.9	(1.5)	(1.4)	-	(2.4)	-
	Subtotal	35.7	78.3	(21.4)	(57.1)	-	(99.7)	-
	Adjustment	(10.3)	(10.0)	1.5	+11.8	-	+11.5	-
	Total	25.5	68.4	(19.9)	(45.3)	-	(88.2)	-
	Operating profit margin	5.0%	11.6%	(4.2)%	(9.2)pts	-	(15.8)pts	-
	USD (JPY)	116.14	141.75	132.40				
	EUR (JPY)	130.35	144.26	141.95				

Analysis of change in operating profit

- Operating profit increased year on year despite the recording of restructuring costs amounting to 47.7 bn JPY in response to the rapid changes in the market environment.



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